

## Turning a \$10,000 investment into \$100,000

by [Matt Krantz](#) - Mar. 9, 2011 08:59 AM  
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**Q:** What stocks would have turned a \$10,000 investment into a one worth \$100,000 had I bought them five years ago?

**A:** The fairy tale Rumpelstiltskin featured a young girl who found a way to do the impossible: turn straw into gold. Is the idea of turning just \$10,000 into \$100,000 in five years a similar fairy tale?

First of all, it's important to note that turning \$10,000 into \$100,000 is well beyond what investors should expect from the stock market. Stocks, on average, have returned roughly 9.5% a year. That means a prudent person who was entirely invested in stocks might rationally hope a \$10,000 investment to be worth \$15,700 in five years. And even that return, as investors learned the hard way the past ten years, might be asking a bit much, at least in a relatively short time period as five years. In fact, the Standard & Poor's 500 index returned 28.5%, or just 5.1% a year, over the past five years.

What you're asking for, though, is off the charts of what's reasonable. Turning a \$10,000 investment into \$100,000 in five years assumes a 58% average annual return or total return of 900%. That's an extremely unrealistic goal to shoot for. Obtaining that kind of return would require uncanny timing, stock selection and luck, or most likely, all three in tandem.

With those caveats disclosed, looking back five years ago, believe it or not, it was

possible to achieve the seemingly impossible. There were exactly four stocks in the Standard & Poor's 1500 index that gained 900% or more between Jan. 1, 2006 and Jan. 1, 2011, according to data from Standard & Poor's Capital IQ. Those stocks were:

- [Priceline.com](#) (PCLN), up 1690%
- [Questcor](#) (QCOR), up 1316%
- [Green Mountain Coffee Roaster](#) (GMCR), up 992%
- [Ebix](#) (EBIX), up 967%.

So out of 1500 stocks -- including shares of small, midsize and large companies -- just four would have generated the gains needed to hit the lofty \$100,000 target. Choosing the right four stocks, especially given the intense challenges their businesses were facing years ago, would have been perhaps even more difficult than turning straw into gold.

And that's not to mention the uncomfortable fact that many stocks, once they rise 1000% or more in such a short period, often fall back to earth. One example of that is Green Mountain Coffee Roasters (GMCR). That stock, which is the leader in the single-cup

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coffee business, had been a big 1000% winner. However, the stock has started to crash back to earth, and is down 12% from its high this year.

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