A Winning Strategy: Stay in the Game

There are endless cliches about never giving up and quitting being the surest way to lose. Finishing a race is a prerequisite to winning it. My son-in-law, E.J. Smith, managing director of our family run investment council firm, recently explained some of the philosophy behind what it takes to develop a winning investment strategy on his blog Yoursurvivalguy.com. He wrote:

> *"E.J., Has Your Phone Been Ringing off the Hook?"*
> *Well this was a fun month for the stock market with wild swings from high to low of around 2,000 points in the Dow Jones Industrial Average.*
>
> *One question I'm asked on a consistent basis is "E.J., is your phone ringing off the hook?" and my answer is "no," and I know why. Most of you have been educated by Dick Young that investment success is achieved over a lifetime, not a month or two. Investment success is about hitting singles and doubles, taking some walks here and there and sometimes getting hit by a pitch. Staying in the game is key. It's a winning strategy because it puts compound interest into play. Spend a lifetime compounding money on a consistent basis and you'll wake up one day and say "Wow, I have a pile of money." It's funny, when I ask investors how they achieved their success. They don't talk about the stock market. They talk about working long hours, putting one foot in front of the other, showing up for work every day and s-a-v-i-n-g as much as they could save. Looking back 40-years, they know how tough it was to save $1,000. Compound that at 8% and it's $21,725 today. Not a bad start.*

Click here to finish reading this post on Yoursurvivalguy.com.

Quality Always Rises to the Top

Back in November of 1990 many investors were nervous about their portfolios. Iraq had invaded Kuwait and war seemed inevitable. That month, the UN Security Council passed Resolution 678. The resolution gave UN members the go-ahead to use force to remove Iraq's military from Kuwait if it remained there after January 15, 1991. It seemed only a matter of time before a big war would break out. Aerial bombardment of Iraqi positions began January 16.

Despite the fear that pervaded markets, I was very confident then in my investment portfolio, as I am today. I had built a portfolio conditioned to survive maximum distress. I was focused on the long-term prospects of my investments, not how they might be affected by transitory events. While expressing my focus on the long-term, I also explained my enthusiasm for investing in collectibles, specifically vinyl records. I wrote:

> *I like to invest in collectibles, not just in stocks and bonds. What once was the biggest record store in New England, the Harvard Coop, today sells no records, not a single one. Within 12 to 24 months, you will be hard pressed to find a record in a store. Even the old specialty vendors are facing such a decline in sales that they will soon become extinct. Forget new records—few if any will be made. We are told that the digital technology of CDs is what we need, and at substantial price premiums to records.*
>
> *Let me give you some important advice. Records will be back in style and with a rush as collectors and music aficionados*

finally realize that they've been had just a little. Yes, digital technology offers a clarity of sound missing on records from the 1940s, 50s, 60s and 70s, but digital also delivers a sonic deficiency. Digital does not have the warmth of vinyl recordings. The sound records produce is warmer. I consider myself to be somewhat of an expert on the subject with nearly 1,000 albums, stacks of 45s, and over 400 CDs. I've made the test often, and I hear a warmth from records not available from CDs.

I buy jazz and group harmony R&B records from the 1950s, and they are now darn hard to find. All my classical and show-tune aficionados know what I mean. …

45 Records From the 50s Can Cost Hundreds of Dollars Each

The U.S population is aging, is retiring early, and has money. With time on their hands, the surge in retirees will make the nostalgia/collectibles market boom. The records you like will not be available readily and will not be reprinted in record format—and the chase will be on. I'm seeing prices on 45s from the 1950s soar. Try to buy a Wrens or Valentines 45. You'll pay hundreds of dollars per record, if you can find one. Jazz, rhythm and blues, classical, and show tunes will lead the way. If you have an interest in any of these four types of music and like to collect, think vinyl, because your old favorites are going to become as rare as a balanced budget—and mighty expensive to boot.

Prescient, no? Baby Boomers and Millennials are today fulfilling my November 1990 prediction of a revival in vinyl records. Drawn in by a quality and warmth lacking in CDs and MP3s, Millennials have joined their Baby Boomer parents in fostering a vinyl resurgence. Quality has risen to the top.

My portfolio of high quality investments rose to the top during the market jitters of the Gulf War. And when the dotcom bubble burst, it powered through again. As the Great Recession hit, my high-quality portfolio persisted, suffering much less than the average. And I suspect that my portfolio, still focused on interest paying fixed income and reliable dividend payers, will succeed once again in the face of any new market upheavals. Just as vinyl has outlasted the advent of digital music technologies, a strategy focused on low risk and consistent returns will outlast an artificial bull market powered by low interest rates.

I stick to my investment game plan, and employ the same strategy for clients of my investment advisory, Richard C. Young & Co., Ltd. The firm's President and CEO, my son Matt Young, discusses taking stock of your investment goals and sticking with them in his most recent monthly client letter here (you can sign up for the letter here for free, even if you're not yet a client). I encourage you to read through Matt's letter and assess your own risk tolerance and game plan.

As for collectibles, my current focus is on Burgundy as an investment. You can read about my extensive research on the subject in these posts from Richardcyoung.com:

- **Wine Investing—Burgundy or Bordeaux?**
- **On the Ground in Burgundy with Dick Young**
- **In Burgundy, It's 'Raze the House, Plant more Vines'**
- **Blue Chip Burgundy Prices up 31%**
- **Burgundy or Bordeaux?**

Your First Step Toward

Investment Success

For over four decades, I have offered strategies and insights to help individual investors like you. My primary goal, whether in my monthly strategy reports, at investment seminars, or for current clients of my money management firm, has been helping investors achieve long-term investment success.

What you buy, what you sell, what price you pay, and which strategies you pursue all matter for your investment success, but they aren't the most important steps in the process. Focusing first on what the "good buys" are is putting the horse before the cart.

What's your goal? First define what investment success means to you and your family. Next, determine how much risk you can or want to take in your portfolio to achieve that goal.

Does investment success mean doubling your money in five years, even if that requires a portfolio with neck-snapping volatility and nights awake in a cold sweat? Or are you like me—a more patient investor who is more interested in preserving wealth and letting the power of compounding work its magic over time?

Ask yourself how much risk you can take or want to take.

The success I want you to embrace comes from compounding and patience. I invest guided by the principles embraced through the decades by Benjamin Graham, Walter Schloss, and David Dreman.

Dynamic Maximizers℠ Portfolio Closes 2017 with a 6.1% Return

With one day trading left in 2017 my Dynamic Maximizers℠ Portfolio is up a solid 6.1% on the year.

I introduced the Dynamic Maximizers℠ portfolio to my *Intelligence Report* subscribers as a way to stay safe and dividend-centric during the next stock market collapse. The Dynamic Maximizers℠ portfolio is ideal for retired investors as well as conservative IRAs and education programs.

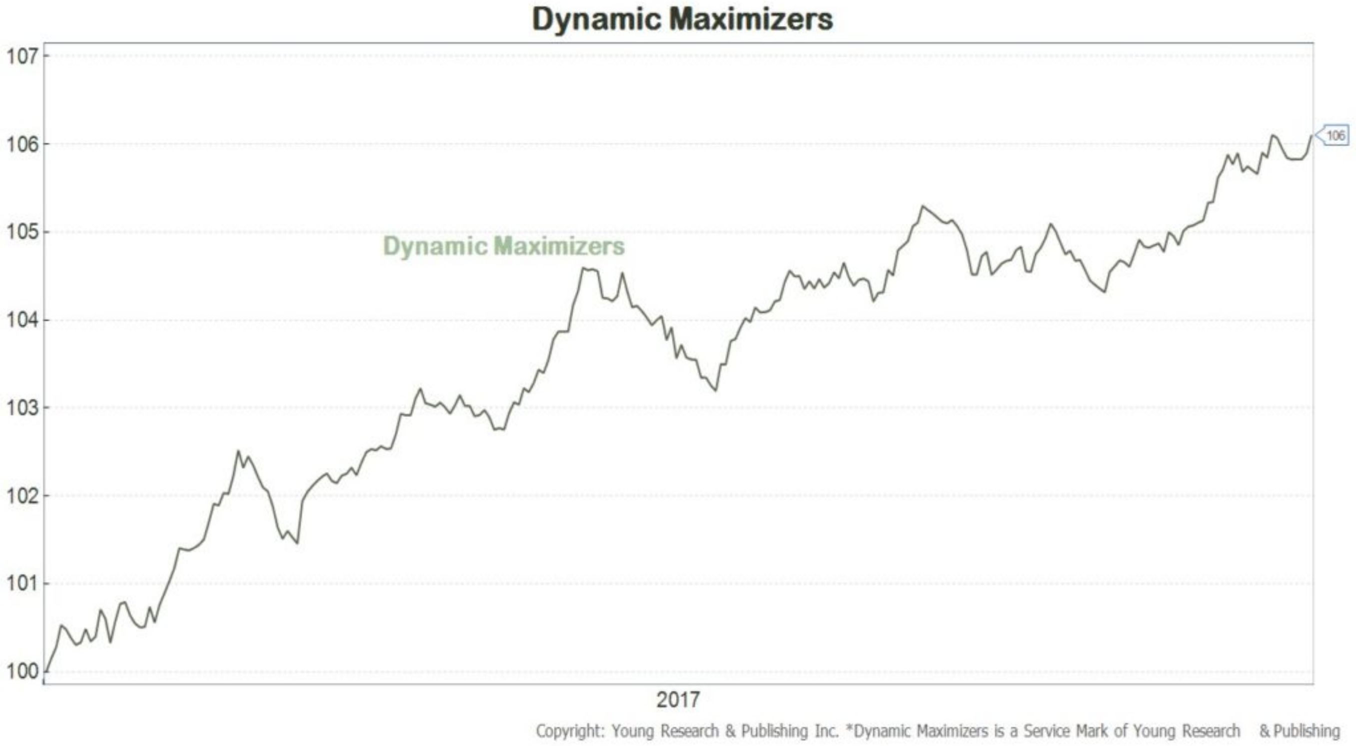
My long-term total return goal for the Maxis is 3-9% per year with no down years and few double-digit up years. My median expected total return is thus 6%. Any 6% total return year I rate as a B. I expect mostly B and C years out of the Maxis portfolio, with zero F years and not many A years.

With a 6.1% return for 2017, my Dynamic Maximizers℠ portfolio gets a solid B.

The Maxis are an alternative fixed income option, NOT a stock market option. There should be no confusion here. With the Dynamic Maximizers℠ portfolio, you get modest and consistent returns with much less volatility than an all-stock portfolio.

My own portfolio may be as much as 75% Maxis, but I rarely check as I rarely sell anything and nearly always buy names I have been following for decades.

I'm investing to compound and protect my principal. Decades ago I made all the money I need to keep me in local/organic food, ammo and French Burgundy for life. I live on two islands. My day to day cars are a 1988 Jeep and a 2004 Jeep that I bought sight unseen. I will never draw one dollar of capital from my snoozer investment account, so chasing returns holds zero interest for me. Once the subject of investing goes beyond interest, dividends and compounding, I lose focus fast.



Dick Young's Research Key: Anecdotal Evidence Gathering

Originally posted September 5, 2017.

After a nearly 40-year sabbatical, I am pleased to announce that a newly reconfigured *Young's World Money Forecast* is set for its revival. Investors will have a cutting-edge, unique global investment tool that they can draw upon daily.

If your life savings, your business pension fund, or your company IRA program is based on the historical research, writing and advice from Dick Young, you will be off and running with *Young's World Money Forecast* (YWMF) back on your side.

YWMF is aimed at investors like you who hold dividends, interest, and compounding front and center in the investing process. I will continue to be on your side as I have been for so many international and domestic investors since my initial YWMF days in 1978. I want you to feel like you are part of an exclusive investment club.

My research and writing for the past 50 years has been built on the twin powerhouse, high-octane engine of inference reading and boots-on-the-ground anecdotal evidence gathering. In 1992, when Debbie and I bought our first legendary Big Twin Harley Davidsons, much of my anecdotal evidence gathering was conducted on two wheels. After 120,000+ miles and more than 25 years on the roadways and byways of North America, we have put the kickstands down on our Harleys for the last time. (They will be auctioned off sometime this fall for a charity event that supports Wounded Warriors.)

Since 2010, Debbie and I have moved much of our anecdotal evidence gathering to Europe, centering on twice-annual research trips in Paris. We just returned from a two-week sweep through France, the Baltics, Scandinavia, and St. Petersburg, Russia. Talk about a shocker of a trip, which I'll get into in my upcoming e-missives. It ain't what you read.

To receive an instant announcement of the eagerly awaited return of Young's World Money Forecast, sign up here. And, of course, you are under no obligation or risk. We do not release our roster of names of club members to anyone—ever. After all, that's the advantage of a private investment club—integrity and privacy.

Membership in Dick Young's unique club for serious international investors will cost nothing—not today or ever. Why is that? Because there's nothing I love more than researching and analyzing for our investment management company on the ramifications global affairs and politics have on safe, sensible investing. What I hate more than anything is the hype, unethical advice, and pie-in-the-sky greed foisted on investors.

You have been with me for many years, if not decades, and I appreciate the thoughtful notes I've received over the course of our time together, especially recently with my retiring from writing *Richard C. Young's Intelligence Report*. I thank each of you.

I am inviting you to join my exciting new investment project. After 40 years, it's liberating not to be tied down to a monthly deadline with its archaic snail-mail delivery system and resulting delay. From the time I finished writing and the publisher fact checked, formatted, and sent the issue to the printer, it took nearly two weeks before subscribers received IR.

With YWMF, you'll get the latest in my thoughts on world affairs/investments as they happen. It's just that easy. And I nearly forgot to mention, in this escalating age of social media and Internet intrusion, you'll never see an outsider's annoying pop-up ad/video/jiggling whatever on my new YWMF website. No outsiders allowed!

Welcome aboard.

Warm regards,

Dick