



IDEA GENERATION FOR THE FUTURE

WHERE TO FIND SMART MONEY MOVES

What interests you and what you know are remarkably reliable rules of thumb for taking an initial look at a new idea. What you eventually select for stocks to invest requires far more scrutiny if you plan to make a regular habit of investing your own money rather than turning the keys over to an investment manager who charges a fee.

Taking into account how much time you can spend in the research and monitoring of your portfolio will clearly dictate how many stocks you can manage yourself. If you think you can take on 30 or more and you work a full time job, plan on spending lots of nights pouring over data and listening to earnings calls. For most, constraining your individual stock assets to no more than 10% of everything you own and owning 5-7 securities is a wise starting point.

With the stage set for discussing stocks, a resource that is particularly handy for identifying what the “Smart Money” is doing is Gurufocus.com.⁴ Not all of the techniques are captured in a resource like this, such as trading, but what is provided at no charge (and there are other services for which you can pay) is excellent. For instance, hedge fund manager David Tepper of Appaloosa is one of my favorite investors to monitor. All I have to do is go to Gurufocus.com and enter Tepper’s name at the top of the site to get intel on what he’s buying and selling, at least as of the latest filings with the SEC. Though this is not real-time information (the website offers a service tied to real time data for a fee), you can still gain a good idea of what the pros are interested in.

Your favorite investor may be Warren Buffett and there is even a “Buffett Watch” tab at this website that aggregates all things related to the Oracle of Omaha. How wonderful is it that Gurufocus.com saves you an enormous amount of time from looking at tedious disclosures and assembling it into an easy to view format inclusive of graphics?

But it gets better – say you are interested in what all of the gurus think about a stock. That’s easy. Just type in the name of the company or the ticker and then find the “Guru Trades” tab. Not only are the buys and sells combined for you in a picture format, you can see all of the gurus invested and what their estimated profit is on their trades. For example, shares of Tesla have surged in 2020 and while lots of people have opinions about it right now, you might find it interesting to know which guru tracked made the most money. In this case, it’s Ron Baron. There’s also a “Consensus Picks” tab that shows some of the more popular names being purchased by the gurus.

The serious investor will appreciate Gurufocus.com because it saves valuable time gathering administrative information that would ordinarily take hours thus freeing-up the time to do more thinking about building a portfolio. The gurus aren’t always right, but knowing what they are doing is worthwhile as they in all likelihood have been able to do far more in researching a stock than you.

All the best for a profitable 2021!

⁴ Francis Investment Counsel receives no remuneration from Gurufocus.com.

Disclaimer: Francis Investment Counsel is a Registered Investment Adviser with the SEC. Past performance is no guarantee of future results. Any reference to individual stocks and securities is not intended as investment advice.

About the Author



Edward McIlveen, CFA
Principal
Chief Investment Officer

Ed leads the Firm’s research efforts at Francis Investment Counsel and has been on staff since 2005. Ed graduated from Marquette University with a Masters of Business Administration specializing in finance and attended Gustavus Adolphus College where he earned a Bachelor of Arts Degree in History (graduated cum laude). Ed holds the Chartered Financial Analyst (CFA) designation.