

This short article introduces a new app to research S&P 500 stocks performance over last 5 years on myfingita.com.

The app is now available at www.myfingita.com/app/myfinvar_preview/ticker_board. It is free to use by anyone, no need to register. No advertisements. You can open the app in inPrivate or incognito tab and run if you prefer to do so. Data is entirely based on stock price history of S&P 500 stocks over last 5 years. Note Javascript code is obfuscated to discourage hacking of the code or copying code as with other myfingita apps.

Before I explain the app further, here is the motivation and context. As explained in articles, our innovative and smart stock investment strategy depends on two main pillars.

1. 10x10 Strategy

Invest in just 10 large-cap stocks from the S&P 500 instead of holding an S&P 500 ETF, with each stock carrying an approximate weight of 10%. Reevaluate at least once a year, and not more than few times a year. This approach challenges the conventional wisdom that it is not possible to outperform the S&P 500 over the long term by selecting a subset of its constituents.

2. Using Options to Mitigate Risk vs Bonds.

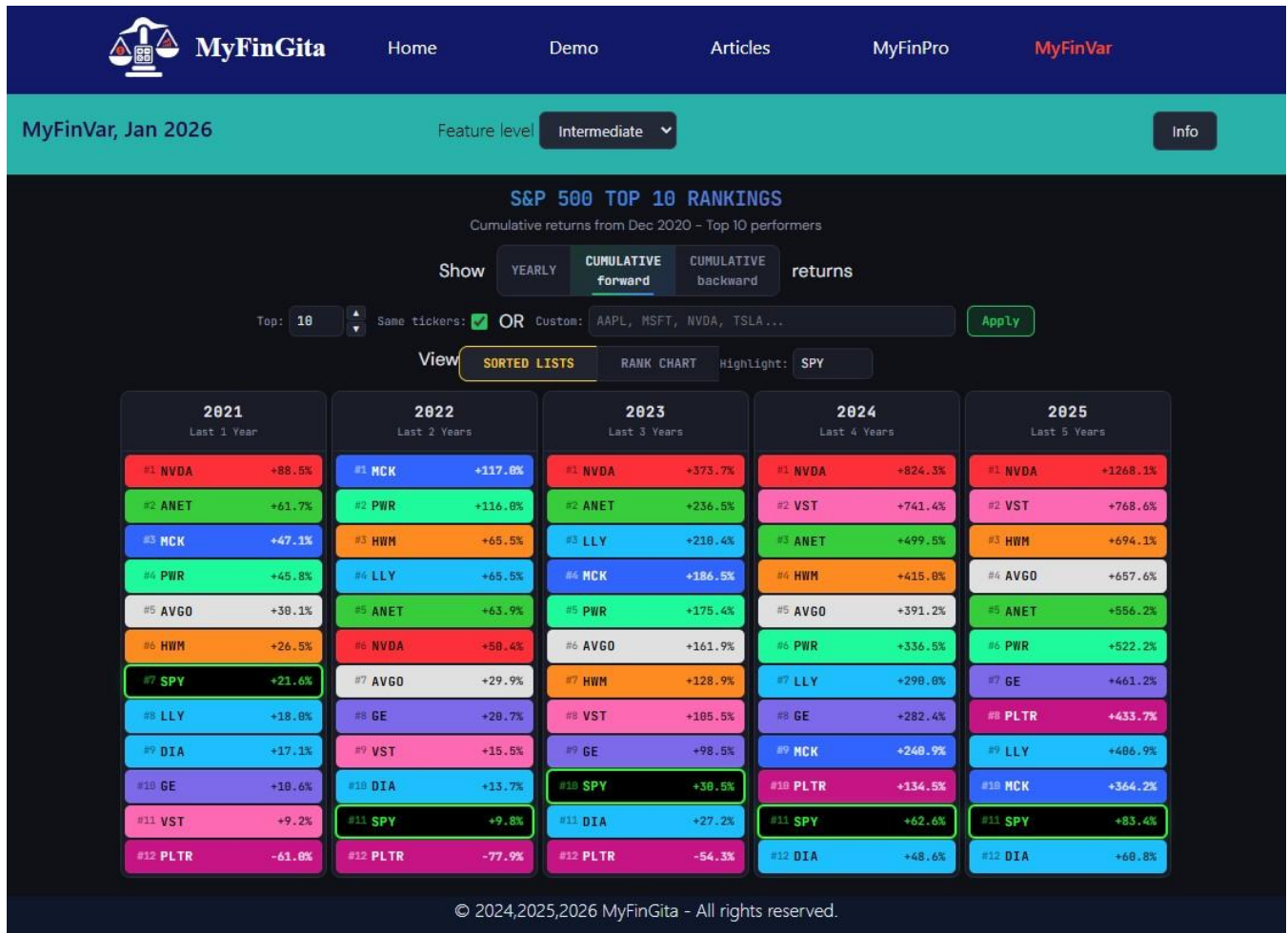
Use options to mitigate portfolio risk. Today, options trading is practical due to low fees and the availability of premiums that are higher than bond returns, 10-25% per year. Option prices are directly correlated with, and track, the price movements of their underlying stocks and allow for optimization for any stock.

In another recent article, high level the trade-offs between using bonds versus options for managing investment risk was discussed.

Question on 10x10 strategy then is how do you select the stocks and reevaluate regularly? For any specific company and ticker, you can get any information you want. However, when you want to search for a company that meets some performance or other criteria, what do you do.

Stock screeners and filters helps list stocks that meet certain criteria but typical ones on brokerage sites or finance apps have many criteria that may be confusing; we have our own relatively simple and effective filter (www.myfingita.com/app/myfinvar_preview/filter) based on performance. Ticker_board app introduced here can help further research top performers within S&P 500 and selected ETFs in recent past and help narrow down your choices. The dashboard gives relative ranking and helps compare relative performance of different stocks.

Figure below is the screenshot once you open the app and accept user terms and conditions. It shows the cumulative returns of the top 10 performers within 500 and benchmarks (SPY and DIA) over 5 years, sorted by decreasing order of cumulative returns.



Few observations.

- All are well known stocks spread across few sectors – information technology, healthcare and industrials.
- Their performance (just stock price growth, does not include dividends) is significantly better than SPY or DIA.
- Almost all of them have outperformed benchmarks starting over multiple years.
- Relative ranking of the stocks changes slowly over years for most stocks.

With the app, you can do few more things quickly than what is shown in initial screenshot.

- You can see cumulative backward i.e. cumulative returns shown starting from a year (instead of ending in a year) or by year.

- You can turn off same_tickers checkbox, then you will see top performers for each year by the chosen return method.
- You can also give a custom list of stock tickers, to get their relative ranking by performance for the chosen return method.
- You can increase no of stocks displayed by year, up to 30.
- You can highlight a stock by entering its ticker in highlight or move cursor over that ticker symbol.

You can make following observations by trying different settings.

- Yearly returns, same_tickers off: Every year the top performers are significantly different so it is hard to predict which stocks will perform best next year. Note even in a bad year like 2022, there are stocks that returned 50% or more,
- Cumulative returns, same_tickers on: Even though it is difficult to predict top performers every year, you can predict with higher confidence that outperform benchmark in next year, by looking at cumulative performance of stocks till that year.
- Cumulative returns, same_tickers : off, increase topN to 20: You will begin to see more patterns of stock performance over years.

What ticker_board does is to narrow down the 500 S&P stocks to 20-30 likely candidates that will likely outperform benchmark over next year based on past performance. You can further use our stock screener, or other on-line analysis tools to narrow down list to 10.



The relative rank trend is also easier to see if you select same_tickers or give a list of custom tickers and select rank-chart, as shown in screen-shot above. Moving the cursor over a line will highlight that line.

No one can predict performance of a stock in future, and stock investment is inherently risky. However, effective apps can help research stock performance and pick stocks that are more likely to outperform benchmarks significantly. Once you choose a stock, stay with it for at least a year or more and don't panic over short-term movements over days and weeks, or even months. Doing well in stock investment requires patience and discipline and use effective apps to research and pick stocks that are likely to outperform benchmarks.

Acknowledgement: Thanks to AI, we could convert from concept to running App, in just few weeks by a single recent data-science graduate, Chetas Srinivas.