When Investing, It’s Better to be a Leper than a Lemming

During my five decades of investing, I have more often than not been arguing against the going wisdom of the markets. To call me a contrarian would be accurate. Leper investor also fits.

In December of 2001, I explained what I called “Leper Investing,” to my readers.

> ***Leper Investing***
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> *In order to invest successfully over your lifetime, you need to act counterintuitively; that is, against the prevailing Wall Street wisdom. You want to buy contrary-opinion names—those stocks loathed, despised, and shunned by the institutional magnets. Your caches of lepers will generate above-average returns for you when you exercise patience. You must be ahead of the curve to invest this way. You must have vision and patience and be able to look over the horizon. Most often, you will want dividend-payers.*

Later I went on:

> *I’ve suggested that conservative investors buy only dividend-paying stocks. I can’t emphasize this rule strongly enough for you. My Retirement Compounders program is built 100% on dividend-paying equities. Ben Graham, the father of value investing, said, “One of the most persuasive tests of high quality is an uninterrupted record of dividend payments.” Burton Malkiel, Vanguard trustee, Princeton economics professor, and author of A Random Walk Down Wall Street, one of the best books ever written on investing, wrote in his book, “Historically, high-dividend yields have meant better returns…looking for above-average yield is itself a contrarian*

> *strategy. Investing in high-dividend stocks therefore is likely to lead you to attractive issues."*

I continue to encourage investors to seek out unloved, forlorn and out-of-favor stocks with a focus on those paying dividends, and with a history of increasing those dividends each year.