

The Final Richard C. Young's Intelligence Report



After meeting monthly strategy report deadlines since 1978, I have decided it's time to switch gears.

The name *Intelligence Report* will survive, but with no contribution from Richard C. Young.

Instead, I am transitioning aggressively to full-time research on behalf of private clients of our family investment management firm, [Richard C. Young & Co. Ltd.](#)

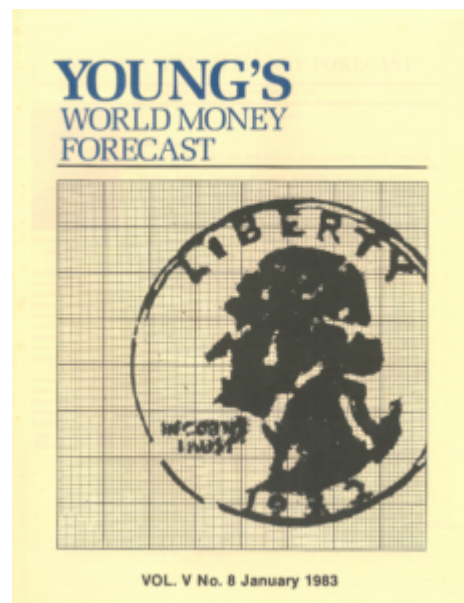
In this expanded venture, I will completely shift away from common stock mutual funds. I will concentrate laser like on ***"Dividends Around the World"*** from domestic and foreign common stocks with track records of increasing dividends for at least the last decade.

The Return of Young's World Money Forecast

Supporting my international intelligence gathering and research efforts will be the return, after nearly a four-decade hiatus, of [Young's World Money Forecast](#) (YWMF). I will be using **YWMF** techniques, gathered on Wall Street in the late sixties and early seventies, to provide breaking trends years

ahead of the crowd. Here I am looking at a mix of inference reading and anecdotal evidence gathering based on my annual over 15,000 domestic miles on the road as well as at least two research forays to Europe each year.

Although I will not be making my portfolio management and specific dividend stock advice available at **youngsworldmoneyforecast.com**, I will be presenting regularly updated and customized information on all the dividend-paying stocks I've advised on over the years as well as input on every stock in the DOW 30. (Check back here regularly for date of site opening.)



A veritable treasure trove of intelligence will be at your fingertips daily—thanks to our unique \$30,000/year database. You'll feel as if you have arrived at a private investment club after all the years you have spent with me and the "monthly printed word." Among the plethora of improvements you will experience with YWMF online is an enormous timing advantage. You'll be able to access ongoing regular and actionable dividend stock updates from me in real time, rather than wait for the archaic snail mail. That's one of the forward looking conclusions I came to when deciding to shut down my monthly deadline and dated in-the-mail effort.

My concentration will continue, as it has been over the decades, on strictly dividend-paying, dividend-increasing stocks. I, however, am making a clean break from the common stock mutual fund universe that I have been deeply involved with since the early sixties. Many of my long-time favorites have become too big for their own good or for that matter anyone else's. Many funds have failed to keep up on many fronts, including expenses.

I abhor the stupidity and self-serving interest of multiple portfolio managers. This dreadful and obfuscating transition has everything to do with dinosaur status and size limitations rather than you the investor. I will continue researching fixed-income and balanced portfolios, where I continue to find great value in individual manager input.

Ben Graham (the all-time dividend maven) was fond of stating: "One of the most persuasive tests of high quality is an uninterrupted record of dividend payments for the last 20 years or more. Indeed the defensive investor might be justified in limiting his purchases to those (stocks) meeting this test."

The Road Ahead in Real-Time

Well there you have it—my transformation from delayed and printed monthly copy to a rapid-fire, digital presentation (not in audio or books, of course) is now in the exciting kickoff phase.

As my online dividend intelligence program develops steam, I will be able to refine and improve upon my efforts since I am no longer constrained by a once-per-month communication. What was especially frustrating was the obvious, but perhaps not fully recognized, 10-day delay from the time I finished writing *Intelligence Report* to the time you, as a subscriber, received my finished report.

Today and in the future, any time I have a breaking idea, it will be available for your use immediately at YWMF. That has to have a pretty good sound to you. It sure does to me.

Thank you for your years of loyalty. I have worked diligently for over five decades on behalf of private client investors just like you. It is exciting that we can all transition together to a whole new and powerful world of [compounding](#), (more [here on compounding](#)) profiting and sleeping soundly investing in the high-octane power of long term ***"Dividends Around the World."***

Warm regards,



Richard C. Young

P.S. I wrote in the May 2015 issue of *Intelligence Report* about Ronald Read, who despite working as a janitor was able to use the power of compounding to amass an \$8 million fortune by the time he passed at the age of 92.

Pumping Gas to the Tune of \$8 Million

Hard to even comprehend, but this great story, courtesy the WSJ's Anna Prior, recounts how Ronald Read accumulated an estate valued at almost \$8 million. Mr. Read, who passed away at the age of 92, made a modest living pumping gas for many years at a Gulf gas station in Brattleboro, Vermont.

A Five-Inch Stack of Stock Certificates

How did Ronald Read manage to become a multi-millionaire? Mr. Read invested in dividend-paying blue-chip stocks. As Ms. Prior writes, Mr. Read took delivery of the actual stock certificates and "left behind a five-inch-thick stack of stock certificates in a safe-deposit box." At his passing, Mr. Read owned over 90 stocks and had held his positions often for decades. The companies he owned paid longtime dividends. And when his dividend checks came in the mail, Ronald Read reinvested in additional shares. Apparently Mr. Read was the master of the theory of compound interest. Not surprising, his list of stock holdings included such dividend payers as Johnson & Johnson (NYSE: JNJ), Procter & Gamble (NYSE:PG), J.M. Smucker (NYSE: SJM), and CVS Health (NYSE: CVS), all names I write about for you here. No high flyers for Ronald

Read, and certainly no technology names.

Protect, Preserve, Patience, Perspective

Obviously Ronald Read had been a staunch practitioner of my PPPP theme, featuring the basics—Protect, Preserve, Patience, Perspective. This WSJ feature article hit the press at the perfect time for me and you, as I'll now explain. For the first time since I created my Monster Master List—well over a decade ago—I have given the Master List of common stock names a complete overhaul. I have spent weeks in the process with the goal of giving you not only a roster of dividend payers but also a list where every core company has increased its dividend for a minimum of 10 consecutive years. I have rounded out the core list with a handful of special situation dividend payers.

Originally posted on August 14, 2017.

Lower Portfolio Risk to Boost Return



Image Credit: © Tierney – Adobestock.com

UPDATE: The words I wrote in this post from August 27, 2010 are as sound today as they were back then. The basic principles of good investing just never change. This is how we operate at [Richard C. Young & Co., Ltd.](#)

Do you know the difference between total return and investor return? Most investors are familiar with the concept of total return. The total return of a fund is simply the sum of the capital and income return of a fund over a certain holding period. The total return of a fund of course assumes a buy-and-hold strategy.

Investor return (a Morningstar term) is a measure of the experience of the average investor in a fund. Investor return does not assume a buy-and-hold approach. Instead it accounts for all cash flows into and out of the fund in an attempt to measure how the average investor in the fund performed over time.

Investor return is not a replacement for total return, but an

important complement. Total return indicates how a fund manager performed over a certain time period, but investor return shows how the average investor in a fund performed.

Hot funds with strong recent performance often show total returns that are higher than investor return, as do volatile funds. One of the reasons investor return in volatile funds can lag total return is that investors pile into funds when they are in an uptrend, but bail out after performance turns south. You end up with a situation where there are more assets in a fund when returns are poor than when they are strong. That lowers investor return.

The formerly overhyped Legg Mason Value Trust Fund offers a telling illustration of this concept. For those of you who are not familiar with it, this is Bill Miller's fund. Prior to a recent streak of poor performance that began in 2006, Mr. Miller's fund was touted by the financial press as being the only mutual fund to outperform the S&P 500 for 15 consecutive years. Let's first look at the total return of the fund. For the 15-year period ending July 31, 2010, the Legg Mason Value Trust Fund earned a compound annual total return of 6.87%, compared to a return of 6.48% for the S&P 500. That's not bad; even after some atrocious relative performance in 2006, 2007, and 2008, Mr. Miller managed to outperform the index by a few basis points. But how did the average investor in his fund do? The 15-year investor return for the Legg Mason Value Trust Fund was only 4.40%—a significant difference of 2.47% per year.

Compare the experience of the Legg Mason fund to a balanced fund such as Vanguard Wellesley Income. Over the last 15 years, the compound annual total return of the conservative Wellesley Income Fund was 8.1%, and the investor return was 7.73%, a difference of only 0.57%. Wellesley's investor return was closer to the total return because investors in the fund didn't bail out when markets were down. Wellesley's low volatility provided

investors with comfort and confidence to hold their shares. In my forty-plus years in the investment business, I have found that during down markets, investors are less likely to bail out of funds with modest volatility than those with high volatility. Bailing out of your funds during down markets is a sure way to destroy wealth. The better strategy is to increase your comfort level by lowering your portfolio's risk. Chances are you'll end up boosting your return.