

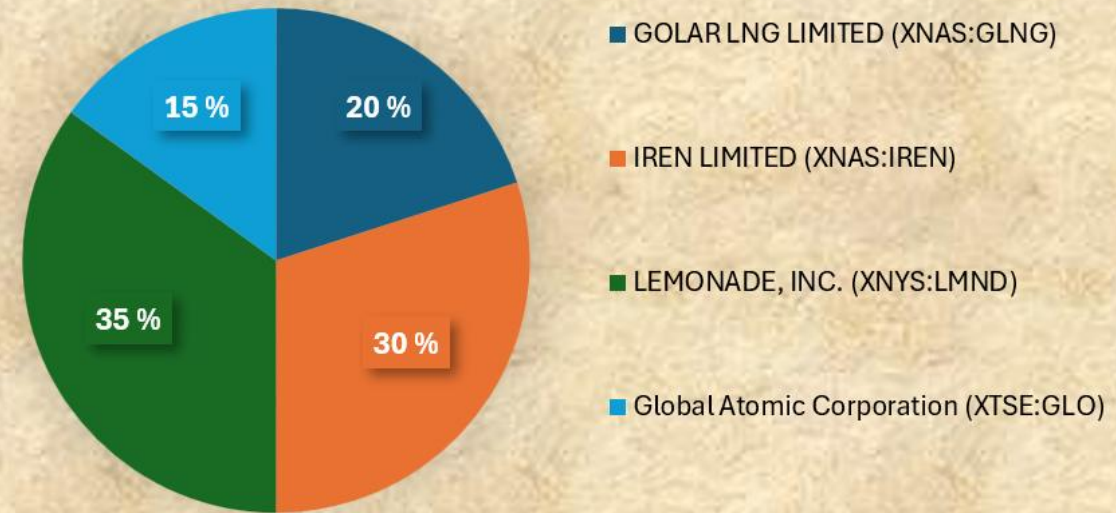
# Fintwit portfolio vs. SPY – returns and risks

- Completely random stocks that different people hype about on Finnish X “Fintwit”. Tracked over a three-year period.

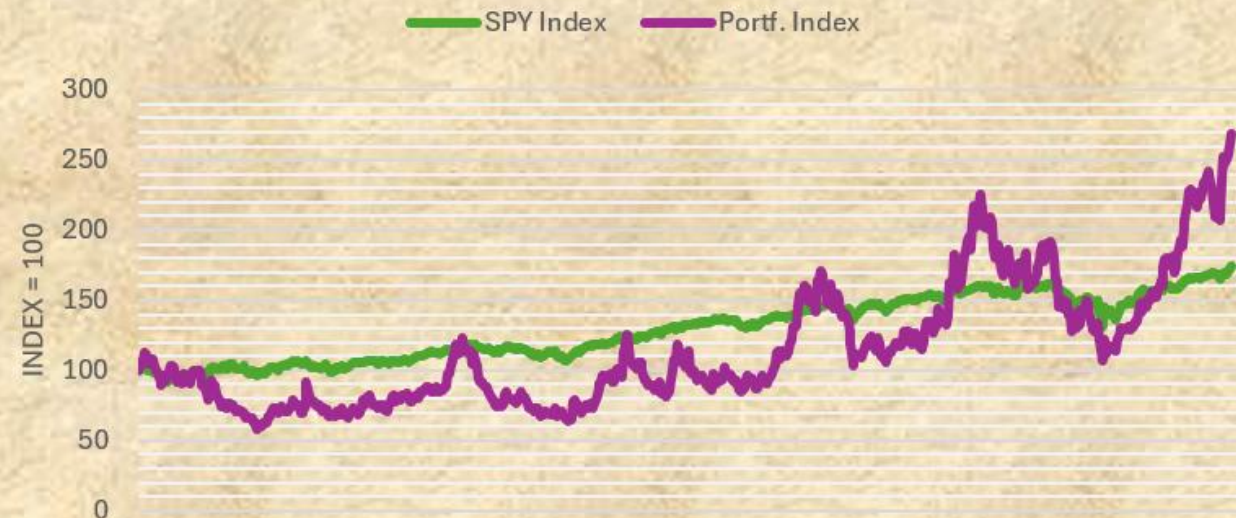
PORTFOLIO	No rebalancing
Starting weights 2.9.2022	
GOLAR LNG LIMITED (XNAS:GLNG)	20,00 %
IREN LIMITED (XNAS:IREN)	30,00 %
LEMONADE, INC. (XNYS:LMND)	35,00 %
Global Atomic Corporation (XTSE:GLO)	15,00 %

- The portfolios total return was +168%, while SPY's return was +74% in the time period 2.9.2022 – 14.8.2025.
- CAGR 41% vs. SPY 21% → the portfolio returned clearly more.
  - The high was based on an equity weighting that benefited from a strong bull market (interest rates, the strengthening of risk sentiment).
- Sharpe 0.85 vs. SPY 1.21 → SPY offered a better risk-adjusted return.
  - The portfolio returned a lot, but risk management was weak.

## Portfolio Starting weights 2.9.2022



## SPY vs. portfolio return, 2.9.2022-14.8.2025



# Risk Perspective

SPY KPI:s		Portfolio KPI:s	
Sharpe Ratio	<b>1,20948</b>	Sharpe Ratio	<b>0,85</b>
Ann. Volatility	<b>17,26 %</b>	Ann. Volatility	<b>65,75 %</b>
CAGR	<b>21,38 %</b>	CAGR	<b>41,00 %</b>
Beta	<b>1</b>	Beta	<b>2,04</b>
Total return %	<b>74,49 %</b>	Total return %	<b>168,34 %</b>
		Max Drawdown	<b>-52,63 %</b>
		Correlation	Excess return
		<b>0,536756909</b>	<b>93,85 %</b>

- Annual Volatility 65% vs. SPY 17% - significant difference.
- Max Drawdown -52,6 %. A huge single time drop that makes many people sell their ownings in panic.
  - Max Drawdown indicates the worst peak-to-bottom drop.
- Beta 2.04 → portfolio moved more than twice as fast as the market.
- In a bull market this yielded huge returns, but in a bear market the losses could have been severe.
- Correlation to SPY only 0,54 → diversification, but more at the expense of individual company risks.
  - The companies included in this portfolio express significant risk seekers portfolio.
  - Only one firm currently makes profit (GLNG).
  - Portfolio is focused on commodities.

# Reflections

- Outstanding returns do not guarantee a good strategy – they may simply reflect being overexposed to the right theme at the right time.
- A Sharpe ratio below the benchmark reveals a paradox: higher returns were achieved, but with risk so extreme that “less” was in this case (and probably >99% in all cases) “more”.
- The maximum drawdown shows the hidden cost of chasing these astounding returns: portfolios can survive many small shocks, but just one deep fall can wipe out years of gains.
- Beta above 2 raises a fundamental question: is the portfolio truly diversified, or is it simply leveraged exposure to broad market sentiment?
- The deeper lesson: in a bull market basically any risk looks smart. True skill is revealed only when conditions turn hostile.

Date ▾	GLNG	IREN	LMND	GLO	SPY
2.9.2022	\$ 24,78	\$ 4,08	\$ 21,87	\$ 3,77	\$ 375,93
6.9.2022	\$ 25,33	\$ 4,09	\$ 22,35	\$ 3,92	\$ 374,51
7.9.2022	\$ 24,58	\$ 4,30	\$ 23,81	\$ 3,97	\$ 381,24
8.9.2022	\$ 25,41	\$ 4,17	\$ 24,31	\$ 4,28	\$ 383,73
9.9.2022	\$ 26,08	\$ 4,61	\$ 25,50	\$ 4,23	\$ 389,69
12.9.2022	\$ 25,28	\$ 4,67	\$ 25,23	\$ 4,26	\$ 393,88
13.9.2022	\$ 24,77	\$ 4,26	\$ 23,38	\$ 4,12	\$ 376,76
14.9.2022	\$ 25,60	\$ 4,48	\$ 23,99	\$ 4,07	\$ 378,19
15.9.2022	\$ 25,18	\$ 4,49	\$ 24,55	\$ 3,85	\$ 373,90
16.9.2022	\$ 23,96	\$ 5,06	\$ 22,95	\$ 3,71	\$ 371,05
19.9.2022	\$ 24,19	\$ 4,33	\$ 22,65	\$ 3,91	\$ 373,92
20.9.2022	\$ 23,82	\$ 4,06	\$ 21,94	\$ 3,84	\$ 369,63
21.9.2022	\$ 23,68	\$ 4,00	\$ 21,66	\$ 3,76	\$ 363,18
22.9.2022	\$ 23,21	\$ 4,04	\$ 20,59	\$ 3,67	\$ 360,13
23.9.2022	\$ 21,47	\$ 3,67	\$ 21,49	\$ 3,42	\$ 354,10
26.9.2022	\$ 20,91	\$ 3,50	\$ 21,02	\$ 3,26	\$ 350,60
27.9.2022	\$ 21,60	\$ 3,68	\$ 21,19	\$ 3,43	\$ 349,70