

THE FORTUNE 40: STOCK PICKS TO RETIRE ON

Our trademark equity portfolio rocked—again—in the past year. We've updated the selections to keep building long-term wealth.

BY DAVID STIRES

ANOTHER DAY, ANOTHER RECORD. Every trading session this spring, it seemed, brought the Dow Jones and S&P 500 indexes to new heights. Driven by a tsunami of corporate buyouts and better-than-expected profit growth, stock prices kept climbing—nearly 10% for the year before a stumble in early June. Some optimists claimed the bull still had years to run.

But while the markets lack the euphoria of bubbles past—with the S&P trading at 18 times trailing earnings, it isn't outrageously expensive—there are ample reasons for caution. The blistering double-digit profit growth of the past few years is expected to taper to high single digits. And though U.S. investors have shrugged off recent market tremors in China, a deeper