

Pass the envelope please! Academy Award time for the investment letter industry.

AND THE WINNER IS . . .

By Mark Hulbert



Oscar season may be over in Hollywood, but I have decided to hold my own, decidedly personal, awards ceremony for investment letters.

I base my awards on my *Hulbert Guide to Financial Newsletters* (Probus Publishing, \$24.95), a just-published survey of nearly nine years of research into the performance of the hundred-plus investment letters that I monitor.

● **Best Overall Performance:** The equivalent of Hollywood's best picture award would undoubtedly go to Martin Zweig of *The Zweig Forecast*. His letter is firmly in first place for performance among all those I have followed since mid-1980, with a gain of 402%, compared with the S&P 500's total return of 266.8%. Even more remarkable is Zweig's consistency: He has not lost money in any single year since I began tracking his performance.

● **Best Short-Term Trader:** Zweig again. Most advisers whose average holding period is as short as Zweig's—usually less than six months—do not make enough to pay commission costs. But Zweig does. He's a phenomenon.

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● **Best Technician** (equivalent to Best Special Effects?): Dan Sullivan of *The Chartist*. Despite his letter's name, Sullivan is not a pure chartist. But he is a pure technician, focusing exclusively on price and volume statistics and not caring very much about what his recommended companies do. His trading portfolio is the only one based entirely on technical analysis that also has beaten the total-return S&P 500 in the five-year period from 1983.

● **Best Fundamentalist:** Charles Allmon of *Growth Stock Outlook*. Allmon is a pure fundamentalist, even claiming a sort of apostolic succession transmitted in the form of an approving phone call from the late Ben Graham, the father of fundamental analysis. His letter beat the S&P 500 for the period since mid-1980, 299.5% vs. 266.8%, and is in first place when performance is adjusted for risk.

Ironically, Allmon loves to ridicule technical analysts, arguing that the squiggles traced by a stock's price on a chart are meaningless. The fact that both he and Sullivan rank high in my ratings underscores a major finding discussed in the *Hulbert Guide*: There is no one road to investment riches.

Runner-up behind Allmon: Al Frank of *The Prudent Speculator*. Frank's heavily margined portfolio put him way out in front until the 1987 crash, when it shed nearly 60%. Frank has recovered smartly since then and once again is ahead of Allmon, with a total gain of 368%. But he is well behind Allmon on a risk-adjusted basis, and also may be slipping somewhat from the fundamentalist faith: He is now using technical analysis to time

the market's short-term moves.

However, Frank certainly deserves the—

● **Most Honest in a Crisis Oscar.** Unlike many of his fellow newsletter editors, who falsely denied that their portfolios were devastated by the crash, Frank issued a simple *mea culpa* to his subscribers: "I apologize." What's more to be said?

● **Worst-Promoted Market Beater:** Tom Bishop of *BI Research* (see my column in the May 1 *FORBES*). This is one of the handful of letters that have beaten the S&P 500 in the period since 1984 (which is when I began following Bishop's letter). But Bishop remains virtually unknown.

● **Best-Promoted Market Loser:** Stan Weinstein of *Professional Tape Reader*. Since mid-1980, while the total-return S&P has gained 266.8%, Weinstein has achieved a mere 26% (that's twenty-six percent). But his hard-driving hype (or maybe some hidden charms) have managed a miracle equivalent to walking on water: He is still one of the most famous investment letter personalities and a much-sought-after seminar speaker.

● **Most Scholarly Letter:** Many would regard such a category as an oxymoron, since the bulk of academia believes the market can't be beaten. But Norman Fosback of *Market Logic* has a strong academic background, having done his graduate work at Portland State University's Investment Analysis Center, where the seminal academic study of insider buying and selling was conducted. And his letter is one of the industry's few that regularly report on the latest academic research, much of which, paradoxically, shows that the market can be beaten. My new book puts *Market Logic* in sixth place for performance since 1980.

● **Most Consistent Mutual Fund Switcher:** Peter Eliades of *Stockmarket Cycles*. Eliades' timing beat the stock market in 1985, 1986 and 1987, and (assuming you traded in and out of the market using hourly priced funds) in 1988 as well. He's the only timer I monitor who has done so.

My investment letter Oscar ceremony isn't going to go on forever—unlike Hollywood's. But I can't resist adding a category Tinseltown seems to have overlooked:

● **Worst Performer:** Joe Granville of the *Granville Market Letter*. His stock portfolio actually lost 59.3% during the greatest bull market in history. That's X-rated by any standard. ■