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ANALYSIS OF THE RELEVANCE OF WARREN BUFFETT'S VALUE INVESTING STRATEGY IN DIFFERENT MARKETS – A LITERATURE REVIEW

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Purpose: The purpose of this paper is to systematically evaluate the relevance and adaptability of Warren Buffett's value investing strategy across global markets through a comprehensive literature review.

Design/methodology/approach: A systematic literature review was performed using academic databases (Google Scholar, Scopus, university repositories). Keywords included "Warren Buffett", "value investing", "Graham's strategy", "Piotroski's F-score" and "fundamental analysis", combined with market-specific terms. Selected peer-reviewed empirical studies testing Buffett-inspired fundamental strategies in equity markets were analysed and synthesised by strategy components, performance measures and contextual factors.

Findings: Buffett's strategy, integrating value screening with quality assessment, generates significant excess risk-adjusted returns in many markets, especially emerging ones (Brazil, Indonesia, India). Performance improves with local adaptations (e.g., sector medians, adjusted ROE thresholds) and quality criteria (high ROE, low debt, economic moats). Effectiveness is cyclical and weaker in efficient developed markets during periods like the "value winter" or crises (e.g., 2020 pandemic). In emerging markets, part of the alpha may reflect liquidity risk premiums rather than pure mispricing.

Research limitations/implications: Limitations include varying study comparability, recent publication bias (post-2018 dominance) and potential overrepresentation of positive results. Future research should track performance as emerging markets mature and examine impacts of passive investing on value/quality premiums.

Practical implications: Investors should apply Buffett's principles globally but customise criteria to local conditions. Prioritising business quality and moats reduces value traps and enhances resilience across cycles.

Originality/value: This is the first systematic comparative review addressing the transferability of Buffett's strategy between developed and emerging markets, identifying behavioural/risk determinants and emphasising contextual adaptation.

Keywords: value investing, Warren Buffett, fundamental analysis, market efficiency, emerging markets.

Category of the paper: literature review.

1. Introduction

Warren Buffett, chairman and chief executive officer of Berkshire Hathaway, is widely considered one of the most successful investors in history. His remarkable long-term success has sparked intense debate about the universality of his investment strategy. Buffett's philosophy, which combines value investing principles, a deep understanding of business, and a long-term perspective, has gained a large following around the world. However, despite its widespread popularity, the adaptation of this approach to different market conditions, time periods, and regulatory structures remains the subject of intense academic research.

In numerous empirical studies covering emerging and developed markets, value investing approaches modelled on Warren Buffett's strategy generally generate excess returns compared to market benchmarks. Dantas Neto (2013) report that Buffett's portfolio in Brazil outperformed both passive and active funds, while Martin and Puthenpurackal (2008) note that Berkshire achieved an annualised return of 11.14% compared to the S&P 500 index. In Indonesia, Srikandi and Soekarno (2024) document a cumulative return of 1381.72% over 10 years, with a Treynor ratio of 14.27. Similarly, Xiao and Arnold (2007) report annual rates of return close to 19.7% in the UK market. Many studies also indicate that portfolios constructed using key value indicators – such as price-to-earnings, price-to-book, book-to-market and F-score – deliver better or positive risk-adjusted returns. Several studies indicate that combining these ratios with measures of financial strength improves performance, particularly for small- and mid-cap stocks. Adaptation to local market conditions appears to be beneficial; for example, sector medians improve performance in Brazil (Barros et al., 2024), and optimal return on equity thresholds differ in China (Chen, 2024). Several studies indicate that extreme market conditions, such as those during the 2020 pandemic (Wu and Begum, 2021), may weaken the predictive power of these strategies.

Despite numerous empirical studies confirming the validity of Warren Buffett's strategy in individual national markets, there is a lack of comprehensive comparative studies in the literature. There is a clear research gap in systematising knowledge about the transferability of this strategy between developed and emerging markets and identifying the behavioural and market determinants that influence its adaptability. Furthermore, current literature reviews rarely address how structural market frictions, such as liquidity constraints and information asymmetry in emerging economies, alter the predictive power of the classic "Graham-and-Dodd" metrics utilized by Buffett. The aim of this article is to conduct a systematic review of the scientific literature in order to assess the accuracy, adaptability, and key factors determining the success of strategies inspired by Buffett's philosophy in diverse global markets. Empirical evidence will be analysed from both developed markets, where the strategy was originally applied, and emerging markets, which are characterised by different dynamics and levels of effectiveness. The novelty of this study lies in its comprehensive and structured assessment of how market frictions and behavioural factors modify the predictive power of classic Buffett-style valuation metrics in emerging economies.

The article consists of six parts. The first part provides an introduction to Buffett's strategy and highlights the need for a comprehensive literature review. The second part presents the mechanism of operation and the evolution of the value investing concept. The third part provides a review of the literature on the accuracy of Buffett's strategy in diverse international markets. The fourth part describes the methodology used in the review. The fifth part analyses the existing scientific achievements and includes a discussion. The last and sixth parts contain key conclusions and indicate future directions for research.

2. Theoretical background

Understanding the fundamental pillars of Warren Buffett's strategy is key to assessing its universality. His approach, although often simplified to the concept of "value investing", is in fact a multidimensional process that has evolved over decades. Initially rooted in Benjamin Graham's classical philosophy, it has evolved into a more complex strategy in which the search for value is inextricably linked to the assessment of a company's quality and long-term prospects.

Buffett's philosophy is based on principles inherited from his mentor, Benjamin Graham, co-author of the seminal work Security Analysis (Graham, Dodd, 1934). The main idea is to buy shares in companies at a price significantly lower than their intrinsic value (Frazzini, Kabiller, Pedersen, 2013). The difference between intrinsic value and market price creates a so-called margin of safety, which is a key mechanism to reduce investment risk (Dias Jorge, 2010; Srikandi, Soekarno, 2024). In this phase of Buffett's approach, as well as in many studies testing Graham's strategies, the emphasis is on quantitative indicators such as:

- Low price-to-earnings ratio (P/E): Studies often use a P/E threshold below 15 (Chang, 2011).
- Low price-to-book ratio (P/B): A popular criterion is a P/B below 1.0 (Chang, 2011).

Contemporary academic debate points to a fundamental change in the capital structure of companies, which forces a redefinition of the concept of "book value". Traditional indicators, such as price-to-book value (P/B), on which the early phase of Buffett's strategy was based, have eroded as effective tools for selecting companies. Lev and Srivastava (2022) argue that the main reason for the "failure" of traditional value investing in the second decade of the 21st century is the imperfections of accounting standards (GAAP/IFRS), which require investments in intangible assets (such as research and development, brand building, and organisational capital) to be treated as current expenses rather than capitalisable assets. This leads to a systematic understatement of the book value of innovative companies and an artificial overstatement of their valuation ratios, which misclassifies them as expensive "glamour" companies (Ewens et al., 2024).

Empirical research indicates that taking intangible capital into account restores the predictive power of value strategies. Eisfeldt, Kim, and Papanikolaou (2022) showed that portfolios constructed on the basis of "adjusted book value" (intangible-adjusted book-to-market), which takes into account the replacement value of knowledge and organisation, generate significantly higher risk-adjusted returns than the traditional HML factor, especially in technology-intensive sectors. Park (2022) confirms these findings on an international sample, suggesting that Buffett's information advantage in recent years may have been based on his intuitive perception of the "hidden value" in intangible assets, as best illustrated by the evolution of his portfolio towards companies such as Apple, characterised by a strong brand and ecosystem, despite high traditional valuation multiples.

Over time, Buffett developed Graham's philosophy, concluding that price is only one of its elements. The criterion of quality became key, which is best summed up by his famous saying, quoted, among others, in the work of Frazzini et al. (2013): "It is better to buy a great company at a fair price than a fair company at a great price". "Quality" in Buffett's context is not an abstract concept but is based on specific, measurable attributes that the scientific literature identifies using the following indicators:

- Stable and growing profits: The company should demonstrate consistent profitability over the years.
- High return on equity (ROE): Many studies use an ROE threshold above 15% as an indicator of effective use of shareholders' capital (Srikandi, Soekarno, 2024).
- Low debt: A conservative capital structure, often measured by a debt-to-equity ratio (D/E) below 0.5, indicates financial stability (Bhakti, Widjaja, 2023).
- Sustainable competitive advantages (so-called "moats"): A company's ability to defend its profitability against competition, resulting, for example, from a strong brand, economies of scale, or patents.

Contemporary financial literature broadens the definition of "quality" in investment strategy, integrating it with ESG factors, in particular, corporate governance. Cunningham (2020) introduces the concept of "quality shareholders", a group of investors characterised by a high concentration of capital and a long-term investment horizon, of which Berkshire Hathaway is a prime example. Research indicates that the presence of such a group in a company's ownership structure is correlated with higher capital allocation efficiency and less pressure on short-term results, which is a significant competitive advantage.

Otero-González et al. (2025) provide empirical evidence that combining financial quality indicators (such as ROIC) with an assessment of the "economic moat" and ESG indicators allows for more effective company selection and avoidance of so-called "value traps". In their study, strategies that integrate management quality assessment with fundamental analysis generated higher risk-adjusted returns, confirming Buffett's intuition that the quality of managers is as important as the quality of assets.

Research conducted by Frazzini, Kabiller and Pedersen (2013) significantly changed the academic perception of Buffett's success. The authors argue that his above-average results can be explained largely not by a "magic touch" but by systematic exposure to well-identified market risk factors. They decomposed Berkshire Hathaway's strategy, identifying four key components – see Table 1.

Table 1.
Key components of Buffett's strategy

Factor	Description
Value	Buying shares that are cheap relative to their fundamentals (e.g. high book-to-market ratio).
Quality	Buying shares in high-quality companies (profitable, stable, growing).
Low Risk (Betting Against Beta)	Buying shares with low volatility and a low beta ratio.
Leverage	Using cheap leverage, mainly through insurance reserves (known as "insurance float").

Source: Frazzini, Kabiller and Pedersen (2013).

Based on the above analysis, it can therefore be concluded that Buffett's strategy is a complex concept combining a disciplined search for undervalued companies with a rigorous assessment of their quality and long-term potential. As research shows, this seemingly intuitive process can also be interpreted as consistent exposure to factors that, in financial theory, are associated with risk premiums. This multidimensionality provides a starting point for analysing its application in different markets.

3. Methodology

The reliability of a literature review depends on the use of a transparent and systematic methodology. The purpose of this section is to describe in detail the process of selection, analysis and synthesis of scientific research that formed the basis for the conclusions formulated in this article. The approach used was designed to ensure objectivity and comprehensiveness of the analysis.

The literature search was conducted using key academic databases, including Google Scholar, Scopus, as well as university repositories and research archives. A combination of keywords was used to identify the empirical studies best suited to the topic under analysis. The literature search was conducted based on the following keywords: "Warren Buffett", "value investing", "Graham's strategy", "Piotroski's F-score", "fundamental analysis". These terms were combined with the names of specific markets or regions (e.g. "Brazil", "India", "emerging markets", "developed markets") to narrow down the results to contextual studies.

A preliminary exploration of the Scopus database using the defined keywords allowed us to identify a set of scientific publications related to modern investment methods, fundamental analysis and market strategies. An analysis of the temporal structure of these publications, based on the bibliography provided, reveals a clear upward trend in recent years. Although the fundamental principles of Warren Buffett's strategy (value investing) have been present in the literature for decades (e.g. Hirshleifer, Teoh, 2003; Damodaran, 2007), the vast majority of the empirical and technological articles analysed were published after 2018, with a clear accumulation in the years 2023–2025. This testifies to the unflagging interest in verifying classic investment paradigms in the face of modern financial engineering.

A geographical analysis of the authors' affiliations and the markets under study indicates a significant diversification of research areas. Contemporary literature goes beyond the American market (traditionally associated with Buffett), exploring emerging markets and specific local stock exchanges. The collection includes studies on Turkey (Bildik, Tokmakcioglu, 2024), Thailand (Natthakunlanan, Praditsangthong, 2024) and Malaysia (Zainudin et al., 2024; Jiet, Manual, 2019). This phenomenon suggests that fundamental indicators (such as those used by Buffett: ROE, low Beta, P/B) are being tested for universality in markets with varying degrees of efficiency and liquidity.

Based on an analysis of keywords and abstracts collected in the database, four main thematic clusters have been identified that define the current directions of research on the adaptation of fundamental strategies:

- **Integration with AI and Large Language Models (LLMs)** – the most dynamically developing area is the confrontation of traditional "buy and hold" strategies with artificial intelligence algorithms. Researchers are striving to automate the decision-making processes that Buffett performs qualitatively. Tong et al. (2025) present the "Ploutos" framework, which uses financial large language models (Financial LLM) to explain the prediction of stock market movements. In turn, Natthakunlanan and Praditsangthong (2024) have developed a machine learning-based advisory bot for the technology sector in Thailand, integrating fundamental data (such as DCF) with technical analysis. Importantly, the research by Sun et al. (2019) directly compares machine learning strategies with Warren Buffett's strategy, showing that in the long term, the "buy and hold" approach can still compete with algorithms.
- **Advanced Valuation and Selection Methods (Quantitative Value)** – the second significant trend is the refinement of valuation methods through modern statistical tools, which represents an evolution of the classic "margin of safety". Bildik and Tokmakcioglu (2024) propose an innovative approach based on Triangular Spherical Fuzzy Sets for IPO analysis, combining microeconomic indicators with long-term competitive advantage. Zainudin et al. (2024) use clustering methods (including k-Means) to automatically label defensive Sharia-compliant companies based on indicators close to Buffett's philosophy (low P/E, low Beta).

- **Corporate Governance and Ethics** – contemporary literature places strong emphasis on management quality, which corresponds to the "quality" criterion in Buffett's strategy. Tingle (2024) in his work "Hard Lessons in Corporate Governance" analyses failures in applying corporate governance to improve social and market performance. Rezaee (2025) provides a comprehensive overview of regulations and best practices in *corporate governance*, emphasising the role of managerial responsibility and sustainable development, which is a modern development of qualitative management analysis.
- **Prediction and Behavioural Aspects of the Market** – the last cluster covers research on the effectiveness of forecasting in the context of investor behaviour. Makridakis et al. (2025), analysing the results of the M6 forecasting competition, examine the gap between the accuracy of forecasts and investment decisions, undermining the efficient market hypothesis to some extent. These works, together with earlier research on "herd behaviour" (Hirshleifer, Teoh, 2003), provide a theoretical background for understanding why contrarian strategies (such as Buffett's) remain effective in the face of market anomalies and crowd cognitive errors.

The review includes peer-reviewed scientific articles, chapters in monographs, theses (master's and doctoral) and research reports published in English and Polish. The key criterion for inclusion was the presence of an empirical test of an investment strategy based on the clearly defined principles of Warren Buffett, Benjamin Graham, or related fundamental analysis methods (e.g., Piotroski's F-score) in public equity markets. The studies had to present measurable results, such as rates of return, risk-adjusted measures or statistical test results. Articles of a purely theoretical or journalistic nature, market opinions and works that did not present original empirical research were excluded from the review. Overall, the study draws on 44 scholarly articles that address the investigated topic.

After selecting the literature, a thematic analysis was conducted to systematically synthesise the data. Key information was extracted from each eligible study and then categorised. These categories included:

- Strategy components: specific criteria and indicators used for stock selection (e.g., P/E, P/B, ROE, D/E).
- Performance measures: measures used to evaluate strategy effectiveness (e.g., average returns, risk-adjusted returns, Jensen's alpha, Sharpe ratio, Treynor ratio).
- Contextual factors: characteristics of the market or research sample that may have influenced the results (e.g., company size, liquidity, study period, market efficiency).
- Main conclusions and interpretations of the authors: explanations proposed in the studies for the observed results (e.g., references to market inefficiency, risk premium, behavioural errors).

In summary, bibliometric data indicate that the value investing strategy is evolving towards Quantitative Value Investing. Contemporary research does not reject classic fundamental indicators, but seeks to optimise them using Big Data, machine learning and fuzzy logic, while extending the analysis to include a formalised framework of corporate governance and business ethics. The methodology used allowed for the systematisation of evidence from different markets and theoretical frameworks, which can form the basis for in-depth analysis and discussion of the results.

4. Results

Assessing the universality of Buffett's strategy requires analysing its relevance in diverse economic, regulatory and cultural contexts. The popularity of his investment philosophy has led to numerous empirical studies testing adaptations of the concept on stock exchanges around the world. The following review highlights key findings from the literature, broken down by developed and emerging markets, to identify patterns and differences in performance.

The US market, where Buffett's concept originated, is the most thoroughly researched area. Historical studies clearly confirm the spectacular success of his approach. Martin and Puthenpurackal (2008) showed that between 1976 and 2006, Berkshire Hathaway's public stock portfolio outperformed the S&P 500 index in 27 out of 31 years, achieving an average annual advantage of more than 11 percentage points. The author points out that achieving such results by chance is statistically extremely unlikely. In turn, Frazzini et al. (2013) explained these results in their groundbreaking work, arguing that Buffett's success was due to consistent exposure to value, quality, low-risk factors (so-called "betting against beta") and the use of cheap leverage. However, more recent data suggest that the effectiveness of the strategy may have weakened. A study analysing the synthetic "B-score" indicator, based on Buffett's ideas, showed that in 2020, during the COVID-19 pandemic, this indicator lost its predictive power in the US market, raising questions about its resilience to extreme market shocks (Wu, Begum, 2021).

Studies from other developed markets provide more mixed results. Bird and Gerlach (2003), analysing the British and Australian markets, found that fundamental data can be effectively used to improve simple value strategies. At the same time, they emphasised that key predictive indicators differ between markets and change their accuracy over time, suggesting the need for local adaptation rather than blind copying. In turn, a study of Graham's strategy based on net current asset value (NCAV/MV) on the London Stock Exchange showed that between 1981 and 2005 it generated significantly positive market-adjusted returns, even after taking into account the effect of company size, confirming the durability of some classic value investing principles (Xiao, Arnold, 2007). The validity of the macroeconomic view of value, which is key to Buffett, is also confirmed by a study by Swinkels and Umlauft (2022). They showed that the so-called "Buffett indicator", i.e. the ratio of market capitalisation to GDP (MVE/GDP), is a strong predictor of ten-year returns in 14 developed markets. When this ratio is low, future returns are usually high, and vice versa, which supports the thesis of a long-term return of markets to the mean.

In emerging markets, which are often characterised by lower information efficiency and greater volatility, strategies based on fundamental analysis seem to find fertile ground. Table 2 presents the key findings from studies conducted in selected countries.

Table 2.
Summary of research results on value investing strategies in emerging markets

Author and year	Market	Method/criteria used	Main conclusions
Dantas Neto (2013)	Brazil	Buffett criteria (P/L, ROE, P/B, etc.) + margin of safety	The strategy significantly outperformed passive and active funds (2003-2012) with lower risk.
Galdi, Lopes (2013)	Brazil	Piotroski's F-score (as a proxy for quality/value)	The strategy generates very high returns, but this effect disappears for liquid and arbitrageable stocks. Success is driven by market friction and illiquidity.
Bhatt (2019), Tripathy, Pani (2017)	India	Graham's formula, Piotroski's F-score	Both Graham's formula (average return of 39.43%) and the F-score strategy have proven effective in generating above-average returns.
Srikandi, Soekarno (2024), Bhakti, Widjaja (2023)	Indonesia	Buffett's criteria (including D/E < 0.5, P/E < 5, ROE > 15%)	The strategy is successfully applied; an analysis of ANTM showed significantly higher returns than the index in 2013-2021, but in 2022 its result was negative and worse than the index.
Chang (2011)	Malaysia	Graham's criteria (P/E < 15, P/B < 1, etc.)	Most of Graham's selection criteria generated returns that were statistically higher than market returns in the years 2000-2009.

Source: own elaboration.

It is important to note that some of the excess returns observed in emerging markets, particularly in studies by Galdi & Lopes (2013) and Dantas Neto (2013), may be partly driven by liquidity constraints and other market frictions. Highlighting these cases clarifies that higher performance in certain markets can reflect compensation for illiquidity rather than purely superior identification of mispriced assets.

This divergence in results – high returns in emerging markets on the one hand and high volatility in developed markets over time on the other – raises fundamental methodological questions: is the observed ‘alpha’ a true result of information advantage, a premium for low liquidity and other market frictions, or a consequence of the models used in the research?

The dynamic development of artificial intelligence (AI) in asset management has also raised questions about the sustainability of the information advantage of traditional value investors. Anuar, Sulaiman and Mohamad (2025) in a comparative study covering the years 2022-2024 showed an interesting dichotomy: AI-driven funds showed an advantage in bear markets (downside protection) thanks to rigorous risk management algorithms, but it was "human" managers using a fundamental approach who achieved higher returns during market upturns.

These results suggest that qualitative business assessment, which is at the core of Buffett's philosophy, allows for more effective exploitation of long-term growth trends that may be prematurely liquidated by conservative AI algorithms.

Dhar and Sedoc (2025) point out that current AI models, despite their sophistication in numerical data processing, still encounter difficulties in replicating "contextual reasoning" – the ability to synthesise financial data with an assessment of management quality and competitive strategy. In this light, Buffett's strategy, based on a deep understanding of the nature of business and patience ("buy and hold"), appears not as a relic of the past, but as a complementary approach that exploits behavioural inefficiencies that algorithmic models are unable to fully eliminate.

5. Discussion

After presenting the results of empirical research from various markets and bibliometric analysis, the next subsection provides a synthesis and critical assessment of these results. The aim of this part of the article is not only to summarise, but also to identify recurring patterns, potential contradictions and deeper implications arising from the literature review. The analysis focuses on four key thematic areas that have emerged in the literature: (1) the universality of the strategy in a broad market context, (2) the assessment of the role of quality within the concept of value investing, (3) the determinants of the strategy's success, (4) the cyclicality of the value premium in the context of the "value winter" and the issue of market concentration.

One of the central questions is whether the basic principles of Buffett's strategy are universal. A review of the literature suggests that the answer is complex. Indicators such as low price-to-book (P/B) ratios and high return on equity (ROE) show consistent predictive power in many emerging markets, such as Indonesia, Malaysia and Brazil. However, in more mature and competitive markets, such as the US, their effectiveness tends to be variable and period-dependent. Market efficiency and arbitrage limits play a key role in this convergence. A study by Galdí and Lopes (2013) on the Brazilian market provides key insights here. The authors showed that above-average returns from a strategy based on Piotroski's F-score (a proxy for quality and value) are concentrated in the low-liquidity segment and disappear for companies where arbitrage is easy to carry out. This suggests that the observed "alpha" in emerging markets may not be solely the result of mispricing, but largely a premium for illiquidity and the risk associated with market friction. In Brazil, the observed "alpha" therefore appears to be largely compensation for structural market friction rather than a pure reward for identifying mispricing in the classical sense.

The evolution of Buffett's strategy from pure Grahamian value towards quality is well reflected in the academic literature. The addition of "quality" criteria such as low debt, earnings stability and high profitability significantly improves the performance of traditional value strategies. Piotroski's F-score (2000) is the best example of this – it is a simple, accounting-based tool that effectively separates "winners" (companies with improving fundamentals) from "losers" (companies in further crisis) in a portfolio of stocks with a high B/M ratio. Its effectiveness has been confirmed both in the US market and in India (Tripathy, Pani, 2017). However, as shown by Bird and Gerlach (2003), there is no single, universal set of quality indicators. The optimal combination of these measures may be unstable over time and vary depending on the specifics of a given country and its regulatory environment. This reinforces the conclusion that while the principle of seeking quality is universal, its practical implementation requires a deep understanding of the local context.

The academic literature offers two main, though not necessarily mutually exclusive, explanations for the success of the value/quality strategy: behavioural and risk-based.

According to the first approach, the strategy exploits systematic cognitive errors made by investors. Lakonishok, Shleifer and Vishny (1994) argued that investors tend to overreact to negative news and extrapolate poor performance into the future, leading to an excessive discounting of "loser" stocks. At the same time, they neglect boring but stable value companies. Buffett's strategy in this view is a form of rational contrarianism that profits from these irrational behaviours.

More recent research, in particular the work of Frazzini, Kabiller and Pedersen (2013), interprets the phenomenon of Buffett's strategy differently. They argue that above-average returns are not a "free lunch" but a reward for taking on a certain type of systematic risk. Low-volatility (low beta) value and quality stocks may be less desirable during bull markets, and their performance may be correlated with specific economic conditions. In this view, Buffett's success lies in intelligently and disciplinedly constructing a portfolio that consistently captures these risk premiums, further amplifying them with cheap leverage.

Moreover, the two explanations above are not necessarily mutually exclusive. It is possible that systematic risk factors such as "value" are in fact a quantitative reflection of behavioural biases among investors, such as excessive pessimism towards companies with poor past performance. In this view, Buffett's strategy does not so much choose between risk and cognitive error, but rather exploits risk that is systematically underestimated because of these cognitive errors.

Assessing the accuracy of Buffett's strategy requires an analysis of the period of structural underweighting of value companies, referred to in the literature as the "Value Winter", which lasted from the 2008 financial crisis until 2020. Ang (2023) documents that during this period, the value factor experienced an unprecedented decline in effectiveness, which is associated with a global environment of very low interest rates, favouring growth companies with "long duration" cash flows.

However, research covering the period after 2021 points to a change in the market regime. Weng and Butler (2022) argue that the return of elevated inflation and the normalisation of monetary policy have restored the negative correlation between interest rates and technology company valuations, which has relatively strengthened value portfolios. Historical data suggest that in periods of inflation exceeding 3-4%, the value premium expands significantly (Swedroe, 2021). Furthermore, Asness (2024) points out that the "value spread" – the difference in valuation between the cheapest and most expensive deciles of the market – reached extreme levels in 2022-2024, comparable only to the dot-com bubble of the 2000s, which historically has been a strong predictor of future above-average returns for fundamental strategies based on mean reversion.

The unprecedented concentration of returns in a narrow group of technology companies (the so-called "Magnificent 7") in 2023-2024 posed a challenge to traditionally diversified value strategies. Grobys (2025) points out in his analysis of systemic risk that the valuations of these entities showed characteristics of speculative bubbles (according to LPPLS models), which in theory should have prompted value investors to avoid them. Paradoxically, the relative success of the Berkshire Hathaway portfolio during this period was not due to avoiding the technology sector, but to a selective, high concentration in Apple stocks.

This demonstrates the flexibility of Buffett's strategy, which, unlike the rigid algorithms of value indices (which reject companies with high P/E ratios), allows investments in growth companies as long as they have a dominant market position and generate high free cash flows (Wang, 2025). This attitude of "concentrated eclecticism" mitigates the risk of underweighting key sectors of the economy, which is a common cause of underperformance by traditional value funds during periods of technological bull markets.

6. Conclusions

A systematic review of the scientific literature allows us to draw multidimensional conclusions about the relevance of Warren Buffett's investment strategy in various global markets. Analysis of empirical evidence from developed and emerging markets sheds light on the universal principles underlying his philosophy, as well as the key contextual factors that moderate its effectiveness.

The direct answer to the question of the relevance of Buffett's strategy in different markets is that the fundamental principles of the strategy, combining a disciplined search for value with rigorous quality assessment, show significant relevance in many global markets. Evidence from countries as diverse as Brazil, Indonesia and India shows that portfolios constructed based on these principles consistently generate above-average and often impressive rates of return.

At the same time, it is important to emphasise a key caveat: the effectiveness and optimal implementation of the strategy are strongly dependent on the local context. In emerging markets, which are characterised by lower information efficiency, lower liquidity and limited arbitrage opportunities, the strategy may generate higher returns. However, as some studies suggest, part of this excess may be compensation for taking on additional risk (e.g. liquidity risk) and not solely the result of identifying mispriced assets. In turn, in highly developed and competitive markets, such as the US, the accuracy of the strategy may decline during periods when value and quality factors underperform and information advantages are much more difficult to obtain.

The implications for investors are therefore more profound than simply adapting indicators. Buffett's philosophy should be treated not as a ready-made algorithm, but as a method of heuristic search for market-specific characteristics of "quality" and "value". An investor in an emerging market may find that the "quality" premium is more strongly linked to cash flow stability in an unstable political environment, while in a developed market it may be linked to the strength of intellectual property and barriers to entry. From a theoretical perspective, Buffett’s philosophy provides a robust framework for understanding the interplay between value, quality, and market structure, showing how behavioural tendencies and systematic risks shape asset pricing. Practically, these insights guide investors in tailoring fundamental analysis to local conditions, taking into account the contextual constraints of universal models, and remaining flexible amid evolving market dynamics.

It is also important to acknowledge the limitations of the reviewed studies. Reliance on historical data, differences in methodology, and potential market biases make direct comparisons challenging. Nevertheless, the literature provides valuable insights: integrating value and quality metrics consistently enhances performance, the influence of local market characteristics is significant, and qualitative business assessment remains a crucial complement to quantitative approaches, particularly in volatile or less efficient markets.

Future research should focus on more targeted questions arising from the literature reviewed, such as

- Does the "alpha" generated by value strategies in emerging markets, identified by Galdí and Lopes (2013), among others, decline over time as the liquidity and efficiency of these markets increase?
- How does the changing structure of markets (e.g., the growing share of passive investors) affect the sustainability of the premiums for "quality" and "low risk" factors, which were the basis of Buffett's success according to Frazzini et al. (2013)?

In summary, Warren Buffett's legacy is not so much a rigid set of rules as a powerful analytical framework for making rational investment decisions. A review of the literature confirms that although the world is changing and markets are evolving, the enduring value of principles based on a deep understanding of business, patience and discipline in assessing value and quality remains unchanged.

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