Young Research's Retirement Compounders® Investment Program

When we developed Young Research's Retirement Compounders® investment program, our aim was to find a compelling competitive advantage to make the Retirement Compounders® program a big winner, especially during bad times. Our overriding goal was to help investors like you achieve investment success with comfort and confidence. Our strategy was to accept underperformance during speculative market runs, with the expected trade-off of better performance during down markets.

The idea was never to beat the market over time or on a consistent basis. Rather, we fully expected the low risk Retirement Compounders® program (both price risk and business risk) to trail the major market averages.

Why would we design a program to underperform?

The ugly reality of investing that nobody likes to talk about is that the average equity investor vastly underperforms the market and the funds he invests in. This is true even for investors who own market beating mutual funds.

Dalbar is the authority here. Over the last 20 years, Dalbar's data shows that the average equity investor earned 5% versus the S&P 500's 9.2%. That is little more than half the return. And Dalbar isn't the only firm that has found evidence of poor investor performance. Morningstar reports that over the last 15 years, the Vanguard 500 Index Fund has earned a compounded annual return of 4.25%, while investors in that fund have earned an average of 1.83%.

Volatility and Emotionalism

High volatility and emotionalism are to blame. When stock market volatility rises, many investors panic and sell near the lows only to add to their stock positions once again in the dying days of a bull market.

Thanks to zero percent interest rates and a perpetual bond buying program by the Fed, we haven't seen much volatility in recent years, but we saw a lot of it in 2011.

In the first four months of 2011, the S&P 500 rose by 8% only to crater 20% over the ensuing five months. Then the market vaulted ahead by 15% in the final three months of the 2011. The net result was a 2.1% gain for the index.

How did the average equity investor do in 2011? He lost 5.7%.

Young Research's Retirement Compounders® program portfolio is comprised of dividend paying common stocks selected from the over 40,000 global publicly traded companies. The Retirement

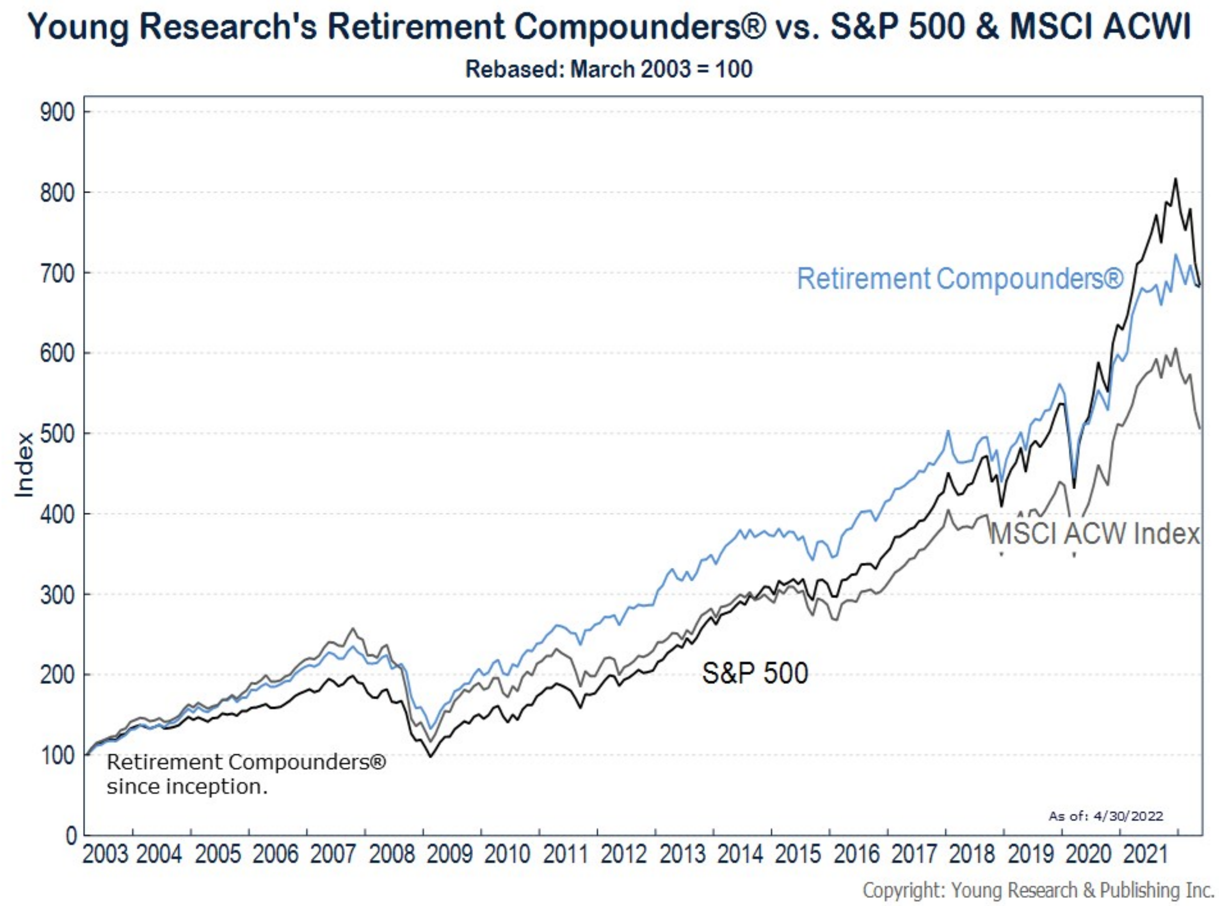
Compounders® program favors high dividend payers, those with a history of dividend payments, and companies with a long record of consecutive dividend increases.

Some of the companies included in Young Research's Retirement Compounders® program have paid a dividend every year for over a century. Others can boast a more than five decade record of annual dividend increases. The combination of high dividend payments today and dividend growth tomorrow is a potent tonic that can help you become a more confident, comfortable, successful long-term investor.

Retirement Compounders® Investment Program Helps You Stay the Course

Young Research's low-risk Retirement Compounders® program helps investors avoid the emotionally charged investment decisions that can sabotage returns. Investing in high-quality businesses with long records of regular dividend payments offers the comfort and confidence necessary to stay the course when financial and economic stress arise. The end result is often greater long-term returns for investors.

How has the Retirement Compounders® program performed relative to our expectations?



Young Research's Retirement Compounders® vs. S&P 500 & MSCI ACWI
Rebased: March 2003 = 100
Index
900
800
700
600
500
400
300
200
100
0
Retirement Compounders®
MSCI ACW Index
S&P 500
Retirement Compounders®
since inception.
As of: 4/30/2022
2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021
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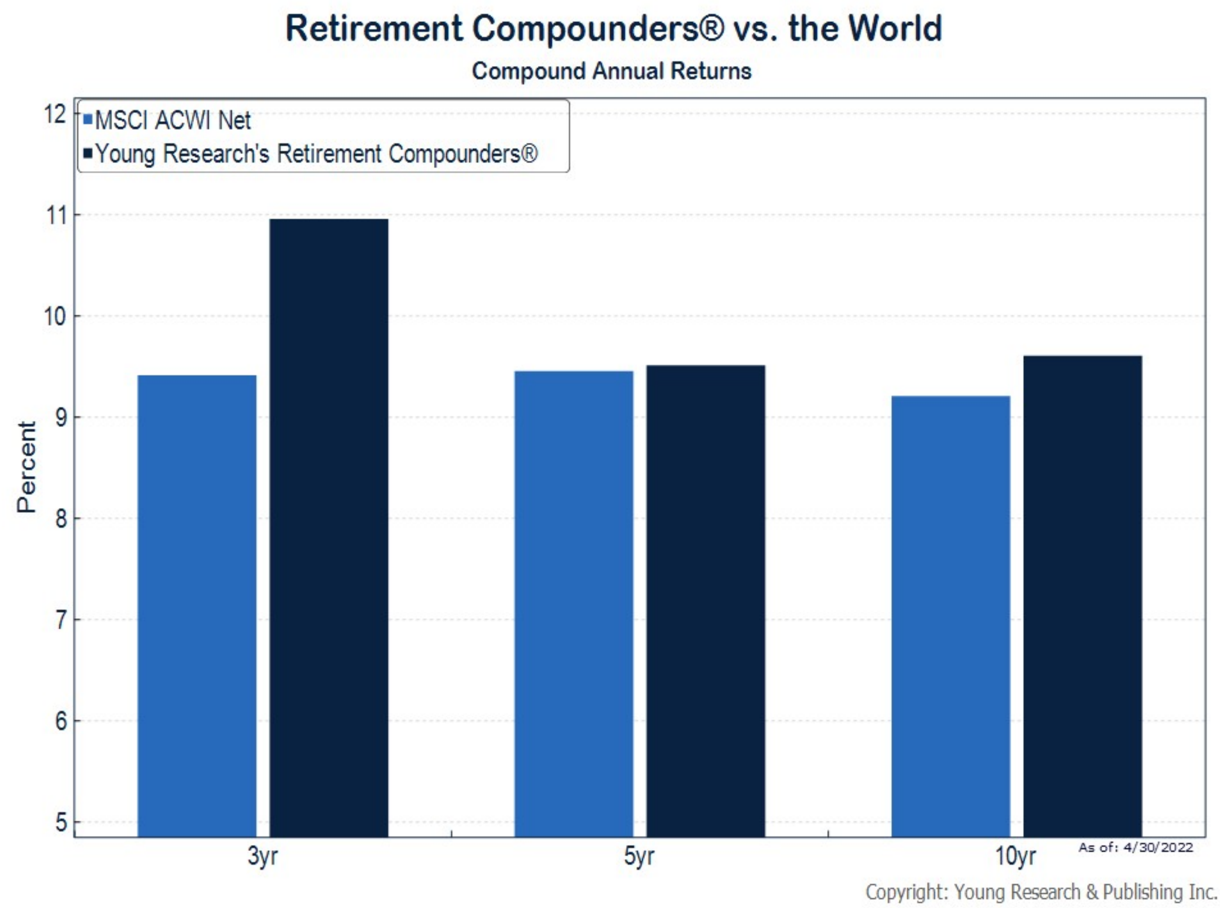

Retirement Compounders® vs. the World
Compound Annual Returns
MSCI ACWI Net
Young Research's Retirement Compounders®
Percent
12
11
10
9
8
7
6
5
3yr
5yr
10yr
As of: 4/30/2022
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During the last major bear market, the Retirement Compounders® program held up better than the broader market just as they were designed to do. And since one of the most speculative liquidity fueled rallies in history began in the spring of 2009, the Retirement Compounders® program has delivered 90% of the market's return with only about 85% of the risk.

In the time since inception, which includes two speculative bull-runs and a nasty bear market, the Retirement Compounders® program performance has far exceeded our expectations. The chart below shows that since inception, the Retirement Compounders® program has outperformed the Dow and the S&P.

We of course can't promise that the Retirement Compounders® program will continue to outperform the market, but we can promise that we will continue to manage the RCs with the same dividend-focused, low-risk strategy we have pursued since the program's inception.

For investors looking to pass on the burden of daily portfolio management, Richard C. Young & Co., Ltd. crafts dividend focused common stock portfolios that are based on Young Research's Retirement Compounders® program. You can sign up for Richard C. Young & Co., Ltd.'s monthly client letter (free, even for non-clients) here.