Portfolio Rebalancing Decision Tree

A structured thinking framework for reviewing your growth portfolio. Work through each question in order.

Educational content only. *This template does not constitute financial advice. GrowthPicks does not provide personalised allocation guidance. Rebalancing decisions are always personal and depend on your circumstances, risk tolerance, and investment objectives. The questions below are intended to help you structure your own thinking — they do not tell you what to do.*

WHEN TO REVIEW

Rebalancing is most effective when triggered by events, not emotions. Common reasons investors review their portfolios include:

- A scheduled review date (monthly or quarterly — consistency matters more than frequency)
- A position has drifted significantly from its intended weight
- The GrowthPicks Score for a holding has changed meaningfully
- A new Risk Flag has appeared on a holding
- An earnings release has materially changed the investment thesis
- New capital is available to deploy

THE THINKING FRAMEWORK

For each holding, consider these questions in order. They are designed to surface the information most relevant to a rebalancing decision — but the decision itself is always yours.

QUESTION 1: WHAT IS THE MODEL SAYING ABOUT VALUATION?

Check the current Value Signal for this ticker. The signal reflects the model's view of where the current price sits relative to the fundamentals.

Below Threshold — This ticker falls outside the model's scoring criteria (sub-15% revenue growth). The model does not express a view on companies below this threshold. Consider whether a non-growth business still fits your portfolio thesis.

Full Price — The model sees an extreme valuation premium with no fundamental support at the current price. This is the model's lowest-conviction signal for scored companies. It does not mean the stock will fall — it means the data does not support the current price.

Steep — The model's conviction is weakening. The price has moved ahead of what the growth and quality metrics support. Tickers rated Steep are flagged in the Portfolio page's Overvalued Exposure metric.

Pushing It — The valuation is starting to stretch. The margin between price and fundamental support is narrowing. The model is not yet flagging concern, but the cushion is thinner.

Fair Price / Bargain / Cheap as Chips — The model sees neutral to strong fundamental support at the current price. Proceed to Question 2.

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QUESTION 2: ARE THERE ANY ACTIVE RISK FLAGS?

Risk Flags highlight specific structural concerns that the headline score may not fully capture.

Cashflow Risk = Yes — The model caps conviction for this ticker when cashflow risk is present. This is a hard constraint within the scoring system. Understanding why it is triggered (see the Detail page) is important context for any sizing decision.

Multiple Risk Flags active — The combination of multiple flags may indicate structural fragility. Each flag has a specific meaning — review them individually on the Detail page to understand what the model is seeing.

One Risk Flag (not Cashflow) — A single non-cashflow flag is worth understanding but is not necessarily a concern on its own. Investigate the specific flag. Proceed to Question 3.

No Risk Flags — No structural concerns flagged by the model. Proceed to Question 3.

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QUESTION 3: HOW DOES THIS POSITION SIT WITHIN YOUR PORTFOLIO?

The Portfolio page's Health Dashboard shows how your holdings are distributed. Consider how each position relates to your overall portfolio balance.

Has the position grown significantly as a share of your portfolio? — Winning positions naturally grow in weight over time. This can lead to unintended concentration. The Health Dashboard's sector exposure and conviction distribution charts help you see whether any single position or sector has become disproportionately large.

Has the position shrunk relative to your original intent? — If a position has declined in weight and your conviction in the business has also weakened, the reduced weight may already reflect your view. If your conviction remains strong, you may want to consider whether the position still reflects that.

Is the position broadly in line with your intent? — No action may be needed. Proceed to Question 4 only if you have new capital to allocate.

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QUESTION 4: WHERE DOES NEW CAPITAL FIT BEST?

If you have new capital to deploy, consider the following:

Where is the model's conviction strongest? Tickers with high scores and favourable Value Signals represent the model's strongest views. Many investors choose to allocate new capital towards higher-conviction positions rather than spreading it evenly.

Would a new position improve diversification? Adding a new ticker can reduce concentration — but only if it passes your own due diligence. The Due Diligence Template [T-02] provides a structured way to evaluate new ideas.

What does sector exposure look like? The Health Dashboard shows sector concentration. Growth portfolios can naturally cluster in a few sectors — reviewing this before adding helps you make an informed decision about diversification.

REFERENCE: VALUE SIGNALS AT A GLANCE

The table below summarises what each Value Signal communicates about the model's view. These are analytical observations, not recommendations.

Value Signal	What the Model Sees	Questions to Ask Yourself
Cheap as Chips	Highest conviction. Strong fundamentals at an attractive valuation.	Does my own research support this view?
Bargain	Strong conviction. Good fundamentals at a reasonable valuation.	Am I comfortable with the business quality?
Fair Price	Neutral. Price roughly reflects the fundamentals.	Is there a reason to act, or is holding appropriate?
Pushing It	Caution. Valuation is stretching relative to fundamentals.	Am I comfortable with the thinner margin of safety?
Steep	Conviction weakening. Price ahead of fundamental support.	Do I have a thesis the model cannot capture?
Full Price	Lowest conviction. Extreme valuation premium, no fundamental support.	Why do I still hold this? Is my thesis still intact?
Below Threshold	Outside the model. Sub-15% revenue growth; not scored.	Does a non-growth business belong in my growth portfolio?

Remember: Value Signals are conversation starters, not action triggers. They describe what the model sees about valuation at a point in time. Your personal circumstances, risk tolerance, time horizon, and independent research should inform every portfolio decision. The GrowthPicks model expresses conviction — you decide what to do with it.

Cross-references: Using the Portfolio Page [G-04] · Position Sizing for Growth Portfolios [G-08] · Growth Stock Due Diligence Template [T-02]