

Positive Returns On The Investment

Posted on October 28, 2019

Introduction

The purpose of this project was to invest in a variety of stocks and determine whether the portfolio generated a positive return over six weeks. Five stocks were selected: Anheuser-Busch InBev SA/NV (BUD), with 175 shares; Tesla, Inc. (TSLA), with 130 shares; Nike, Inc. (NKE), with 105 shares; Cannabis Wheaton Income Corp. (CBWTF), with 15,000 shares; and The Scotts Miracle-Gro Company (SMG), with 125 shares. The original essay records weekly portfolio values and explains why each company was selected. Those choices and values should remain visible because they are the foundation of the assignment.

A six-week simulation can teach how prices move, how holdings contribute differently to total return, and how personal expectations compare with market outcomes. It cannot establish whether a long-term investment strategy is successful. Short-term prices respond to company news, market sentiment, interest rates, industry developments, and unpredictable events. A portfolio can lose money over six weeks and later gain, or gain quickly and later fall. The project should therefore be evaluated as an educational exercise rather than a recommendation to buy the same stocks today.

The title anticipates positive returns, but the recorded figures show that the final value was below the first-week value. This is not a failure of the assignment. A useful investment analysis should report the result honestly, identify calculation inconsistencies, and explain what the outcome teaches about risk, diversification, and decision-making.

Portfolio Composition

The portfolio contained companies from several industries: alcoholic beverages, electric vehicles and technology, athletic apparel, cannabis-related financing, and lawn and garden products. This appears diversified because five companies are involved, but true diversification depends on the amount invested in each position, the relationships among their risks, and the presence of different asset classes. Fifteen thousand shares of a low-priced speculative stock may have a different portfolio weight from 130 high-priced shares of Tesla. Share count alone does not show exposure; the market value of each holding is required.

A five-stock portfolio remains concentrated compared with a broad market index containing hundreds or thousands of companies. It also appears to contain only equities, so it lacks diversification across bonds, cash, or other assets. The U.S. Securities and Exchange Commission emphasizes that diversification can reduce the effect of one poor-performing investment, although it cannot eliminate

market loss. This project demonstrates the principle but does not achieve broad diversification. (U.S. Securities and Exchange Commission, 2026)

Why I Picked Anheuser-Busch InBev

I selected BUD because I was familiar with its beer products, I personally liked them, and my uncle also preferred the brand. Familiarity can be a starting point for identifying an investment, because a consumer may understand a product's popularity and competitors. However, liking a product does not prove that the stock is attractively priced or that the company will perform well. A strong brand can still face debt, regulation, currency risk, changing consumption patterns, input costs, and competition.

The original belief that the company could never fail because many people drink beer is too certain. Large and popular businesses can lose value, restructure, or fail when costs, debt, management, or demand change. Investment analysis should examine revenue, profit, cash flow, debt, market share, valuation, geographic exposure, and strategy. Consumer loyalty is relevant, but it is one part of due diligence.

Anheuser-Busch InBev also operates internationally, meaning results may be affected by exchange rates and different national markets. This can diversify revenue geographically while creating regulatory and currency complexity. The position should have been selected through both product familiarity and financial evidence. (U.S. Securities and Exchange Commission, n.d.)

Why I Picked Tesla

I selected Tesla because a family friend reported making a substantial profit and because I admired the company's vehicles. The story created curiosity and made the stock feel connected with future technology and personal aspiration. This is a common investment motivation: people hear about another person's success and fear missing an opportunity.

Anecdotal success is not reliable evidence of future return. The family friend may have bought at a favorable price, held during a strong market period, or accepted more risk than another investor could tolerate. People tend to share successful trades more often than losses, creating survivorship and availability bias. An investor should not assume that the same outcome can be repeated simply by purchasing later.

Tesla's investment case would require analysis of vehicle demand, production, competition, margins, batteries, software, leadership, regulation, valuation, and capital requirements. A company can be innovative and still be an expensive or volatile stock. The desire to own one of its cars may explain interest, but stock ownership should be evaluated separately from product admiration.

Why I Picked Nike

I selected Nike because I frequently wore its clothes and shoes and wanted to see how the company compared with other stocks. This choice has a stronger consumer-research foundation than a completely unfamiliar investment. Regular use can provide insight into brand recognition, product quality, retail availability, and customer loyalty.

Nevertheless, a popular brand does not guarantee positive short-term return. Nike's performance depends on inventory, wholesale relationships, direct sales, design, endorsements, supply chains, labor and sustainability concerns, foreign exchange, and competition. The price paid for the stock is also important. A high-quality company purchased at an excessively optimistic valuation may deliver poor return. (U.S. Securities and Exchange Commission, 2026)

Before investing, the project could have compared Nike's growth, profit margin, debt, cash flow, price-to-earnings ratio, and competitive position. This would turn personal familiarity into a structured investment thesis.

Why I Picked Cannabis Wheaton Income Corp.

I selected CBWTF because I expected the cannabis industry to expand as legalization developed, because my grandmother used medical cannabis during cancer treatment, and because my family was interested in opening a dispensary. These reasons combine a personal experience with an industry-growth expectation. The medical experience made the sector meaningful, while potential legal change suggested commercial opportunity.

Industry growth does not ensure that every company within the industry succeeds. Emerging sectors often contain regulatory uncertainty, high capital needs, changing business models, dilution, competition, and speculative pricing. Investors may correctly predict that an industry will expand and still lose money by choosing a weak company or paying too much. A low share price is not evidence that a stock is cheap; the number of shares outstanding, assets, liabilities, revenue, and expected cash flow matter.

The federal and state legal environment was an especially important risk. Cannabis businesses can face restrictions involving banking, tax, licensing, interstate commerce, advertising, and product standards. The project should have examined the company's actual financing model and financial statements rather than relying mainly on the assumption of nationwide legalization.

Medical use should also be separated from investment analysis. A family member's benefit may support interest in research and access, but it does not demonstrate the profitability of one publicly traded company. Clinical decisions belong with qualified healthcare professionals, while stock decisions require financial due diligence.

Why I Picked Scotts Miracle-Gro

I selected SMG because my experience playing baseball made me aware of the importance of well-maintained fields. Grass seed, fertilizer, irrigation, landscaping, and field care affect safety and performance. This personal connection helped me understand one category of demand for lawn and garden products.

The company's market is broader than baseball fields and includes consumer lawn and garden products, seasonal demand, retailers, weather, housing, and other business segments. An investment analysis should examine how revenue changes through the year, how weather affects sales, and whether the company carries debt or inventory risk. The personal observation was useful, but it needed to be connected with financial evidence.

Investment Analysis

At the end of the first week, the portfolio was valued at \$100,038.10. This figure provides the clearest starting value available in the original essay. If the initial cash investment differed from this amount, that value and the transaction dates would be needed to calculate the complete return. Commissions, bid-ask spreads, dividends, and taxes are not included in the recorded figures, so the analysis represents price movement rather than an investor's exact net return.

Week Two

At the end of week two, the portfolio value was \$99,986.55. Compared with week one, the dollar change was:

$$\$99,986.55 - \$100,038.10 = -\$51.55.$$

The percentage return was:

$$-\$51.55 \div \$100,038.10 \times 100 = \text{approximately } -0.052\%.$$

The original essay reports a loss of \$51.55 and 0.05 percent, which is correct after rounding. It also states that all positions lost value except CBWTF, which gained 7.94 percent. That result illustrates why portfolio return depends on weight. A strong percentage gain in a small holding may not offset modest losses in positions with larger market values.

Week Three

At the end of week three, the portfolio was valued at \$90,131.35. The original essay states that this

represented a loss of \$4,797.50 or 5.05 percent, but those numbers do not reconcile with the recorded weekly values. Compared with week two, the change was:

$$\$90,131.35 - \$99,986.55 = -\$9,855.20, \text{ or approximately } -9.86\%.$$

Compared with week one, the cumulative change was:

$$\$90,131.35 - \$100,038.10 = -\$9,906.75, \text{ or approximately } -9.90\%.$$

The reported \$4,797.50 loss may have been calculated from another baseline not included in the essay, or it may be a recording error. A portfolio project should preserve daily or weekly spreadsheets showing each holding's price, shares, market value, and total. This would make discrepancies easier to identify.

The original discussion says BUD, NKE, and SMG gained while other positions lost during this period. If so, their gains were insufficient to offset losses from the remaining holdings. Again, total effect depends on portfolio weight rather than the number of companies rising.

Week Six

At the end of week six, the portfolio value was \$93,434.20. The original essay describes a loss of \$228.30 or 0.24 percent, but that comparison also appears to use an unstated baseline. Compared with week one, the six-week result was:

$$\$93,434.20 - \$100,038.10 = -\$6,603.90.$$

The cumulative return from week one was:

$$-\$6,603.90 \div \$100,038.10 \times 100 = \text{approximately } -6.60\%.$$

Compared with week three, the portfolio recovered by \$3,302.85, or approximately 3.66 percent. The recovery demonstrates that return depends on the selected beginning and ending dates. A portfolio can gain over one interval while remaining below its earlier level.

The original text attributes the week-six loss to BUD, NKE, and SMG. A complete attribution would calculate each holding's contribution: beginning position value multiplied by its return, adjusted for any purchases, sales, or dividends. Without individual prices and dates, the conclusion remains descriptive.

What the Results Show

The six-week exercise did not produce a positive return when week one is used as the baseline. The portfolio ended approximately 6.60 percent lower. This outcome demonstrates volatility and the

limitation of selecting companies mainly through personal preference, anecdotes, and industry excitement. It does not prove that all five companies were poor long-term investments, because six weeks is too short to judge business performance.

The project also shows why recordkeeping matters. Inconsistent loss figures can lead to an incorrect conclusion. Every analysis should define the initial value, ending value, cash flows, dividends, fees, and benchmark. Return should be calculated with the same formula throughout.

Efficient Market Hypothesis

The original essay identifies the efficient market hypothesis as one theory guiding the portfolio. The efficient market hypothesis proposes that market prices incorporate available information to varying degrees. In its weak form, past price patterns are already reflected; in the semi-strong form, public information is rapidly reflected; and in the strong form, even private information would be reflected, though this version is generally considered unrealistic.

The original statement that the theory requires identifying undervalued assets is not quite accurate. If markets are highly efficient, consistently finding undervalued public stocks is difficult because many investors analyze the same information. An investor may still research companies, but outperformance after risk and cost is uncertain. The theory supports diversification, low costs, and humility about forecasting. (Fama, 1970)

A six-week stock-picking exercise cannot test market efficiency. Poor return may result from risk, timing, company news, or random variation. Positive return would not prove superior skill either. Testing investment ability requires repeated performance compared with an appropriate benchmark and adjusted for risk and costs.

Greater Fool Theory

The greater fool theory describes purchasing an asset primarily because someone else may pay a higher price, even when the buyer doubts that fundamental value justifies the price. This is more a warning about speculative behavior than a sound investment theory. It can work temporarily while enthusiasm grows, but the final buyer may be unable to sell before prices fall.

CBWTF and Tesla may have attracted speculative interest during particular periods, but it would be inappropriate to assume that every investor in a volatile growth company follows greater-fool reasoning. A fundamental investor may possess a detailed forecast. The theory applies when resale expectation replaces analysis of future cash flow and risk.

Using it deliberately conflicts with responsible long-term investing because it depends on predicting crowd behavior and finding a later purchaser. The project should treat it as a risk concept rather than

a recommended strategy.

Rational Expectations Theory

Rational expectations theory proposes that people use available information and an understanding of the economy when forming expectations, though their forecasts can still be wrong. In financial markets, expectations about revenue, interest rates, regulation, and growth influence current prices. A stock can fall after good news if investors had expected even better results.

The original essay states that investors act logically and consider the future. In practice, investors possess incomplete information and are influenced by bias, emotion, and different objectives. Rational expectations are a useful model, not a description of perfect human behavior.

Behavioral Biases in the Original Choices

The selections show familiarity bias because several companies were chosen through personal use or family experience. Familiar companies may feel safer even when their valuation or finances are not better. The Tesla choice shows social proof and availability bias because another person's reported profit made success easier to imagine. The cannabis choice contains optimism about a growing industry and possible neglect of company-specific risk.

Recognizing bias does not mean the choices were irrational. Personal experience can generate useful questions. The improvement is to treat familiarity as the beginning of research rather than the conclusion.

Diversification and Risk

The portfolio spread money among five companies, but it remained concentrated. Broad diversification reduces company-specific risk by including many businesses and industries. Diversification across asset classes can further reduce fluctuations, depending on goals and market conditions. It does not guarantee profit or protect fully during market-wide declines.

Risk tolerance and time horizon are essential. A six-week horizon is unsuitable for money needed with certainty because stock prices can move sharply. Long-term goals may permit more equity risk, while short-term needs generally require greater stability. The project does not state a real financial goal, so the portfolio should be viewed as a simulation.

Benchmarking

Portfolio performance should be compared with a benchmark such as a broad U.S. stock index over the same dates. A loss of 6.60 percent has different meaning if the market lost 10 percent than if the market gained 5 percent. The benchmark helps separate market movement from stock-selection effect.

Because the portfolio includes an international beverage company, high-growth technology, consumer goods, and a speculative cannabis stock, no benchmark will match perfectly. A broad index remains a useful basic comparison, while sector indexes can provide additional context.

How the Project Could Be Improved

Before selection, each company should be evaluated through a written thesis containing business model, revenue, profitability, debt, competitive position, valuation, catalysts, and risks. The expected holding period and reason for selling should be defined. Position sizes should reflect risk rather than equal share counts.

A spreadsheet should record trade date, quantity, price, cost, weekly price, dividends, fees, market value, position return, contribution to portfolio return, and benchmark. This would correct the calculation problems found in the original essay.

The project could also compare the five-stock portfolio with a diversified index fund. Such a comparison would demonstrate whether concentrated selection produced enough benefit to justify additional risk.

Conclusion

The project selected BUD, TSLA, NKE, CBWTF, and SMG through a combination of personal product familiarity, family recommendations, industry expectations, and curiosity. These motives made the exercise personally engaging, but they did not provide complete investment analysis. A strong company or growing industry does not automatically produce a positive stock return.

The recorded portfolio value declined from \$100,038.10 in week one to \$93,434.20 in week six. Using those figures, the result was a loss of \$6,603.90, or approximately 6.60 percent. The original week-three and week-six loss figures use unexplained baselines and should not be accepted without the underlying spreadsheet.

The most valuable return from the project is educational. It demonstrates the importance of diversification, accurate calculation, due diligence, benchmarking, risk tolerance, and awareness of behavioral bias. The efficient market hypothesis encourages humility, greater-fool theory warns

against speculation based only on resale, and rational expectations explain why future beliefs are already reflected in prices. A responsible investor should base decisions on goals and evidence rather than on the promise of a quick positive return.

References

Fama, E. F. (1970). Efficient capital markets: A review of theory and empirical work. *Journal of Finance*, 25(2), 383–417.

Malkiel, B. G. (2019). *A random walk down Wall Street* (12th ed.). W. W. Norton.

U.S. Securities and Exchange Commission. (2026). *Diversifying risk*.

U.S. Securities and Exchange Commission. (n.d.). *Things to consider before you make investing decisions*.