



# PORTFOLIO STRATEGY

John Heinzl's ideas for managing your investments

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# How to let the gurus do your grunt work

Copycat investing isn't foolproof, but it can be one more weapon in your stock-picking arsenal

As a psychology and criminology student at Simon Fraser University, Arjun Rudra spends a lot of time robbing the human mind. So it's fitting that, before the 2-year-old puts any cash to work in the stock market, he carefully studies the minds of top investment pros.

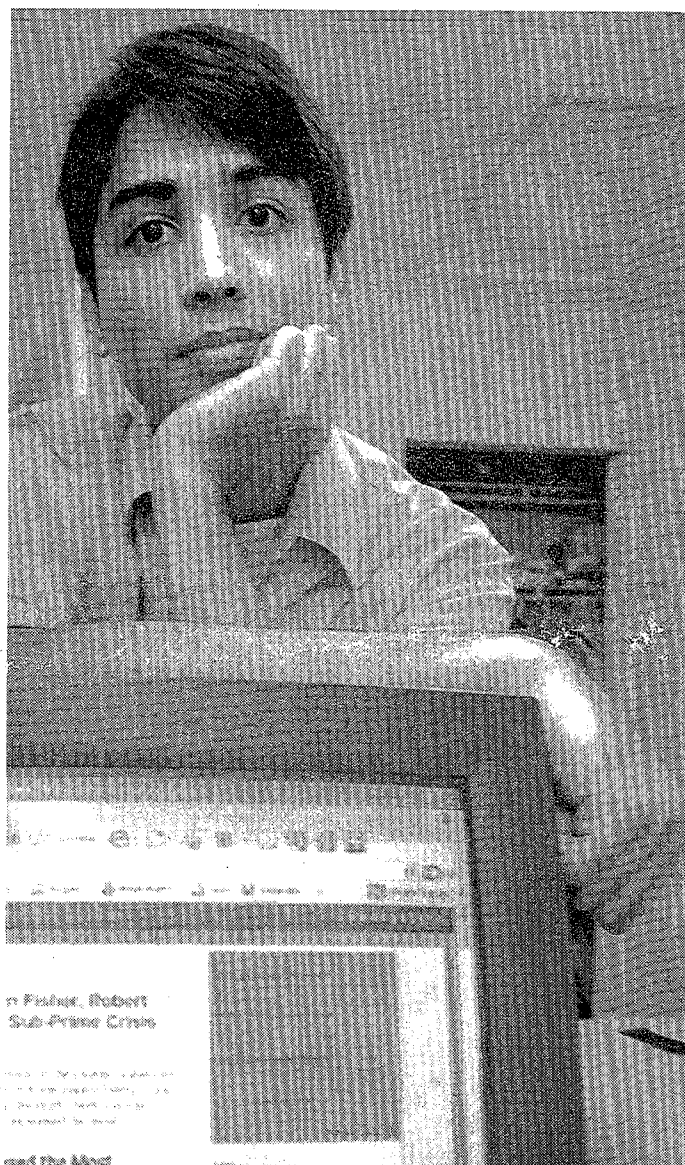
"I am not trying to be a hero in the investment game," the Vancouver resident says. "I simply piggyback off the trends and ideas of people I consider to be smarter and more resourceful than myself."

For years, investors basically had two choices: They could go it alone - a terrifying prospect for many - or they could turn over their savings to a fund manager or financial planner who would invest their money for a fee.

Now, with the Internet making it possible to track the buys and sells of world-class money managers, more investors are adopting a third approach that lets them do-it-yourself investing with the peace of mind that comes with having a seasoned expert at the wheel.

Known as copycat investing or coattail investing, it's based on the notion that ordinary investors can generate extraordinary returns by mimicking the moves of the pros, whether they're icons such as Warren Buffett and George Soros or smaller investment firms that generate big returns.

Mr. Rudra, who pens a commodity investment blog under



The screenshot shows the gurufocus.com website interface. At the top, there's a navigation bar with links for Home, Premium Tools, Membership, Columns, Forum, Money Finance, and SYMBOL. Below this, there are several content sections:
 

- Guru Focus:** A section highlighting real-time picks and consensus from various gurus.
- Guru Stock Picks:** A section listing specific stock picks from gurus like Brian Rogers.
- Guru Comments:** A section for user-generated commentary on the gurus' picks.

 The site also features a 'Free Membership' badge and a 'Hall of Fame' section.

to mean spending hours digging through regulatory filings or fund company newsletters in an attempt to glean what others had been buying. But now, financial websites do most of the grunt work for you. The best part: Much of the information is free.

One of the most comprehensive sites is gurufocus.com. Want to know what stocks Warren Buffett bought in the six months to March 31? The site lists nine companies, including health care giant **Johnson & Johnson Inc.**, drug maker **Sanofi-Aventis** and railway operators **Burlington Northern Santa Fe Corp.**, **Union Pacific** and **Norfolk Southern**.

Want to know how the stocks have fared since he bought them? Gurufocus.com calculates the gain or loss based on the estimated purchase price. For value investors, there's even a handy tool called "guru bargains" that highlights

their trades with the Securities and Exchange Commission until after the end of the quarter. Once the information is public, it won't appear on gurufocus.com for another day or two, unless you pay for a premium membership, in which case you get the information within hours of it being posted by the SEC.

Another useful feature of the site is the detailed commentaries from the gurus themselves. If you want to probe the thinking of investing legends such as Martin Whitman, chairman of Third Avenue Value Fund, or Bill Miller, chairman of Legg Mason Capital Management, this is the place for you. Warren Buffett's annual letter to Berkshire Hathaway shareholders is here, too.

"Reading the gurus' commentaries, their shareholder letters and interviews is very important. From that you can learn how they invest, how

checking out is coattailinvestor.com, which has a few names you won't find on gurufocus.com.

The key to using all of these websites is to treat them as one more weapon in your investing arsenal, not as a way to make a quick buck, says Cory Janssen, co-founder of Investopedia ULC, an Edmonton-based company that owns coattailinvestor.com.

"It's not a silver bullet or a magic formula, but it's a starting point for you to do more homework and match the gurus out there with your own investment philosophy," Mr. Janssen says.

For those who want to track every move of the pros, there's also Google Alerts, a service that sends e-mail updates on whatever topic the user chooses. This is how Mr. Janssen stays current with one of his favourite investors, hedge fund manager Eddie Lamnert.

The advertisement for CoattailInvestor.com features a horse and rider logo. It lists several prominent investors and their performance:
 

- Warren Buffett:** Berkshire Hathaway, 22% annual return from 1984-2005.
- George Soros:** Soros Fund Management, 30% annual return between 1970-2000.
- Richard Aster:** Aster Investment Management.
- Dr. Sam Stewart:** (Name partially visible).

 The ad also includes the slogan "Where Smart Money Goes... The Smart Investors Follow" and a call to action: "GAIN FREE ACCESS WARREN BU... SEE HIS HOLDING... YOU WILL ALSO RECEIVE... OF NINE OTHER TOP MON... See Warren".

CoattailInvestor.com