

## EPISODE 21 - "Don't Catch A Falling Knife"

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### **Michael:**

Good morning, everyone! Welcome back to *Financial Edge*. I'm Michael Bass — financial advisor here at Silver Edge Financial Group.

### **Howard:**

And I'm Howard Silver — founder of Silver Edge. Thanks for making us part of your Sunday. We've got a packed show today, so grab your coffee because we're diving into something every investor needs to hear right now.

### **Michael:**

That's right, Howard. If you've been looking at the markets lately and thinking, "Hey, everything's rallying — it must be safe again," you might want to think twice.

### **Howard:**

Today's conversation? Why this recent rally might just be... an illusion. A mechanical bounce. And how being prepared — not reactive — is what separates smart investors from the ones about to get caught off guard.

### **Michael:**

Exactly. And we're going to show you how Silver Edge clients are built for moments just like this, thanks to the way we structure, manage, and protect wealth.

### **Howard:**

And if you're listening and you're wondering if *your* portfolio is truly prepared? You can call us anytime during the show at 561-300-0090 to schedule your complimentary portfolio review — in-person or virtually. No pressure, just clarity.

### **Michael:**

Alright, let's start here: The market's been up. The S&P 500 has looked strong over the past couple of weeks. And you'd think, hey — that must mean things are improving, right?

### **Howard:**

Yeah, you would think. But that's not what's actually happening. Right now, the rally we're

seeing is largely mechanical. It's not driven by strong earnings or improving fundamentals. It's being fueled by a collapse in **implied volatility**.

**Michael:**

Now, if you're not familiar with "implied volatility," think of it like this: it's Wall Street's way of pricing uncertainty. When implied volatility falls, it suggests that traders expect calm waters ahead. But when it rises? That's when the waters get choppy.

**Howard:**

And here's the kicker: implied volatility has fallen sharply — **artificially**. It's out of sync with reality, especially considering all the big events— jobs reports, GDP numbers, earnings from the likes of Apple, Amazon, Meta... even a critical Bank of Japan rate decision.

**Michael:**

So right now, Wall Street is pricing in calm — but we're staring down a future that could be anything *but* calm.

**Howard:**

Exactly. Michael, do you know what happens when the market *realizes* it was too optimistic?

**Michael:**

Nothing good.

**Howard:**

Exactly! You can get a rapid spike in volatility. Stock prices that were floating up on low volatility suddenly get pulled down — sometimes sharply. And because so many investors are positioned bullishly — loaded up on call options, buying stocks hand over fist — they can get trapped.

**Michael:**

And folks, when we say "trapped," we mean margin calls, panic selling, and watching gains evaporate faster than you can refresh your portfolio screen.

**Howard:**

It's the market equivalent of Wile E. Coyote running off a cliff — realizing there's no ground beneath him — and then looking at the camera right before the fall.

**Michael:**

Perfect analogy, Howard.

**Howard:**

Now here's the good news: Silver Edge clients are not Wile E. Coyote.

**Michael:**

Right. At Silver Edge, we don't chase the market. We don't mindlessly follow the herd. Our entire investment philosophy is built to thrive in both calm markets and turbulent ones.

**Howard:**

Exactly. We focus on **active management**, seeking out smaller, opportunistic funds that adapt quickly to changing markets. We don't park clients in giant, passive index funds where they're helplessly exposed to broad market declines.

**Michael:**

And we use **tail-risk hedging** — meaning we implement defensive strategies like options, alternatives, and risk balancing across portfolios to **buffer** against exactly this kind of volatility surge.

**Howard:**

In short: We don't just hope things stay calm. We plan for when they don't.

**Michael:**

If you're listening right now and you're unsure if your current advisor is preparing you for weeks like the one we're heading into, now's the time to reach out.

Call us at **561-300-0090** or visit [www.silveredgefg.com](http://www.silveredgefg.com) to schedule your free portfolio review. We'll show you how you're positioned — and whether there's room to do better. Let's make sure your money is ready for what's coming. Markets go up and down. Volatility is a fact of life. But you don't have to be caught off guard. The key is **structure**. It's **strategy**. It's **preparation**. It's what we do every single day at Silver Edge for our clients.

**Michael:**

Couldn't have said it better myself. The bottom line, folks: You deserve a financial plan that's *ready* — not just *reactive*.

**Howard:**

And hey — we're pretty fun to talk to, too.

**Michael:**

That's true. So don't wait. Reach out today.

**Michael:**

Howard, we talked earlier about how markets can lull investors into a false sense of security. And it turns out — the numbers back that up.

**Howard:**

That's right. Despite what some TV analysts are saying, the data shows that the U.S. stock market likely **hasn't bottomed yet**.

**Michael:**

Two major warning signs are flashing red right now:

First, the **risk of a recession** is extremely high — we're talking 60% to 90% probability according to top economists.

Second, **stock valuations are still sky-high** — way above their historical averages.

**Howard:**

In plain English? The economy is slowing, risk is rising, and stocks are still priced like everything's perfect.

**Michael:**

Which it's not. History shows that **real bear market bottoms usually happen *after* a recession starts** — not before. So if you're thinking now's the time to jump in with both feet, you might want to tap the brakes.

**Howard:**

And Michael, let's also call out a few myths floating around.

**Michael:**

Like the idea that President Trump rolling back tariffs would somehow "fix" everything overnight?

**Howard:**

Exactly. Whether or not tariffs change, the reality is: deep economic cycles don't reverse because of a single policy shift. And certainly not when **valuations are this high** and **leading indicators are this weak**.

**Michael:**

And then there's the so-called "breadth thrust" signals some technical traders are hyping. Folks, the Zweig Breadth Thrust and other signals might sound impressive — but they're **highly sensitive to minor tweaks** and historically **have not been reliable** when earnings are expensive and recession risks loom.

**Howard:**

You can't "torture" the data into making you feel better. Successful investing means staying grounded in reality — not chasing coin-flip indicators.

**Michael:**

This leads to a critical point: **being passive right now is dangerous**.

**Howard:**

Exactly. Now is the time for **active management**. For tactical moves. For intelligent defense and opportunistic offense.

**Michael:**

At Silver Edge, we're not sitting back hoping things magically fix themselves. We're adjusting portfolios proactively — using hedging strategies, diversifying intelligently, and positioning to **capitalize both on market declines and on bear market rallies**.

**Howard:**

Because trust me: There *will* be rallies during a bear market. And with the right strategies in place, we can take advantage without betting the farm.

**Michael:**

So to wrap this up: If you hear the siren song of "the worst is over" — be skeptical.

**Howard:**

We're still likely heading toward tougher waters. But smart planning — real active portfolio management — can make all the difference.

**Michael:**

If you're unsure whether your current portfolio is prepared for this next phase, we're happy to help. Give us a call today at **561-300-0090** to schedule your **complimentary portfolio review**.

**Howard:**

Or visit us at [www.silveredgefg.com](http://www.silveredgefg.com) to set up a free consultation, either in-person or virtually. No cost, no obligation. Let's make sure your wealth is ready for *every* market cycle.

**Michael:**

Alright — so today, we're doing something a little special.

**Howard:**

Yeah, over the past few weeks, we've gotten a lot of fantastic listener questions — more than we could fit into our regular shows.

**Michael:**

So instead of letting them pile up, we decided: let's catch up. Let's dedicate a full segment to answering your questions properly, without rushing.

**Howard:**

Because if you're thinking about these things — volatility, retirement income, smart repositioning — you're not alone.

These are the same topics we're discussing every day with clients at Silver Edge.

**Michael:**

That's the beauty of what we do: helping people cut through the noise with real strategies — not hype.

**Howard:**

And remember, if you hear a question today that makes you think, "*Hey, that sounds like my situation,*" don't sit on it.

Call us at **561-300-0090**, visit [www.silveredgefg.com](http://www.silveredgefg.com), or email me directly at **howard@silveredgefg.com**.

**Michael:**

Alright — let's dive into this extended Q&A and tackle as many of your great questions as we can.

**Question 1: "If a Recession Is Coming, Should I Move Everything to Cash?" — Laura in Delray Beach**

**Michael:**

Great question, Laura. The instinct to "go to cash" during scary times is very common. But here's the problem:

Going 100% cash locks in today's prices. And if markets rally — even temporarily — you're left standing on the sidelines. And my answer is: **No**. Not necessarily. Selling everything is a blunt instrument. It's reacting emotionally to fear. Instead, what we do at Silver Edge is **reallocate**, **hedge**, and **diversify**.

**Howard:**

Exactly. We also stress-test portfolios using real market scenarios. What would happen if volatility spiked 30% overnight? What would happen if rates rose another 1%? We model it — so we can adjust intelligently, not react emotionally.

**Michael:**

If you're not already getting that kind of modeling from your advisor, let's talk. And that goes for everyone listening: call us at **561-300-0090** or email Howard directly at **howard@silveredgefg.com**.

**Howard:**

Exactly. Instead of making big emotional moves, what we recommend is **intelligent repositioning**. That might mean dialing down risk, adding tactical defensive holdings, or selectively hedging. Not abandoning ship entirely.

**Michael:**

Remember: You don't have to be "all in" or "all out." Smart investing lives in the middle. And that's exactly where Silver Edge specializes.

**Howard:**

Give us a call at **561-300-0090** if you'd like a second opinion on how much risk you really have versus how much you should have.

**Question 2: "What's the Risk of Staying in High-Growth Stocks Right Now?" — Brian from West Palm Beach**

**Howard:**

Oof, Brian — another really important question. If you're still heavily loaded into high-growth stocks — the high-flyers — you could be sitting on a ticking time bomb.

**Michael:**

High-growth stocks typically carry **higher valuations** — and when recession fears rise, they get hit *harder* than the rest of the market.

**Howard:**

And remember: these stocks already had massive gains over the last few years. If economic growth slows and interest rates stay high, that's a one-two punch to those names.

**Michael:**

This doesn't mean you sell everything today at any price. But it *does* mean you want an intelligent reallocation plan. You want diversification across asset classes, especially uncorrelated strategies.

**Howard:**

Brian — let's chat one-on-one. Give us a call at **561-300-0090** or book your complimentary portfolio review at [www.silveredgefg.com](http://www.silveredgefg.com). We'll help you tilt your portfolio toward smarter positioning.

**Question 3: "Can I Still Make Money in a Bear Market?" — Sarah from Boca Raton**

**Michael:**

Oh, Sarah — we love this question. And the answer is **YES**, absolutely.

**Howard:**

The key is adjusting your strategy. In bear markets, the winners aren't the ones swinging for the fences — they're the ones who manage risk smartly and capitalize on volatility.

**Michael:**

That could mean owning defensive sectors, using products like **advisory-class RILAs** we offer, adding tactical bond exposure, and even capturing gains from short-term bear market rallies.

**Howard:**

At Silver Edge, we structure portfolios not just to survive market turbulence — but to **thrive** through it. It's all about having the right mix, the right flexibility, and constant vigilance.

**Michael:**

Sarah — let's build a plan that makes the bear work *for you*, not against you. Reach out at **561-300-0090** — and let's talk!

**Question 4: "Is Now a Good Time to Do a Roth Conversion?" — Dave from Boynton Beach**

**Michael:**

Really smart question, Dave. If markets are down — or even just volatile — that can be an excellent time for a **Roth conversion**.

**Howard:**

Exactly. When account values are temporarily lower, you can convert at a lower tax cost. Then all future growth happens tax-free.

**Michael:**

Plus, if tax rates rise in the future — which is pretty likely — you'll be even happier you converted now.

**Howard:**

It's not right for everyone, though. You need to consider current income, future tax brackets, and estate goals.

**Michael:**

Dave, we can model that out for you — no guesswork. Call us at **561-300-0090** and we'll show you your personalized Roth strategy.

**Question 5: "Should I Stay Invested in Tech Stocks?" — Brian from West Palm Beach**

**Howard:**

Great question, Brian. Tech stocks have been the big winners over the last decade — but leadership changes.

**Michael:**

And right now, many tech names are priced for perfection — meaning even small earnings misses can cause big drops.



**Howard:**

At Silver Edge, we believe in **reallocating proactively**, not just riding yesterday's winners. That means trimming overweight sectors and adding smart diversification — not based on emotion, but on data.

**Michael:**

Brian, let's make sure your portfolio isn't overexposed. Call us at **561-300-0090** and we'll walk you through it, no obligation.

**Question 6: "Is Fixed Income a Safe Haven Again?" — Kevin from Palm Beach Gardens**

**Michael:**

Kevin, fixed income is looking better but you need to be very selective.

**Howard:**

Simply piling into long-term bonds or junk debt isn't the answer. You want a **flexible strategy** that actively adjusts for interest rates, credit spreads, and liquidity risk.

**Michael:**

That's why at Silver Edge, we don't treat bonds as "safe" just because they have that label. We construct bond sleeves that are **dynamic and tactical**, not passive.

**Howard:**

Kevin, call us at **561-300-0090** if you want to build a fixed income plan that actually matches today's market — not yesterday's.

**Question 7: "How Can I Use Floors to Manage Market Risk?" — Erica from Coral Springs**

**Michael:**

At Silver Edge, we implement **advisory-class structured products** with **clear, defined floors** — no hidden commissions, and full transparency.

**Howard:**

Excellent question, Erica. Unlike buffered products, we prefer using **floor-based strategies** as true **tail-risk hedging** proxies inside equity allocations.

**Michael:**

With a floor, you know the **maximum downside** upfront — and you maintain participation in equity markets without capping the majority of your upside like buffers often do.

**Howard:**

It's a smarter, cleaner way to create risk-managed exposure without giving away too much of your growth potential.

**Howard:**

If you want to see how a floor-based strategy could fit your portfolio, Erica, call us at **561-300-0090** or visit [www.silveredgefg.com](http://www.silveredgefg.com).

**Question 8: "What's the Best Way to Manage Retirement Income in This Market?" — George from West Delray**

**Michael:**

Such an important question, George. Managing retirement income is part art, part science — especially when markets are rocky.

**Howard:**

The old "4% rule" just isn't enough anymore. We prefer a more **dynamic withdrawal strategy**, combined with **multi-bucket planning**.

**Michael:**

That means separating your assets into different categories — short-term cash needs, medium-term income, and long-term growth — so you're not forced to sell stocks at a bad time.

**Howard:**

We also integrate income solutions when appropriate, to create stability even during downturns.

**Michael:**

George, if you want us to run a retirement income blueprint for you, it's free and it's powerful. Call us at **561-300-0090** or visit [www.silveredgefg.com](http://www.silveredgefg.com) to book a time.

**Question 9: "Are International Markets Worth Looking At Right Now?" — Jenna from Jupiter**

**Michael:**

Great question, Jenna. A lot of investors forget — the U.S. isn't the only game in town.

**Howard:**

Exactly. Some international markets are trading at **much more attractive valuations** than U.S. markets right now — and certain economies are earlier in their recovery cycle.

**Michael:**

That said, it's not about blindly buying a broad international index. You want to be **selective** — picking regions, sectors, and funds that offer **true diversification** and **favorable risk-reward**.

**Howard:**

At Silver Edge, we don't just say "buy international" — we build customized exposure, often using **specialized funds and managers** that can pivot tactically based on real economic data.

**Michael:**

Jenna, if you want us to run a global allocation analysis for you — showing you where the opportunities are without unnecessary risk — give us a call at **561-300-0090** or visit [www.silveredgefg.com](http://www.silveredgefg.com).

**Michael:**

Thank you again to everyone who sent in questions this week. We love hearing what's on your minds.

**Howard:**

And hey — if your question wasn't answered on air today, don't worry. Reach out and let's talk it through personally. Whether you're thinking about volatility strategies, retirement income, Roth conversions, or just getting a second opinion on your current portfolio — we're here to help. No pressure, no sales pitch. Just real, smart conversations about your future.

**Michael:**

We'll be back next Sunday, same time, same place, with more insights, clarity, and strategies to help you stay ahead — not behind — in these markets.

**Howard:**

Until then, stay sharp, stay tactical — and remember, smart investing isn't about reacting... it's about preparing.