

What Mondays rally reveals about your portfolio

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Key points:

- The market rose. Did you own the rally? The Nasdaq 100 was up 2.8% and far outpaced the Dow's 0.7%, showing how dramatically portfolio composition shaped returns.
- Gold falling may be good news: Gold slipped as equities rallied, illustrating that diversification is working when assets do not all behave alike.
- The rebound arrived before reassurance: Investors who exited amid AI concerns risked missing the recovery - another reminder that markets rarely wait for clarity.

Five tests after Monday's rally

Monday was a reminder that markets can change their mind much faster than investors do.

The Nasdaq Composite surged 2.3% to a record high, comfortably outperforming the S&P 500's 1.5% gain and the Dow's 0.7% rise. But this was not an equal-opportunity rally: the semiconductor index jumped 4.3%, with AMD up around 10%, Intel 12% and Arm 17%.

For investors, the session was more than a welcome green day. It was a useful portfolio test.

Test 1: Did your portfolio participate?

If your portfolio rose less than the Nasdaq, that does not automatically mean something is wrong.

The Nasdaq gained more than three times as much as the Dow because technology and AI-related shares dominated the rally. A diversified portfolio holding healthcare, dividend stocks, international equities or smaller companies was unlikely to keep pace.

The right comparison is not against the day's winning index. It is against a benchmark that reflects what you actually own.

Test 2: Was the gain broad or dependent on one theme?

Eight of the 11 S&P 500 sectors advanced, but a few large technology names still did much of the heavy lifting. Meta jumped more than 11%, while semiconductors strongly outperformed the wider market.

Check which holdings contributed most to your return. If one stock or theme increasingly decides whether you have a good or bad month, the portfolio may carry more concentration risk than you intended.

That feels rewarding on days like Monday. It feels rather different when the same positions reverse.

Test 3: Did your diversifiers drag? That is perfectly fine.

Gold fell on Monday, while Treasury bonds recorded only modest gains as the US 10-year yield eased by around three basis points to 4.97%. In a technology-led equity rally, investors holding bonds and gold may therefore have underperformed an all-equity portfolio.

That is not diversification failing. It is diversification doing its job.

Equities are intended to capture growth. Bonds can provide income and some stability when growth weakens or yields fall. Gold may offer protection against geopolitical, fiscal and currency risks. These assets will not always rise together—and they are not supposed to.

In fact, if every part of a portfolio is surging for the same reason, the portfolio may contain several versions of the same risk.

The cost of diversification is that some holdings will drag on strong risk-on days. The potential benefit is a portfolio that is less dependent on one market outcome when conditions turn.

Test 4: Did recent fear push you out?

Only a week ago, warnings around AI spending, elevated valuations and the durability of the theme triggered a global technology sell-off. On Monday, renewed optimism sent the Nasdaq to a record high.

That does not prove that the concerns have disappeared. AI valuations, capital spending and earnings delivery still matter. But it does demonstrate how difficult it is to exit during uncertainty and return before markets rebound.

Markets rarely wait for complete clarity. Investors who move entirely into cash after a sell-off may discover that the recovery begins while the headlines still feel uncomfortable.

Staying invested does not mean ignoring risk. It means managing exposure through diversification, position sizing and regular rebalancing rather than making all-or-nothing decisions around the latest headline.

Test 5: Are you following a plan, or chasing Monday?

A strong session can create a sudden urge to deploy cash. But investing because prices rose is no more disciplined than selling because they fell.

After a rally, investors may want to ask:

- Has any holding moved above its intended weight?
- Is too much of the portfolio dependent on AI or technology?
- Is cash being held for a defined need, or simply waiting indefinitely for clarity?
- Would regular investing or phased deployment reduce the temptation to time the market?
- Would the portfolio still feel comfortable if Monday's move reversed?

The best portfolio is not the one that wins every strong market session. It is the one that keeps you invested through both the frightening headlines and the euphoric ones without forcing you to rewrite the plan each morning.

Portfolio takeaways

Monday's rally does not mean investors should suddenly become more aggressive. But it does offer five practical reminders:

- Keep a core allocation invested. Markets can rebound before the news improves. Moving entirely into cash after a sell-off creates a second difficult decision: when to return.
- Audit hidden AI concentration. Exposure may sit across individual shares, technology funds and broad US indices. Add these together before deciding whether the portfolio is truly diversified.
- Rebalance to rules, not headlines. Investors may use predetermined allocation ranges to manage positions that have become too large, rather than assuming a strong rally must continue or immediately reverse.
- Judge diversifiers by their role. Gold falling while equities rise is not necessarily a portfolio failure. Bonds, gold and defensive assets should be assessed by how they behave across different market conditions, not on one risk-on day.
- Give excess cash a schedule. Cash needed for emergencies or near-term spending should remain separate. Longer-term cash may be deployed regularly or in planned stages, reducing the temptation to wait for perfect clarity.

The goal is not to build a portfolio that wins every Monday. It is to build one that can keep you invested through the difficult weeks and disciplined through the exciting ones.

Source: <https://www.home.saxo/content/articles/equities/what-mondays-rally-reveals-about-your-portfolio-22092026>