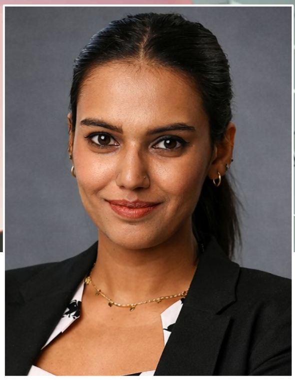
Would You Build The Same Portfolio Today?

By Parineeta Gengaje
Sr. Investment Analyst
Summit Global Investments



One question that can transform the way investors think about their portfolios.

Imagine logging into your brokerage account tomorrow morning and discovering that every investment has been sold overnight. Your account is now 100% cash.

There are no taxes to worry about. No transaction costs. No emotional attachment to your existing holdings.

You have one job: rebuild your portfolio from scratch. **Would you buy exactly what you own today?**

The same companies. The same allocations. The same sector exposures. For many investors, the honest answer is **probably not.** And that's worth thinking about.

Over time, portfolios often become a collection of past decisions rather than a reflection of today's best opportunities. Stocks that once looked attractive may no longer offer the same return potential. Certain positions gradually become oversized as they appreciate, while others remain in the portfolio simply because selling feels uncomfortable.

Professional portfolio managers continuously ask whether each holding still deserves a place in the portfolio. Individual investors can benefit from asking the same question.

Ownership Changes the Way We Think

Suppose two investors are evaluating the exact same company. One already owns the stock. The other is considering buying it for the first time.

Although both investors have access to the same information, they often reach different conclusions. The existing shareholder is more likely to emphasize the company's strengths, overlook recent concerns, or justify paying a higher valuation. The prospective buyer, on the other hand, typically evaluates the opportunity more objectively.

> ***"Over time, portfolios often become a collection of past decisions rather than a reflection of today's best opportunities."***

Behavioral economists refer to this as the **Endowment Effect**—our tendency to place greater value on something simply because we already own it.

Successful investing requires separating ownership from analysis. A stock shouldn't remain in a portfolio because it's familiar; it should remain because it continues to offer attractive long-term return potential.

The Market Doesn't Care Where You Bought

Many investors unknowingly allow past prices to influence current decisions.

"I'll sell once it gets back to my purchase price.“ "I'll buy if it falls back to where it traded last year."

These statements feel logical, but they're examples of **Anchoring**—the tendency to rely too heavily on an arbitrary reference point.

The market has no memory of where you purchased a stock. A company trading at $50 doesn't know it once traded at $80, nor does it care that your cost basis is $62. Every investment should be evaluated based on today's fundamentals and tomorrow's opportunities—not yesterday's price.

Doing Nothing Is Still a Decision

Investors often believe that avoiding change is the safer choice. Rebalancing can feel uncomfortable. Selling a long-held winner can feel premature. Replacing an underperforming investment may feel like admitting a mistake.

This tendency, known as **Status Quo Bias**, quietly shapes many portfolios. Yet choosing not to act is still an active investment decision.

As markets evolve, sector leadership changes, valuations shift, and economic conditions improve or deteriorate. A portfolio that made perfect sense several years ago may no longer represent the strongest opportunities available today.

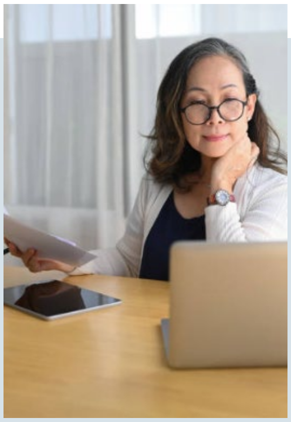
Sometimes the greatest risk isn't making a change—it's refusing to consider one.

KEY TAKEAWAY: **Are any of these affecting your portfolio?**

Endowment Effect — the instinct to prize an investment simply because it’s already in our hands, not because it still earns its place.

Anchoring — the pull of a familiar reference point that keeps us tethered to yesterday’s assumptions instead of today’s realities.

Status Quo Bias — the quiet reluctance to replace an underperformer, not because it’s wise, but because change feels like admitting we got it wrong.



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