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Michael (Host 1):
Welcome to **"Financial Edge,"** the radio show where strategy meets action, and investors gain the edge they need to stay ahead of the curve. I'm Michael, here with my partner in precision, Howard.

Howard (Host 2):
That's right, Michael! If you're tired of financial noise and market confusion, you've come to the right place. We're here to cut through the headlines, crush the clichés, and give you a clear, **actionable plan for 2025**. This year isn't like any other. New administration. New policies. New opportunities—and yes, new risks. And that's exactly why today's show is so important. We're talking about one of the most critical strategy decisions you'll make this year: **Tactical and Active Investing vs. Strategic and Passive Investing.** Do you want to let the market push you around, or do you want to control the direction of your portfolio?

Michael:
We've seen it time and time again, Howard. People hear "long-term strategy" and think it means **"do nothing."** But in a market like this, doing nothing is the same as doing something wrong. This is a year for **tactical and active moves.** It's about making sure you're in the right sectors, the right duration, and the right regions—at the right time.

Howard:
You nailed it, Michael. We're not here to panic. We're here to **prepare.** Tactical and active strategies aren't about guessing what's next. They're about being ready to move, rotate, and pivot **when** the market moves. And make no mistake—**the market will move.** This isn't theory. This is practical guidance that you can use right now. And if you want to talk to a professional about how to put these concepts into action, **give us a call at 561-300-0090 or visit us at silveredgefg.com.** Our team is ready to help you create a strategy that's active, proactive, and ready for the twists and turns ahead. This **is Financial Edge with Silver Edge Financial Group, and we're here to make sure you're not just watching the market—you're leading it.** Alright, we've got a lot to cover, so grab your coffee, grab your notebook, and let's get to it.

Michael (Host 1):
Alright, Howard, let's set the scene. Every year, we hear people say, "This year is different," but for 2025, I think we can actually say it's true.

Howard (Host 2):
Michael, you're absolutely right. We're not just saying it's different because it sounds good on radio—**it actually is different.** The big word for 2025 is **"change."** This year, we have changes in **fiscal policy, monetary policy, regulatory policy, and trade policy**. And it's all happening at the same time. That's a rare mix.

Let me break it down for our listeners. Here's a quick look at what's changing:

1. **A New U.S. Administration** – The Trump administration is back, and we all know that means policy shifts. We're talking about potential changes to **tax cuts, deregulation, and trade tariffs.** These aren't "maybes" — these are "when" not "if."
2. **Global Central Bank Policy Shifts** – Central banks, including the Federal Reserve, the European Central Bank (ECB), and the Bank of Japan, are all pivoting toward rate cuts after a few years of aggressive rate hikes. That's a big deal for growth, lending, and risk-taking.
3. **Valuations are Sky-High** – Let's not forget that U.S. equity valuations are stretched. The S&P 500 is in the **93rd percentile** for valuations since 1990. That means prices are high relative to earnings, and that makes the market more fragile.
4. **Geopolitical Shifts** – We've got **renewed trade tensions** and potential tariffs on imports. When you change the cost of imports, you change profit margins, supply chains, and even inflation.
5. **Fixed-Income Volatility** – The **BofA MOVE Index**, which tracks bond market volatility, is at levels we haven't seen since 2008. That's a warning signal. Bond volatility often leads to equity volatility.

Michael:
That's a packed list, Howard. And for investors listening right now, you've got to ask yourself: **"Am I ready?"**

Howard:
Yeah, and if your only strategy is "I'll hold on tight and wait for the storm to pass," you could be making a huge mistake. **This is not a "set it and forget it" environment.** The idea that you can just hold a basket of large-cap U.S. stocks and a few Treasury bonds and call it a day? That's old-school thinking, and **old-school thinking doesn't work in a fast-changing world.**

Michael:
Alright, let's zero in on one of the biggest changes we're seeing in 2025: **the return of the Trump administration.** Love it or hate it, you have to understand it. Because policy changes coming out of Washington have a direct impact on markets.

Howard:
No doubt about it, Michael. Let's look at three areas where we expect to see policy changes that could shake up portfolios.

1. **Tax Policy** – The Trump administration has already floated the idea of **cutting the corporate tax rate from 21% to 15%**. That's not small. A tax cut of that size can turbocharge corporate earnings, especially for smaller businesses that don't have the offshore tax loopholes that larger multinationals do. If that happens, **small-cap stocks could soar.**
2. **Trade Policy** – Here's the wildcard. We know the Trump administration is talking about new tariffs, including a potential **60% tariff on Chinese imports.** What does that mean for companies that import raw materials from overseas? It means higher costs. But for companies that source materials domestically, that's an opportunity to compete. This is why we say **"every change is an**

opportunity for someone."

3. **Deregulation** – Regulatory rollbacks don't get as much press, but they're just as powerful. We're already hearing about potential deregulation in sectors like energy, financials, and smaller-cap industrials. Fewer rules often mean lower compliance costs, which can boost corporate margins.

Michael:
And here's the thing, Howard—**none of this is guaranteed.** It's all on the table. But that's exactly why we're talking about being tactical. When you're tactical, you're not guessing. You're reacting in real-time. If tax cuts happen, you're ready to overweight small caps. If tariffs hit, you're ready to shift to domestic-focused stocks. **Tactical investors move with the changes.**

Howard:
Alright, we've talked about Washington. Let's talk about what's happening with central banks. **This might be one of the most important stories of 2025.** Before, central banks raised rates aggressively to fight inflation. Now, they're shifting toward **rate cuts** as inflation eases and growth slows. The Federal Reserve, the European Central Bank (ECB), the Bank of Japan, and even the Bank of Canada are all talking about **easing, not tightening.**

Michael:
Here's the takeaway for investors: **When central banks ease, risk assets rise.** It's not always immediate, but as liquidity increases, more money flows into equities, bonds, and riskier parts of the market. But there's a catch, Howard. The moment growth starts to pick up too fast, **inflation fears return.** If that happens, central banks could be forced to tighten again. This is why it's so important to stay tactical. You have to be ready to pivot.

Howard:
That's exactly right. Passive investors sit still and hope. Tactical investors are watching. They're ready to adjust if inflation starts creeping back in. **This is what separates the pros from the amateurs.** So here's our advice: **Don't get stuck in a passive strategy.** The environment has changed, and you need a strategy that changes with it. Call us at **561-300-0090** or visit **silveredgefg.com**. We can walk you through how to stay tactical, stay active, and stay ahead. Alright, Michael. Now it's time to get a little more focused. We're not just going to talk about what's happening. We're going to talk about what's **driving it** and, more importantly, **how you can use these drivers to position your portfolio for success.** There's always a lot of noise, but today we're focused on what's moving the market, and if you can position yourself to ride with them—not against them—you're putting yourself in a position to win.

Michael:
Let's kick things off with the first major force: **The U.S. economy is growing faster than other major economies.** While Europe and Japan are grappling with slowing manufacturing and declining consumer confidence, the U.S. is holding strong.

Howard:
That's right, Michael. The U.S. economy is projected to grow at or near its potential rate in 2025. The **Atlanta Fed's GDPNow** is forecasting over **3% GDP growth** as we start the year, and that's faster than what we're seeing from the Eurozone, Japan, or even Canada. Here's why it matters:

- **Resilient Consumers:** American consumers are still spending, and household balance sheets remain strong. People have been paying down debt and have more savings than in previous cycles.
- **Strong Labor Market:** The U.S. labor market is holding up, and real wage growth is finally positive again. More people working means more spending.
- **Business Dynamism:** Unlike in Europe, the U.S. has a more dynamic, flexible economy. Companies can adapt faster, and that's a big advantage when the environment shifts as fast as it is now.

Michael:
And that's a big deal for your portfolio. Stronger growth in the U.S. supports **small-cap stocks**, **cyclical sectors**, and **domestic-focused industries**. If you've got exposure to these areas, you could be in a position to benefit from this economic momentum.

Howard:
Alright, let's talk about the next big driver: **The world's central banks are easing, but timing is key.** For the last two years, the story has been all about the Fed, the ECB, and other central banks **raising rates** to fight inflation. But in 2025, it's a different story. Rate cuts change the whole investment landscape. Lower rates mean:

- **Lower borrowing costs** for businesses and consumers.
- **More liquidity** in the financial system.
- **Higher valuations** for risk assets like stocks and real estate.

Michael:
But there's a catch, Howard. Rate cuts don't happen in a vacuum. If inflation creeps back up or growth picks up too fast, central banks could be forced to reverse course. This is why you need a tactical plan. If central banks reverse policy, you want to be in a position to adjust, not stuck with a passive approach.

Howard:
Exactly. Passive investors have to ride it out. Tactical investors are ready to pivot. If the Fed signals a rate hike instead of a rate cut, that changes the game. Be ready to act.

Michael:
Alright, let's talk about earnings. Corporate profits are one of the biggest drivers of stock prices. If companies are making more money, share prices usually follow. And, Howard, you know what I'm about to say: **Earnings are looking good as we enter 2025.**

Howard:
Absolutely, Michael. Here's the deal: Despite all the noise, companies have been **beating profit expectations**. Look at the data. We've seen growth in **tech, financials, energy, and industrials**, and it's being fueled by higher margins, increased operating efficiency, and even the potential for lower tax rates. And if Washington does push through a **corporate tax cut from 21% to 15%**, the earnings story gets even better. Tax cuts mean more cash for companies, and more cash can mean more buybacks, dividends, and expansion. Alongside all of this is one of the **wildcards of 2025**: **trade policy**. There's talk

of a **60% tariff on Chinese imports** and **10-20% tariffs on other imports.** That changes the cost structure for companies that rely on foreign goods, and it can boost **domestic producers**. If tariffs hit, prices for imported goods rise. That could lift inflation. But for companies that produce their goods **right here in the U.S.**, it's a potential tailwind. **Industrials, materials, and domestic manufacturers could be big winners.** This is why we say **"every change creates an opportunity."** If tariffs hit, it's not all bad. Someone always wins. You just have to be nimble enough to rotate your portfolio accordingly.

Michael:
Alright, Howard, let's tackle the elephant in the room: **Valuations.** Stocks aren't cheap right now. The S&P 500 is in the **93rd percentile** for valuations since 1990.

Howard:
This is where it gets tricky, Michael. High valuations don't mean the market will crash. They mean that future returns may be more modest. But if you're selective, you can still find opportunity. This is why it's so important to stay **flexible and active.** If you're buying large-cap growth stocks at all-time highs, you're banking on perfection. If you're buying small caps and cyclicals, you're buying exposure to economic growth.

Michael:
Alright, quick recap. Here are the **5 most important forces shaping 2025**:
1 **U.S. growth is outpacing global peers**
2 **Central banks are easing, but timing is key**
3 **Corporate earnings remain strong**
4 **Tariffs and trade policy are wildcard factors**
5 **Valuations are stretched, but selectivity matters**

So, we've broken down the big drivers of 2025—but now, let's get into something even more important: **What do you do about it?** This is where the big decision comes in: **Do you stick with passive, strategic investing or do you go tactical and active?** This isn't some theoretical debate. This is one of the most important decisions you'll make in 2025.

Howard (Host 2):
Michael, I love that you said it's not theoretical. It's absolutely not. It's as real as it gets. If you're still following a passive, "set it and forget it" strategy, you're **volunteering to be a bystander.** You're letting the market dictate what happens to your portfolio. You're giving up control. If you're listening right now and thinking, **"Alright, I'm in. I don't want to be passive anymore,"** you're probably wondering, "What's my first step?" If you want help figuring out where to be, **call us at 561-300-0090** or visit **silveredgefg.com**. We'll help you make the shift from passive to tactical. We'll show you how to be ready for the next move, not reacting after it happens. **Don't sit still. Stay tactical. Stay active.** Make the market work for you—not the other way around. It's time to ask yourself: **Are you in the right sectors?** Or are you just holding on to last year's winners? It's a new game.

Michael (Host 1):
Alright, we've talked about the market forces shaping 2025 and we've broken down the difference between **passive and tactical investing.** But now it's time for the most important part of the show: **How do you actually position your portfolio for 2025?** This is where it all comes together. Because knowing what's happening in the market is one thing, but **knowing what to do about it is another.**

Howard (Host 2):
That's right, Michael. You can have all the information in the world, but if you don't take action, it's just noise. This is the part of the show where we move from analysis to execution. **If you're going to be tactical, you have to act.** Sitting on the sidelines doesn't count.

Michael (Host 1):
Howard, let's kick it off with the first step: rebalancing your portfolio.

Howard (Host 2):
Absolutely, Michael. Rebalancing is critical, especially in a year like this where so much is changing. Over time, certain sectors or investments outperform others, and that can throw your portfolio out of alignment with your goals.

Let's say you've been riding the wave of large-cap tech stocks. They've done well in recent years, but if that's left you overweight in one sector, you're taking on more risk than you may realize. A rebalancing strategy is about making sure your portfolio reflects a mix of opportunities, not just last year's winners.

Michael:
Exactly. And it's not just about reducing risk; it's about opening up space for new opportunities. By reallocating, you can increase exposure to areas like small caps or cyclicals that might offer unique growth potential in today's environment.

Howard:
The key here isn't predicting what's going to outperform. It's about having a balanced approach that ensures you're ready for whatever comes next. If you're not rebalancing regularly, now is the time to start.

Michael:
Step two builds on that. Let's talk about bonds, Howard. Fixed income has always been a cornerstone of portfolios, but in this market, it's crucial to take a closer look at your bond strategy.

Howard:
That's right, Michael. Fixed-income duration—the sensitivity of bonds to interest rate changes—is an area many investors overlook. If you're holding long-term bonds, they're more sensitive to rate movements, and that can mean significant price swings in a volatile environment. For now, consider shortening duration. This approach gives you some stability while still allowing flexibility to adapt if rates move. The goal is to ensure your bond holdings are working for you, not against you.

Michael:
And that's the difference between a passive approach and a tactical one. Passive investors stick with one -size-fits-all solutions, but tactical investors are constantly assessing how their bonds fit into the bigger picture.

Howard:
Step three, Michael, is something every investor needs to hear: revisit your financial plan.

Michael:
Howard, this is such an important step. It's easy to focus on the markets day-to-day and lose sight of the bigger picture. But your financial plan is the foundation of your strategy—it's what ties all the pieces

together.

Howard:
Exactly. A strong financial plan isn't just about investments. It's about ensuring your money is aligned with your goals, whether that's retiring comfortably, leaving a legacy, or funding a child's education. Life changes—your financial plan should, too. When was the last time you sat down and reviewed your plan? Are your priorities the same as they were five years ago? Have market shifts or policy changes impacted your strategy? Revisiting your plan regularly ensures it reflects where you are today and where you want to go.

Michael:
And if you don't have a comprehensive financial plan, now's the time to create one. At Silver Edge Financial Group, we don't just focus on investments—we specialize in creating plans that incorporate retirement, tax strategies, and estate planning. If you'd like to see how your financial plan stacks up, give us a call at 561-300-0090. And that brings us to step four: get a second opinion.

Howard:
Michael, I want to emphasize something here. Many of our listeners already work with an advisor they trust, and that's a great thing. But no one has a monopoly on good ideas.

Michael:
Exactly. A lot of our listeners are experienced investors who already work with multiple advisors, and that's a smart approach. But even the best advisors have blind spots. This isn't about replacing your current advisor—it's about gaining fresh insights that can complement the work you're already doing.

Howard:
That's where we excel at Silver Edge Financial Group. We bring expertise in areas that many advisors might not focus on—like tactical investing, tax-efficient strategies, or navigating complex retirement scenarios like business transitions or multigenerational wealth planning. We're not just about offering a "second set of eyes." We're about adding value in ways you may not have experienced before.

Michael:
And here's the thing: A second opinion doesn't mean a total overhaul. Sometimes it's about small adjustments that can make a big difference. Whether it's refining your asset allocation, identifying inefficiencies, or providing new strategies for managing risk, a second set of eyes can help you sharpen your overall plan.

Howard:
Exactly. If you want to see how our expertise can complement your existing strategies, give us a call at 561-300-0090 or visit silveredgefg.com. We work seamlessly with clients who already have trusted advisors, and our goal is always to enhance, not replace. Sophisticated investors know that building wealth isn't about loyalty to a single approach—it's about assembling the best insights and strategies from a variety of sources.

Michael:
Alright, Howard, let's bring it home with step five: staying nimble.

Howard:
Michael, this might be the most important point of all. Staying nimble means being prepared to adjust when new opportunities or challenges arise. Markets change, policies shift, and the unexpected happens. Having the flexibility to pivot is what separates successful investors from those who get stuck.

Michael:
And let's be clear—staying nimble doesn't mean making knee-jerk decisions. It means having a strategy that allows you to adapt thoughtfully and intentionally.

Howard:
Exactly. It's about readiness, not reaction. If you have a plan in place and you're watching the data, you're in a position to act when it's necessary. That's how you stay ahead.

Michael:
Let's recap the five steps to position yourself for success in 2025:

1 **Rebalance Your Portfolio** – Align your investments with your goals by reducing overexposure to any single sector and diversifying across opportunities.
2 **Adjust Your Fixed-Income Duration** – Ensure your bond holdings match your risk tolerance and market outlook.
3 **Revisit Your Financial Plan** – Take a fresh look at your long-term goals and make sure your investments are aligned.
4 **Get a Second Opinion** – Seek to uncover opportunities or strategies you might be missing.
5 **Stay Nimble** – Be ready to adapt as the market and economic conditions evolve.

Howard:
At Silver Edge Financial Group, we're here to help with all of these steps. Call us at 561-300-0090 or visit silveredgefg.com to schedule a free consultation. Remember, 2025 isn't about predicting the future—it's about preparing for it. Take control of your financial future today. Thanks for joining us on *Financial Edge*. Stay proactive, stay informed, and we'll see you next Sunday.

Michael:
Take care, everyone!

Michael: All investing involves risk including loss of principal. No strategy assures success or protects against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly.

The prices of small and mid-cap stocks are generally more volatile than large cap stocks.

Rebalancing a portfolio may cause investors to incur tax liabilities and/or transaction costs and does not assure a profit or protect against a loss.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.