

Building a Resilient Portfolio: Managing Risk in 2025's Uncertain Market

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Learn how to manage market volatility and build a resilient portfolio for long-term financial success.

By Mike Freemire

CBRE's 2025 U.S. Investor Intentions Survey revealed that investor optimism is tempered by ongoing uncertainty ([CBRE, January 2025](#)). Tariffs, government contraction, AI wars, foreign trade shifts, economic volatility and a flurry of legislative and societal changes are affecting investor sentiment for 2025. Despite these trending topics, long-term interest rates remain the greatest obstacle to investment activity for surveyed investors.

The good news is that 54% of respondents expect a healthy increase in investment activity over the first half of 2025. Your portfolio and investment behavior may reflect this cautiously optimistic approach as we enter 2025 Q2. What's driving your perspective and behavior toward the current market conditions? I hope you already anticipate at least some volatility in the market for several reasons.

One of the few guarantees any investment adviser can rightly give you as an investor is that there will always be uncertainty in investing. Volatility will always exist in a people-driven stock market. The certainty of uncertainty will always be present when money changes hands in the spirit of investing.

The question is, "Are you prepared for the certainty of uncertainty?" Are you prepared and confident in your financial plan? With recent investment performances, it's been reasonably easy to pick a semiconductor or Magnificent Seven stock, for example, and generally see good returns. However, what's a data-driven response with the broadening of the market? What shifts may we expect as a second Trump administration possibly influences significant marketplace changes? How is your portfolio designed to weather

tariff-related activity, legislative changes and whatever else 2025 and beyond may bring?

As an investor, you need a proactive approach that factors in expected volatility, accommodates a measure of latitude in portfolio performance based on market changes and custom-fits your financial future. Unfortunately, investors tend to let bleeding headlines and breaking news dictate our investment activity. When market volatility strikes, whether on a macro level or more acutely, the human brain is naturally inclined to act, feel, and then think — a dangerous set of dominoes.

We, as humans, rarely make the best decisions when emotionally charged. We're more likely to react emotionally to negative news instead of processing what we see with a healthy perspective. Thankfully, behavioral finance's wisdom reverses investors' natural order of thinking. When faced with uncertainty, it's wise to consider these three questions in succession:

1. What am I thinking?
2. What am I feeling?
3. What am I doing?

This approach derives from Doug Lennick's Smart Money Philosophy. It advocates a wiser, more calculated perspective that helps insulate against uninformed and under-informed investment reactions. Reversing our actions through behavioral finance instead of giving into a typical emotional response can improve our investing experience.

When uncertainty strikes your portfolio, first take inventory of your thoughts. What is your perspective based on the information you believe to be true? What data can you digest that may help guide your thoughts? For example, if tariffs are announced or applied toward any specific country, what historical evidence can we consider for perspective? If further governmental fraud, waste and corruption are exposed, what data is there to support any given market response?

Engaging our brains as investors first can set a fresh lens through which we may consider reasonable responses. As an investor, I can understand what is happening in the market based on data. That information creates a more balanced context in which to consider my feelings in response.

What is an appropriate set of emotions that fit this market condition? What justification, if any, is there for these exact feelings? Is this an overreaction or an appropriate response? What's driving the emotions I want to feel at this moment? Is my desired response healthy, mature and beneficial to my financial future?

These questions, among others, let data and information lead the way instead of emotions. As investors, you and I care deeply about creating the best possible financial future. Of course, this is no staggering revelation, but let me remind you how quickly the wrong emotions can hijack your portfolio performance.

Evidence-based investing sidesteps the natural trap of feeling a certain way about our financial decisions. Recall an investment or money mistake you made over the years. Maybe it was a single-stock selection, a rental property, a more speculative venture or where you directed certain funds. How much did emotion play into your decision? Nearly 70% of high-income male investors regret investment decisions based on emotion ([Forbes, July 2023](#)). The reality is negative investment news is heading your way – that’s the simple reality of investing in the market. How are you preparing your mind today to reign in your emotions when that moment arrives?

Having a calculated perspective with a firm handle on your emotions puts you in a position of strength as an investor. You know which thoughts are worth consideration. You understand the influence of emotions to either fuel a knee jerk reaction (and likely a financial mistake) or a relaxed reassurance to stay on course. This is where behavioral finance pays off as you prepare for the certainty of uncertainty.

Knowing what you know now and understanding what’s worth feeling as an investor, what’s the right thing to do next? Is the data telling you to exit a specific investment vehicle? Are the market trends in line with historical markers? What evidence is there to support your next move? An experienced adviser who understands behavioral finance can help you find more accurate data and make better-informed decisions.

This is a prime opportunity to review major financial decisions in your past. What guided your perspective for each decision: fear, intuition or data? What emotions played a part? What other choices were available to you, and would you make a different decision if given the opportunity?

Bring that approach into your investment portfolio. Where are you invested right now? What evidence is there to support your decision as an investor? If your investment adviser recommended specific investments, what data did they communicate that undergirds that activity? It’s still surprising to me how many advisers fail to meet the greatest responsibility of an investment professional: being a true fiduciary. If the data does not support your investment decisions, choose a new investment – or find another adviser.

Your financial future matters too much to accommodate market volatility. Is your portfolio built to withstand a measured amount of volatility? If not, what changes are necessary to prepare you for inevitable disruption?

Evidence implies we can expect more market volatility through the first half of 2025 due to U.S. government contraction. Will that lead to economic strain or ignite an economic boom? It's too soon to tell, but what we do know is that a prepared investor is an empowered investor. That is the investor who will do well in 2025 or any year in the future.

Market fluctuations, economic shifts and political strain will always be part of the marketplace. Investors who tend to see the best returns don't just react to volatility — they prepare for it. They rely on data, maintain a balanced perspective on market changes and avoid emotionally charged decisions that can derail their financial momentum.

As you navigate 2025 and beyond, it's worth evaluating your portfolio through an evidence-based approach. Are you truly diversified in each of your accounts? Do you have a documented plan for mitigating risk? Are you letting facts, not fear guide your financial decisions?

Your financial future isn't dictated by some elected official, trending topic, or market noise. No, it's shaped by the intentional, informed choices you make as an investor today. Be prepared, protect a good perspective, and invest with the knowledge that uncertainty can sometimes work in your favor.

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Mike Freemire, BFA, is the author of “The Full Financial Framework” and founder of Full Circle Financial of Colorado, based in Denver, Colorado. He's spent the past thirty years as a serial entrepreneur, serving in a variety of industries before the financial space, including public office as the mayor of Bettendorf, Iowa. Connect with Mike by visiting fullcirclefinancialofcolorado.com. Investment Advisor. Cambridge Investment Research Advisors, Inc. a Registered Investment Advisor. Cambridge and Full Circle Financial of Colorado, Inc. are not affiliated.
