

## Don't overlook free sites for smart investment advice

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Although many investing Web sites have disappeared over the years, there is still plenty of free information available online that will help you make better investing decisions. Here are four worthwhile sites that I haven't told you about before.

### Best investing blog

By now, you've undoubtedly heard of blogs. My favorite, and one of the most widely read investment blogs, is the Kirk Report ([www.thekirkreport.com](http://www.thekirkreport.com)), published by Charles Kirk.

Kirk, who has a law degree but has never practiced law, produces a daily report full of stock ideas, views about what's happening in the market and the overall economy, updates on stock recommendations by market experts, and tips on other worthwhile investing sites. It reminds me of the daily morning briefing U.S. presidents get about local and international affairs from top advisors. Information like this should be expensive, but Kirk gives it away.

### Seeking alpha

Alpha, in stock market lingo, translates to outperformance. For instance, a high-alpha mutual fund is one that outperforms the overall market. Thus, the mission of SeekingAlpha ([www.seekingalpha.com](http://www.seekingalpha.com)) is to help investors improve their results. Although it calls itself a blog, SeekingAlpha is more like a Web site featuring daily articles from market experts.

SeekingAlpha distributes the experts' commentary to various sections of the site, such as China, India, Energy, Media, Retail and more. So, if you're interested in investing in Chinese stocks, you'll find a treasure trove of profitable information in the China section.

I've also found SeekingAlpha's conference call transcripts to be a big timesaver. Most companies hold a conference call for analysts after they release their quarterly earnings report. Usually, management goes over the quarter's results before entertaining questions from analysts. You can learn a lot about your stocks by listening to these calls. Unfortunately, most calls run an hour or longer, so listening to all of them may be impractical if you own many stocks. SeekingAlpha provides free transcripts of many, but not all, quarterly conference calls.

### Value ideas

Value investors look for beaten-down stocks likely to recover after solving the problems that caused most market players to abandon them.

If you're in that camp, the hypothetical Value 40 Portfolio created by University of Michigan's Ross School of Business might be a good source for stock ideas. According to Kai Petainen, who maintains the Value 40, as of April 30 the 40-stock portfolio had returned 140 percent since its inception on Nov. 1, 2004. By comparison, the S&P 500 index gained about 31 percent during the same period.

Students taking portfolio management classes, with the help of professors Richard Sloan, Tyler Shumway, and others, developed a quantitative (computerized) formula for evaluating stocks based on recent academic research about what works, and what doesn't, in terms of selecting winning stocks.

The formula is fairly complicated, involving valuation, earnings quality, momentum, insider and institutional trading, and other factors. For details, check AlphaSeeker ([www.alphaseeker.com](http://www.alphaseeker.com)), which provides an overview of the factors used in the formula, plus links to the reports describing the underlying academic research the students used to define each factor.

Petainen, who manages the Ross School's Tozzi Finance Center, which is a stock research and analysis lab and simulated stock trading floor, runs the screen once a month. The 40 highest-scoring stocks make up the Value 40 portfolio.

You can see the list at Earnings Torpedo ([www.earningstorpedo.com](http://www.earningstorpedo.com)). That page shows you the value portfolio's returns since inception, plus another portfolio, the Torpedo portfolio, which I'll get to in a minute. Click on the "40 stocks" link above the Value 40 return chart to see the list of stocks in the current portfolio.

Each month, Petainen also compiles the 100 lowest scoring stocks into a Torpedo portfolio. Since its inception on Feb. 1, 2001, the Torpedo portfolio has dropped 45 percent, compared with a 25 percent or so gain for the S&P 500. You can see the 100 stock list by clicking on the "100 stock" link.

While some might be tempted to use the list as a source of shorting candidates (short selling is a trading strategy that produces profits when a stock drops and losses if it goes up instead), its best use would be as a list of stocks to avoid.

### Guru picks

Do you want to invest in the same stocks as famous investors such as Warren Buffett or George Soros? Guru Focus ([www.gurufocus.com](http://www.gurufocus.com)) tracks the portfolio holdings and recent picks of those famous gurus plus more than 40 other market-beating money managers.

There are a number of ways to use the site. If you have a particular guru in mind, select that guru from the List of Gurus to see a profile describing that money manager's background and stock picking strategies. From there, click on Portfolio Holdings to see a list of the guru's current holdings and recent buys and sells.

Select the Scoreboard to see the gurus ranked by their portfolio returns over the past six months. The report also shows the guru's 12-month return, and five- and 10-year average annual returns.

Click any of those column headings to sort the list with the top performers for the selected period listed

first. When I did that, I found that mutual fund manager Robert Bruce, manager of the Bruce Fund, was the top-performing guru over the past five years, averaging 31 percent annually. When I viewed his portfolio buys and sells, I could see that Bruce was loading up on energy and pharmaceutical stocks and dumping chemical companies.

These are some of my favorite sites. Although some also have premium sections requiring a subscription, all the information I've described is free.

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<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2007/05/27/BUGC1Q1FBA1.DTL>

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