MarketWatch
THE WALL STREET JOURNAL.

Feb. 6, 2013, 6:01 a.m. EST

Your best investment move ever

If you make only one "right" investment decision in your lifetime, let it be this: Choose the right source to rely on for information and advice.

Get that choice right, and everything else you do will fall into place. But get it wrong, and you'll be swimming upstream no matter what else you do. This holds true whether you're starting out, approaching retirement or even if you have already retired.

The investment recommendations I've been making for more than 20 years have turned in above-average performance. (I'll give you some numbers shortly.) But this isn't because I'm especially smart. It's because of where I get my information and advice.

As I described in my 2011 book, Financial Fitness Forever, every investor can choose among three basic sources: Wall Street, the huge industry that's perpetually hungry for profits; friends, neighbors, relatives and others who are eager to show how smart they are; and the academic community, which rigorously studies what works — and what doesn't.

I call this choice Wall Street vs. Main Street vs. University Street. My pick is University Street and I've never regretted it.

In all the helpful and interesting weekly columns by my fellow RetireMentors , I realized we are all focused on helping readers make better financial decisions and retire successfully.

Good decisions can be golden. Last year I wrote a book, 101 Investment Decisions Guaranteed to Change Your Financial Future — and most of them are ones that every investor is likely to make, either by design or by default, by choice or by chance.

Each of those 101 decisions can change your life for better or for worse. But one of them is likely to have the most impact of all: Wall Street vs. Main Street vs. University Street. In your investment lifetime, this is the No. 1 decision you will make.

The bad news is that most of us make this choice in a fuzzy way, without thinking clearly about it. We pay some attention to our brokers and Wall Street advertising and the financial media; we pay some attention to our relatives, friends and colleagues who seem to know what they are doing. And sometimes we follow our "hunches," which are very heavily influenced by our moods when we happen to come across some stray bit of information.

The good news is that there's a better way. In this country, we like to know who is No. 1, whether it's in sports, movies, celebrities, highly-paid CEOs, hot music or fast cars.

My mission here is to tell you who's No. 1 in investment advice. Are you ready?

The Hulbert Financial Digest , which is operated by MarketWatch, the publisher of this report, has calculated and tracked the results of investment newsletters for decades, both the printed variety and those that are published online. Hulbert is the most reliable and objective source I know for this information.

Who's No. 1? I'll tell you, and I hope you don't jump to conclusions too quickly.

In the 10 years ending Dec. 31, 2012, my all-equity recommendations for Vanguard funds beat all similar Vanguard portfolios tracked by Hulbert. This portfolio compounded at 10.3% a year, a full percentage point ahead of the next-best competitor. (Meanwhile the Standard & Poor's 500 Index (SNC:SPX) grew at only 7.2%.)

My balanced Vanguard recommendations (60% in equities, 40% in fixed-income) compounded at 9.7%, again a full percentage point ahead of the next-best contender and far ahead of the considerably riskier S&P 500 Index.

I'm not bragging. In fact, I don't deserve the credit for this. The credit belongs to the academic community.

You see, it was the academic community that taught me decades ago to add asset classes with long-term performance records higher than the S&P 500 Index, without additional risk.

All I did was apply the lessons. Perhaps the greatest of these was that proper asset allocation accounts for the overwhelming majority of the results of a portfolio.

Accordingly, I believe a properly balanced equity portfolio should include small-cap stocks as well as large-cap stocks, value stocks as well as growth stocks, international stocks as well as those based in the U.S. In addition, I always recommend that investors include enough fixed-income funds to achieve the proper level of risk.

It's also important to note that my recommendations have changed very little over the years. I've refined them from time to time in order to reflect the evolving availability of low-cost funds. However, I learned not to try to predict the market (most people who try this and fail miserably), and I don't load up or lighten up on asset classes based on politics, economics, emotions or forecasts — mine or anybody else's.

These recommendations do have my name on them. But they didn't come from me. What I did — and what every investor can do — was to place my trust in the academic community instead of Wall Street or Main Street. That is the best investment choice I ever made.

Richard Buck contributed to this article.