# The Historical Primacy of Dividends

In July 2011 I wrote:

> *On page 480 of 1962's Security Analysis by Graham, Dodd, and Cottle, I underlined the above header. Since that time, I must have worn out a thousand red pens underlining books, but rarely are they investment books. I have never required another book on investing. I have since read a handful of other books on investing that I have found somewhat useful, but it has been a couple of decades since the last one. And I have no need to add to the list. Successful investing is to me more an art than a science. And intuition plays a big part. Since I graduated from Babson College with a BS in investments in 1963, I have relied on the wisdom outlined in the paragraph headed "Historical Primacy of Dividends." In chapter 35, the authors explain, "For the vast majority of common stocks, the dividend record and prospects have always been the most important factor controlling investment quality and value. In the majority of cases, the price of common stocks has been influenced more markedly by the dividend rate than by the reported earnings."*

Dividends are still the ultimate way to value common stocks. You have no control over the ups-and-downs of stock prices, but every quarter when you receive a dividend payment, that's a real return. And when you put those cash payments to work on compounding, it only gets better.

At Richard C. Young & Co., Ltd., we craft custom portfolios of dividend paying stocks for our clients. Each portfolio is filled with stocks that not only pay regular dividends, but which also have a history of increasing those dividends.

If you would like to learn more about the Retirement Compounders Portfolio strategy, sign up for the Richard C. Young & Co., Ltd. monthly client letter (free, even for non-clients). There my son Matt, President and CEO of the family run investment counsel, spends time each month explaining our strategy, including the historical primacy of dividends.