

2025 So Far: Strategy, Volatility, and the Importance of Non-Correlating Allocation

MICHAEL BASS:

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Good morning, South Florida—and beyond! I’m Michael Bass here with Howard Silver, and this is *Financial Edge*, your weekly dose of straight talk and sharp thinking on everything that matters in your financial world.

Howard:

We’re not here to sell you market myths or one-size-fits-all advice. We’re here to dig into the strategies, the shifts, and the smarter moves that actually help you build and preserve wealth—no matter what the headlines are doing.

Michael:

So grab your coffee, maybe a pen, and let’s get tactical. Howard—2025 is not wasting time, is it?

Howard Silver:

Not one bit. It’s been a fast, volatile, and—for many investors—a confusing start to the year. Markets are sending mixed signals, policy is unpredictable, and headlines are swinging sentiment week by week.

Michael:

Which is exactly why today’s show matters. Because we’re diving into what’s *actually working* this year—and why the right kind of portfolio diversification is more important now than ever.

Howard:

Too many investors are still stuck in passive models built around yesterday’s rules—what we call “illusion of diversification.” Same old 60/40 split. Same exposure across every corner of the portfolio.

Michael:

And when volatility hits from unpredictable corners—like shifting trade policies, currency swings, or global interest rate friction—those portfolios get blindsided.

Howard:

But the portfolios we build at Silver Edge? They’re designed for this. They *expect* these

dislocations. They include **non-correlating strategies**—pieces that don't rely on the stock market to perform.

Michael:

So if you're feeling like your portfolio isn't aligned with what's happening in 2025, let's talk. Call us at **561-300-0090**, visit **silveredgefg.com**, or email **howard@silveredgefg.com**. We offer complimentary reviews—and honest answers.

Howard:

Let's start by stepping back and asking: what's *really* happening out there in early 2025?

We're seeing **a macro environment defined by tension, fragmentation, and policy unpredictability**. Central banks around the world are clearly not singing from the same sheet of music. The Fed is hinting at rate cuts, while the European Central Bank is tapping the brakes. Meanwhile, Japan is cautiously stepping out of negative rates. That's creating huge ripple effects in global bond markets and currencies.

Michael:

Exactly. And it's not just about rates. There's **a wide disconnect between financial markets and economic data**. Tech stocks in the U.S. are climbing, but earnings growth elsewhere is tepid. Consumer confidence is shaky. You've got geopolitical stress points—China, Eastern Europe, the Middle East—all simmering under the surface.

Howard:

And then you've got this **"headline ping-pong"** around trade policy. One day it's tariffs. The next it's delays. Then new ones are floated, revised, walked back. The result? Markets don't know what to price in. Volatility spikes, then disappears, then jumps again. There's no straight line.

Michael:

That's what we mean when we talk about **macro dislocations**. Things aren't moving together. Correlations are breaking down. And that's why you can't rely on one-dimensional portfolios anymore.

Howard:

This environment is tailor-made for **tactical, non-correlating strategies**. If you're diversified only in name—holding a bunch of index funds that all react the same way to macro news—you're exposed. You need strategies that can respond to the *cause*, not just absorb the *effect*.

Michael:

And it's also a time for **risk awareness**, not risk avoidance. You don't have to sit on cash and wait. But you do need to be selective. Tactical. Strategic. This is an investor's market—but only for those with the right tools.

Howard:

So let's talk about it—**what's actually been working** in client portfolios so far in 2025?

The big winner so far this year has been **macro relative value strategies**. These identify mismatches between similar asset classes—like the bond markets in Germany vs. the U.S., or central bank policy trajectories in Japan vs. Australia—and position accordingly.

Michael:

Exactly. These strategies aren't chasing headlines. They're measuring how policy divergence affects real capital flows—where money is moving and why. If one economy is easing and another is tightening, that creates real, tradable dispersion. And the best macro models capture that.

Howard:

And here's the part we love—they don't need the stock market to cooperate. They're often short in one market, long in another. They're structured for **relative moves**, not absolute direction.

Michael:

The other standout? **Short-term tactical reversion models**. These are designed to thrive in **choppy, indecisive markets**—which we've had plenty of this quarter.

Howard:

They look for overreactions in the short term. Maybe a sector drops on news that's already priced in. Maybe a currency jumps too far too fast. These strategies look for **snap-back opportunities**. Small moves, repeated often, with controlled risk.

Michael:

And then there's **adaptive trend-following**. Traditional trend models have been a mixed bag in 2025—because trends haven't lasted long. But the adaptive models—those that shift sensitivity and scope based on changing volatility—have found traction.

Howard:

One example? In January, these models picked up on early momentum in energy and materials. Then, when those trades lost steam mid-February, they rotated out and pivoted into defensive sectors without hesitation. That's the advantage of machine-guided trend models—they don't get stuck.

Michael:

All of this supports a single, powerful point: **no one strategy wins every time**. That's why at Silver Edge, we blend them. Macro. Short-term. Adaptive trend. Each with different time

horizons, risk triggers, and signals. That layered construction is what keeps portfolios steady when markets aren't.

Howard:

It's not about timing the market. It's about building a portfolio that knows how to *function inside of it*—no matter what this year throws at us.

Michael:

Let's dig a little deeper here—because we still meet folks every week who say, "I've got a diversified portfolio, I'm in low-cost index funds, I've been told to stay the course."

Howard:

And on paper, that sounds reasonable. It sounds disciplined. But when you peel back the layers, what they actually have is **a portfolio built entirely on assumptions** that don't hold up in the real world anymore.

Michael:

Assumptions like, "stocks and bonds will always move in opposite directions." Or, "markets will eventually bounce back, so it's okay to sit through losses." That's only comforting if you're 30 and dollar-cost averaging for the next 35 years.

Howard:

But what if you're 58 and five years from retirement? Or 73 and drawing income? A 20% drawdown in a passive model isn't just a paper loss—it's a real threat to your lifestyle and longevity planning.

Michael:

Here's what most people don't realize: **passive doesn't mean risk-free**. It just means hands-off. And in environments like the one we're in now—where dispersion is high and leadership is narrow—hands-off means letting the same handful of assets drive your results, for better or worse.

Howard:

Let's look at this another way. Think of your portfolio like a sailing vessel. Passive investing says, "Don't touch the sails. The wind will take you there eventually." Tactical investing says, "Let's watch the weather and adjust course if the wind shifts—or if there's a storm on the horizon."

Michael:

And in 2025? The wind is shifting weekly. Central banks aren't coordinated. Volatility is creeping in. One week it's rates. The next it's earnings. Then it's inflation, currencies, geopolitical flare-ups.

Howard:

Which is why our clients don't just own "a little bit of everything." They own **components that respond differently to different environments**. We're intentional about how each sleeve of a portfolio behaves—what its job is—and how it interacts with the others.

Michael:

And we actively rebalance based on what the data shows us—not what the calendar says. Some advisors do a "spring cleaning" rebalance once a year. We're looking at risk contribution, style drift, macro signals every four to six weeks, and adjusting accordingly.

Howard:

We also don't fall for performance-chasing. Passive investors often react too late. They see a hot fund or sector and pile in—**after** the move. By the time they're in, the trade's already matured.

Michael:

And that's how you end up riding trends up... and right back down. Real strategy means getting ahead of themes—like we did when we built in exposure to non-correlating tactical strategies *before* the 2022 bond crash or the dispersion wave of 2024.

Howard:

So let's be honest. If your entire portfolio lives in a handful of index funds that all rely on the same macro backdrop to perform—you're not diversified. You're *clustered*.

Michael:

And if you're not sure what kind of risk your portfolio actually holds—we'd love to show you. We'll map it out. Show you what's working, what's lagging, and where smart diversification could add value.

Howard:

Call **561-300-0090**, visit **silveredgefg.com**, or email **howard@silveredgefg.com**. This isn't about selling you a fund. It's about building a strategy that works—*especially* when the old rules stop working.

Segment 5: Strategy in Allocation—Not Prediction (Expanded Further)

Michael:

Let's be clear—at Silver Edge, we don't make wild predictions. We don't claim to time the top or bottom of every cycle. What we *do* is build portfolios that are structured to respond intelligently to change.

Howard:

Exactly. When you hear us talk about tactical allocation, it's not about reacting to the news or

chasing returns. It's about understanding the different roles each piece of a portfolio plays, and assigning those roles with intention.

Michael:

We focus heavily on **strategy selection**. That means choosing the right managers, models, and structures that can operate in areas most traditional portfolios ignore—like global macro trends, short-term volatility shifts, or long/short directional plays.

Howard:

For example, some of the strategies we allocate to—while we're not running them ourselves—are designed to trade based on interest rate differentials, inflation surprises, or currency dispersion. They're not reacting emotionally—they're guided by data and discipline.

Michael:

These strategies might shorten duration exposure in bonds *before* the interest rate spike. They might rotate out of trend models when those signals weaken, and increase weighting to short-term reversal or carry trades as volatility returns.

Howard:

Now, we don't take credit for those trades. We're not in the trenches building those models or executing every position. But we *are* the ones who made the decision to allocate to them—*before* conditions made them popular.

Michael:

That's what separates smart portfolio design from blind investing. You don't need to predict the future—but you *do* need to prepare for it with the right tools in place.

Howard:

And here's something that gets lost with a lot of traditional advisors: they may buy a fund once and forget about it. We don't do that. We constantly evaluate performance across different timeframes, under different conditions. If a strategy's effectiveness is breaking down, we're not married to it.

Michael:

That's part of our **portfolio oversight process**. Every 6 to 12 weeks, we're re-evaluating—how are the components interacting? What's driving returns? What's dragging? Are the original reasons for each allocation still valid?

Howard:

Because the market isn't static—and your portfolio shouldn't be either. Think of us as a financial architect. You hire us to design something that's not just beautiful when the sun is shining—but built to withstand storms. And then we stay on-site to make sure it continues to hold up.

Michael:

And that's where real value is added. It's not in promising to "beat the market." It's in managing exposure. It's in building layers. It's in knowing which strategies historically hold up in inflationary chop versus deflationary pressure, or in monetary tightening versus easing.

Howard:

And most importantly—it's in keeping our clients' goals at the center of every decision. We're not here to outperform the S&P on a random Tuesday. We're here to ensure your portfolio gets you where you want to go *with greater control and less guesswork*.

Michael:

So if your current strategy feels like it's on autopilot, or if you're unsure how your holdings are actually behaving in today's market—let's change that.

Howard:

Call us at **561-300-0090**, visit **silveredgefg.com**, or shoot me an email directly at **howard@silveredgefg.com**. Let's talk strategy—real strategy.

Michael:

Alright, we're bringing it back—by popular demand—our **Listener Q&A segment**! We had a great response when we opened the inbox last time, so from here on out, we're making this a regular part of *Financial Edge*.

Howard:

That's right. This is your chance to get direct answers to the questions you've always wanted to ask about your money, your investments, or even your advisor. No fluff, no jargon—just straight talk.

Michael:

Let's jump in. First up is a question from **Elaine in Wellington**, who asks:

"My advisor says I'm in a 'risk-based model portfolio'—what does that actually mean?"

Howard:

Elaine, great question. A "risk-based model" is a prepackaged portfolio that groups investors based on how much volatility they say they can tolerate. You've probably seen labels like "conservative," "moderate," or "aggressive."

Michael:

The problem is, most of those models are static. They don't change based on what's happening in the market or in your life. And they usually rely on **traditional stock/bond mixes**, with very little attention to real-world correlation.

Howard:

At Silver Edge, we don't stick you in a box. We build portfolios that reflect your goals, your timeline, and your sensitivity to risk—and we layer in strategies that **adapt**, not just absorb.

Michael:

Next, we heard from **Carlos in Coral Springs**, who wrote:

"Is now the right time to move more into cash? I'm nervous about the volatility and the market being down year to date."

Howard:

Carlos, we get it. Volatility can be unsettling. But going to cash is rarely the answer—because volatility doesn't mean opportunity disappears, it means **dispersion increases**. And that's exactly when tactical strategies tend to shine.

Michael:

Instead of retreating, we recommend rotating—into strategies that are built to navigate uncertainty. When turbulence hits, you don't jump out of the plane—hopefully you've got an experienced pilot with a flight plan built to handle it. We did a previous episode about why "Your Money Deserves a Copilot", which you can listen to on our website silveredgefg.com

Howard:

Also, being nervous is human. But reacting with full retreats often leads to regret. What you need is structure. And we can build that with you.

Michael:

This next one hit the inbox and made both of us nod—and maybe raise an eyebrow. Tina from Boca Raton writes:

"Why would I hire you to actively manage my money if I can just log in, check my portfolio, and make a few tweaks? Seems like paying for something I can do myself."

Howard:

Tina, we love the honesty—and you're not alone in thinking that. But what you described? That's what we call **reactive maintenance**. It's like looking in the rearview mirror and tapping the brakes after the skid. **Active management**, the kind we do, is completely different. It's proactive. It's **data-driven, forward-looking portfolio strategy**.

Michael:

We're not just logging in and poking around once a month. We're running analytics, watching macro indicators, monitoring correlation shifts, stress-testing portfolios against interest rate moves, currency shocks, sector dispersion—you name it. **We move before things break.**

Howard:

And we're not day-trading or chasing headlines. Our version of active is **deliberate and tactical**—it's about rotating exposures, evaluating each sleeve of your portfolio with a purpose, and making sure **every component has a job... and is doing it well.**

Michael:

If something's underperforming? We don't wait for the annual rebalance email—we replace it. If macro conditions shift? We shift. That's the kind of oversight you just can't replicate by logging into your account between errands.

Howard:

You wouldn't perform your own surgery just because you've got access to WebMD. And in volatile markets like these, **your portfolio deserves more than DIY guesswork.** It deserves structure, vigilance, and professional-grade adaptability.

Michael:

And finally, we had a thoughtful note from **Jeremy in Delray Beach**, who asked:
"Do I need to be ultra-wealthy to benefit from sophisticated strategies like the ones you talk about?"

Howard:

Absolutely not. That's one of the biggest myths out there. Our clients come from all walks of life—some are approaching retirement, some are business owners, some are younger professionals building their first real portfolio.

Michael:

And what they all have in common is a desire to be more **strategic**, more **tactical**, and more **informed**. The tools we use—like macro-diversifying strategies, non-correlating allocation, adaptive rebalancing—those aren't exclusive. They're just **underutilized** by most firms.

Howard:

If your advisor doesn't offer these tools, it's not because they're out of reach—it's because they haven't done the work. We have. And we'd be happy to show you what's possible.

Michael:

So keep the questions coming. If you've got something on your mind—big or small—we want to hear it. You can email us anytime at **howard@silveredgefg.com**, call **561-300-0090**, or use the contact form at **silveredgefg.com**.

Howard:

This segment's here to stay because *you* make it worthwhile. We'll tackle portfolio strategy, retirement planning, risk management, whatever's keeping you up at night financially.

Michael:

So don't be shy. This is your show as much as it is ours—and we love making it a real conversation. And that wraps up this week's *Financial Edge*. If your portfolio feels stuck, outdated, or just uncertain, let's change that—starting now.

Howard:

Call us at **561-300-0090**, visit **silveredgefg.com**, or email me directly at **howard@silveredgefg.com**. No pressure, no fluff—just a clear-eyed look at what your money could be doing better.

Michael:

We'll be back next Sunday—same time, same sharp takes. Until then...

Howard:

Stay focused. Stay flexible. And as always—stay in control.

[COMPLIANCE: Asset allocation does not ensure a profit or protect against a 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. Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Bonds are subject to availability, change in price, call features and credit risk. Dollar cost averaging involves continuous investment in securities regardless of fluctuation in price levels of such securities. An investor should consider their ability to continue purchasing through fluctuating price levels. Such a plan does not assure a profit and does not protect against loss in declining markets. Tactical allocation may involve more frequent buying and selling of assets and will tend to generate higher transaction cost. Investors should consider the tax consequences of moving positions more frequently. 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.]