

THE INTERSECTION OF MARKET VOLATILITY, INVESTMENT PHILOSOPHY, & INVESTMENT STRATEGY

At times of market volatility such as investors have experienced over the last several days, whether event-driven, cyclical, anticipated or not, there is often a rush to respond - particularly among the pundit class. We have quickly observed the usual parade of “What happened and why?” and “What should you do now?” reports proliferating across the media from the usual suspects.

We think the answers to the first question, “What happened and why?”, are both obvious and ubiquitous. The reports all read essentially the same:

- **Overbought market driven largely by AI-related tech stocks**
- **Recession concerns and a more elusive “soft-landing”**
- **Interest rate policy and whether the Federal Reserve fell behind**
- **Geopolitics, US election uncertainty, and a destabilized Middle East.**
- **Currency action in Japan and the ensuing rout of Japanese equities**



We believe the answer to the second question, “What should you do now?”, is more important, AND, should almost always be unrelated to the first. Instead, any reaction (or inaction) should be driven by the investment philosophy and investment strategy that guides the execution of your financial plan, which is based on your goals, risk tolerance, and tax considerations, and transcends (or should) market events and the reasons for them.

Market volatility can, however, be a good time to revisit and confirm that your risk tolerance is actually what you thought it was, perhaps in the absence of real risk or volatility at a moment in time, and to make tactical moves - tax-loss harvesting, for example, inside of a direct indexing strategy (See our June post entitled [“What is Direct Indexing?”](#)), or an opportunistic rebalancing based on spot asset prices rather than pre-determined time intervals - that may add alpha to your portfolio without fundamentally altering the investment strategy.



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So, our investment philosophy remains the same, and our investment strategy will continue in furtherance of the customized plans we develop for and with our clients. To review our investment philosophy and process, visit our website, [here](#).

In short, we have both the humility and the experience to know what we don't know - and we don't know what happens next. If markets were predictable, there wouldn't be disruptions like we've seen over the last few days and at various times in history. But what we do know is that planning, discipline, diversification, and a sound investment strategy that is appropriately reflective of your individual goals and risk tolerance works - and it works without having to profess that you know what happens next.

We also believe that this is the value of having a relationship with an advisor - one that is independent, fiduciary, and always acts in the best interests of clients.



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About PUREfi Wealth

Headquartered in Boston, PUREfi Wealth is an independent wealth advisory boutique. The firm is deeply committed to providing comprehensive, multi-generational advice, wealth planning, and investment management to individuals, families, and their associated entities, and operating under a fiercely independent and objective fiduciary standard through a state-of-the-art open architecture investment and technology platform.

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