10 investment newsletters to read besides Buffett's

By Mark Hulbert Published: Mar 3, 2015

These stock pickers have outperformed Berkshire Hathaway over the past 15 years

CHAPEL HILL, N.C. (MarketWatch) — Warren Buffett is not the only investor who publishes a must-read newsletter.

It seems almost sacrilegious to point this out at a time when the rest of the investment community is fawning over Buffett's latest letter, released over the weekend. But, far from being unique, Buffett's is part of a long investment-letter tradition.

How far back does that tradition extend? In the U.S., it dates at least to the 1800s. The Wall Street Journal itself began as an investment letter in 1883, when Charles Dow and Edward Jones inaugurated "The Customer's Afternoon Letter." Dow and Jones changed their service's name to Wall Street Journal in 1889. (Dow Jones also is the publisher of MarketWatch.)

This is more than just a historical curiosity. Of the 200 investment letters whose performance is monitored by the Hulbert Financial Digest, no fewer than 10 have outperformed Buffett over the past 15 years — since the top of the Internet bubble, in other words.

In addition, each of those 10 can boast of something else besides superior performance: They are published at least monthly, if not more frequently. None of them makes you wait a whole year, as Buffett does, to get updated insights.

According to Buffett's latest report, the 15-year annualized growth rate through 2014 of Berkshire Hathaway's BRK.B, -0.78% net asset value is 9.4%. (I did the calculations, as Buffett listed calendar-year returns.) Listed below are the 10 Hulbert Financial Digest-monitored advisers who have bettered that return, in descending order of performance.

- "Nate's Notes," 15-year annualized return: 13.4%. Editor Nate Pile is an aggressive trader, sometimes employing margin in his recommended model portfolios. In comparing his return to Buffett's, don't forget that Buffett's return is also dependent on margin — funded by the substantial float generated by his insurance operations.
- "Turnaround Letter," 15-year annualized return: 12.1%. Like Buffett, editor George Putnam is a contrarian. He recommends companies that have recently experienced a period of bad news and whose stock prices are depressed.
- "Investment Reporter," 15-year annualized return: 11.9%. Like Buffett, editor Marc Johnson relies for his stock picking on many of the same valuation criteria championed by Benjamin Graham, the father of fundamental analysis.
- "The Prudent Speculator," 15-year annualized return: 11.6%. Editor John Buckingham also is a devotee of Graham's approach to stock selection.
- "Sound Advice," 15-year annualized return: 11.3%. Editor Gray Cardiff also is a contrarian, searching for out-of-favor value investments.
- "Investor Advisory Service," 15-year annualized return: 11.2%. Editor Douglas Gerlach employs the stock-selection approach promoted by the National Association of Investors Corp. (NAIC), the parent organization of thousands of investment clubs. That approach favors smaller-cap growth stocks with low price-to-earnings ratios.
- "Investment Quality Trends," 15-year annualized return: 10.9%. Editor Kelley Wright also is a contrarian, focusing on relative dividend yield in order to identify the out-of-favor stocks with the greatest potential.
- "The Buyback Letter," 15-year annualized return: 10.4%. Editor David Fried favors the unloved stocks of companies that are actively engaged in repurchasing their shares in the open market.
- "Morningstar StockInvestor," 15-year annualized return: 10%. Like Buffett, and Ben Graham before him, editor Matt Coffina searches for "companies with established competitive advantages and generous free cash flows, trading at discounts to their intrinsic values."
- "Utility Forecaster," 15-year annualized return: 9.5%. Editor David Dittman, who assumed editorship duties two years ago from Roger Conrad, uses fundamental analysis to select stocks of domestic utilities.

Note the significant overlaps that exist between the 10 letters' stock-picking approaches and Buffett's. In addition, like Buffett, almost all of them have constructed their model portfolios to be fully invested at all times.

In other words, even in highlighting the 10 newsletters with superior 15-year records to Buffett's, we need to honor and recognize the superiority of his investment approach. It's just that you don't need to look only to Buffett for ways to put that approach into practice.