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summaries

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# INVESTING OR CHASING A FEELING?

Recently, I saw a LinkedIn post claiming that “all a financial advisor does is charge a fee to buy an index fund.” While I resisted the urge to respond, it made me wonder: What is that view actually based on?

It reflects a question we hear often: “Why do I need an advisor?” People who have done well managing their own accounts may feel confident they can continue to outperform a professional. They may be right. But it is worth asking whether that success came from a repeatable process or from trading on emotion, momentum, or leverage. A few months of gains are very different from years of disciplined growth.

Vanguard’s Advisor’s Alpha research makes this point: an advisor’s greatest potential value isn’t investment selection, but behavioral coaching—helping clients stay disciplined through fear and euphoria. Tax planning came second, followed by investment management. Much of our value comes from managing the variable that quietly does the most damage to a portfolio: emotion. That matters now more than ever.

People used to ask, “How is my plan doing?” Increasingly, it’s “What are you invested in?” That reflects a shift from investing toward trading. The two are fundamentally different: investing emphasizes discipline and long-term ownership, while trading focuses on short-term price movements.

### Which game are you playing?

Investing is ownership. You buy a piece of a business’s future earnings and stay patient while they compound. It can seem slow and often boring—and boring is a feature. Trading is a series of bets on price. Someone is on the other side of every winning trade, while spreads, fees, taxes, and time take their cut. Trading rewards activity; investing rewards discipline.

### What changed?

Technology has made trading easier and more engaging. Apps increasingly resemble entertainment platforms, while options, futures, and 24/7 trading are just a tap away. The barriers to active trading are falling, too. As of June 2026, the decades-old $25,000 minimum for active day trading was eliminated, making it easier for people with smaller accounts to participate. Crypto has led people to expect large and quick gains. When that excitement faded, it didn’t disappear, it simply moved elsewhere. Prediction markets are the latest example. Kalshi and Polymarket recently surpassed $150 billion in combined activity, up dramatically from late 2025. The danger isn’t any single product. It’s what they collectively do to our relationship with money.

### The risks of leverage

Recently, hedge fund Situational Awareness made headlines after growing from $250 million in 2024 to $40 billion in 2026. Its strategy relied heavily on leverage and concentrated positions in A.I. stocks. The strategy worked exceptionally well—until it did not. The fund ultimately lost 67% in a single month, illustrating how leverage and concentration can magnify both gains and losses. Markets have demonstrated this risk repeatedly throughout history.



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**Why it feels so good—and why that's the problem**

Many of these tools can create a cycle of excitement, reward, and repetition that works against long-term investing. We tend to feel losses more strongly than similar gains, which can lead us to make emotional decisions. The fear of missing out often peaks after prices have already risen, leading to a familiar pattern: buying high, selling low, and earning less than the investments themselves. A sound investment plan can help prevent this behavior.

**The case for discipline**

The uncomfortable truth is this: time in the market beats timing the market. Missing even a handful of the market's best days over the long run can materially damage returns—and those best days often arrive close to the worst ones, after investors have already panicked. A plan works to take emotion out of the decision. When markets are euphoric, it keeps you from overreaching. When they're terrifying, it keeps you invested. Not because we know what comes next, but because it replaces how you feel today with what you decided when you were calm.

That's the heart of our mantra: Thoughtful Investing. It's the first thing you see on our website and when you walk through our doors. It means discipline in our research, portfolio construction, and risk management—and, above all, discipline in not acting on emotion.

Early in my time with Sigma, I won't forget how calm and collected my experienced colleagues remained through the volatility around Liberation Day. It came down to one word: discipline.

A few honest questions to ask yourself in the months ahead:

- Is a given activity investing toward your goals, or chasing a feeling?
- When you last felt the urge to act, what triggered it? New information about your goals, a headline, a chart, or someone else's win?

The market will keep offering faster, shinier ways to act on emotion; the plan is what keeps you from needing to. If you're unsure which side of the line a decision falls on, that's exactly the conversation we're here to have—before the trade, not after. As always, your plan is built around your timeline, not the market's mood. Let's keep playing the long game.

**Genadi S. Slavov, CFA**



**Please remember to contact Sigma Investment Counselors if there are any changes in your financial situation or investment objectives**

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