Episode 23 - "Time, Tactics & Transitions: What Most Investors Miss About Long-Term Wealth"

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MICHAEL:
Good morning, everyone! You're listening to *Financial Edge* with Silver Edge Financial Group. I'm Michael Bass—

HOWARD:
—and I'm Howard Silver. We're thrilled to have you with us this Sunday morning as we dig into one of the most fascinating and, frankly, misunderstood aspects of investing: the power of time in the market versus the illusion of high returns.

MICHAEL:
If you think the key to wealth is picking a handful of hot stocks and watching them shoot to the moon… well, today's episode might surprise you.

HOWARD:
Or maybe shock you. Because according to a recent study from Hendrik Bessembinder at the

W.P. Carey School of Business[1] analyzing almost a century of U.S. stock market data—29,078 stocks tracked over 98 years—over half of those stocks, 51.6% to be exact, delivered *negative* lifetime returns.

MICHAEL:
Negative! That's not just underperforming—those are wealth-destroying investments. Imagine buying into a company, holding it for years, reinvesting dividends, and ending up with *less* money than you started with.

Disclosure: Stock investing includes risks, including fluctuating prices and loss of principal.
Disclosure: Dividend payments are not guaranteed and may be reduced or eliminated at any time by the company.

[1] https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4897069

HOWARD:
Yet the stock market as a whole has gone up. So how is that possible?

MICHAEL:
It's all about a small group of superstar stocks doing the heavy lifting. A mere 17 stocks delivered cumulative returns greater than five million percent. That's not a typo.
So what does this mean for everyday investors?

HOWARD:
It means stock picking—trying to identify the next Amazon or Nvidia—is more like buying a lottery ticket than making an investment. Statistically, most individual stocks underperform Treasury bills, not just the broader market.

Disclosure: Please ensure your disclaimer is acceptable or use this one, e.g. Government bonds are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

MICHAEL:
Let's put some numbers to that again citing Besse binder's [2]study: Nvidia had the highest annualized return over a 25-year period—33.38% annually since its IPO. That turned $1 into $1,316.

HOWARD:
Incredible return. But even Nvidia doesn't show up in the list of top cumulative performers because it hasn't had 90+ years to compound. So even the highflyers need time to truly generate wealth.

MICHAEL:
Which brings us to the million-dollar question: how do you invest in a way that gives you the best chance of owning the winners, minimizing the losers, and compounding over time? Howard, tell folks how we help clients navigate this reality.

HOWARD:
Gladly. At Silver Edge, we don't chase the market. We design personalized portfolios that are hyper-diversified and tactically managed. We avoid passive strategies that mirror the index—because why own all the dogs just to get a few winners?

Disclosure: 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.

[2] https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4897069

MICHAEL:
Exactly. Our clients benefit from curated exposure—targeted strategies that aim to sidestep the wealth destroyers. We focus on smaller, nimble funds that can find overlooked opportunities.

HOWARD:
We're constantly analyzing portfolio construction using tools like Riskalyze and YCharts, looking at risk-adjusted performance, not just raw returns. That way, clients know their portfolio fits their risk profile—and still positions them to grow. And when it comes to taxes, we're vigilant. Asset location, tax-loss harvesting, income planning—we seek to optimize every angle. Because return means little if Uncle Sam takes a third of it.

MICHAEL:
If you want to see how your current portfolio stacks up, we offer complimentary, no-obligation reviews. Give us a call at 561-300-0090, visit www.silveredgefg.com, or email Howard directly at howard@silveredgefg.com.

HOWARD:
Let me ask you something: when was the last time your advisor brought you an investment idea that didn't come from a mutual fund wholesaler or a cookie-cutter model?

MICHAEL:
Right? If your portfolio looks like the same list your neighbor, your dentist, and your nephew all got… you're not investing—you're template filling.

HOWARD:
At Silver Edge, we live in a financial universe most advisors never see. We're talking about small, opportunistic managers, multi-asset hedged strategies you won't find on a retail platform.

MICHAEL:
And we don't just read the fact sheet. We speak directly with portfolio managers. We ask tough questions. We probe their downside strategy, their liquidity plans, their conviction. Because you deserve more than a "looks good on paper" recommendation. What most people don't realize is—we don't just pick funds. We curate them. Relentlessly.

HOWARD:
Let me be blunt: most advisors don't have access to the caliber of managers we work with daily. At Silver Edge, we collaborate with over 30 portfolio managers who have not only outperformed their benchmarks—but done so consistently over decades. These aren't names you see on a bank's prepackaged menu. These are strategists, handpicked for their ability to deliver real, risk-adjusted results.

MICHAEL:
We run an internal acid test. Ask yourself: *If this were the only fund I owned, would I feel great about that?* If the answer isn't a resounding "yes," it doesn't make the cut.

HOWARD:
Every fund we select has to earn its place. Not just by the numbers—but by the strategy, by the clarity of the thesis, and by how it behaves in *both* up and down markets.

MICHAEL:
This is why our portfolios don't look like everyone else's. They're not model plug-ins. They're the product of high-level dialogue, real accountability, and deep conviction in the tools we use.

HOWARD:
You'll never hear us say, "Well, that's what LPL sent out this quarter." Our portfolios are built from the ground up, with intention. Some of our best positions are things your average advisor doesn't even *know* how to access.

MICHAEL:
This is where real value gets added—not just shaving fees, not just beating a benchmark, but putting truly differentiated capital to work for you. Especially in markets where traditional tools are running in circles.

HOWARD:
If you're curious what your portfolio could look like with *our* toolbox instead of the industry's one-size-fits-all drawer, let's talk. Call 561-300-0090 or visit www.silveredgefg.com. Or send me an email at howard@silveredgefg.com.

MICHAEL:
We'll show you a side of investing most people never get to see—and explain why it can make all the difference over the long haul.

MICHAEL:
Alright, time for our favorite part of the show—listener questions. First one comes from Jerry in Delray Beach: *"I bought a tech stock five years ago that's doubled. Should I sell it?"*

HOWARD:
Classic dilemma, Jerry. You've had a great run. But the question isn't just *should* you sell—it's *what's the smart next move?*

MICHAEL:
Exactly. We'd look at your broader portfolio. If that stock now makes up, say, 20% or more of your holdings, you're exposed to single-stock risk. One earnings miss or bad headline, and your whole portfolio could wobble.

HOWARD:
We might not tell you to sell everything, but trimming the position and reallocating into diversified, non-correlated assets is often smart. Truly diversified sleeves of fixed income and non-correlated alternatives can balance the risk while allowing you to hold on to your winners. We've also helped clients hedge large positions. It's not "sell or nothing." You have choices.

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HOWARD:
Next question is from Leila in Boca:
"If the median stock loses money, why not just buy the index?"

MICHAEL:
Great point. Buying the index does ensure you get the winners *and* the losers. And for most folks, that's better than guessing individual names.

HOWARD:
But at Silver Edge, we take it a step further. We don't want to own all the losers just to catch the winners. We construct portfolios that intentionally filter out the fluff. We lean into active strategies with a history of performance and manager access we trust.

MICHAEL:
We're not trying to beat the market every year—we're trying to build *smarter* portfolios that compound consistently, preserve against major drawdowns, and fit each client's specific goals.

HOWARD:
And if you've ever looked at your index fund and wondered why half the stocks in it are names you wouldn't touch with a ten-foot pole—that's what we help you avoid.

MICHAEL:
Here's one from Tom in West Palm:
"Should I just buy Nvidia and hold it forever?"

HOWARD:
Tempting idea, Tom. Nvidia has been a rocket ship. But forever's a long time.

MICHAEL:
We love growth stories—but we also love reality. And reality says no stock grows to the sky uninterrupted. The market has a long memory and a short temper.

HOWARD:
Instead of going all-in on the next “it” stock, we help clients get exposure to growth themes—like AI—through diversified vehicles. ETFs, actively managed funds, even structured annuities that capture upside while limiting downside.

MICHAEL:
We’d never bet your future on one ticker symbol. We’d rather design a plan that gives you exposure, risk mitigation, and dynamic strategy.

HOWARD:
Final one from Allison in Fort Lauderdale:
"How do I know if I’m too exposed to market risk right now?"

MICHAEL:
Allison, fantastic question. This is where tools like Riskalyze come in. We can quantify your portfolio’s risk in real-world terms. Like, “how much could I lose if the market drops 20%?”

HOWARD:
Then we compare that to your comfort zone and goals. If you're 62, hoping to retire in three years, and sitting in 90% equities… we need to talk.

MICHAEL:
We also review your income needs, estate planning, and tax implications to see if the risk you’re taking actually serves your goals. A lot of people are riding risk they don’t even realize they have.

HOWARD:
And when markets do turn, it’s the overexposed portfolios that suffer the most. We help clients avoid that pain. Give us a call at 561-300-0090, visit www.silveredgefg.com, or email me directly at howard@silveredgefg.com. Let’s check your exposure—before the market does it for you.

MICHAEL:
Let’s talk about something deeper than returns or portfolio construction—*change.* Life is full of major transitions. Some expected. Some sudden. And how you invest during those moments can shape your financial future more than any market move ever will.

HOWARD:
We see it all the time—clients coming to us at a crossroads. They’ve just sold a business. They’ve lost a spouse. They’ve retired, divorced, inherited wealth, or had a major health event. These aren’t just financial moments—they’re emotional ones.

MICHAEL:
And they call for more than just a spreadsheet response. They call for insight. Strategy. And the ability to zoom out and ask, "What needs to change in your plan now that your life just changed?"

HOWARD:
One of our clients recently came into a large inheritance. Wonderful opportunity—but it came with overwhelm. Questions like: "Do I keep my parents' investments?" "Should I buy real estate?" "Do I need a trust?" We walked her through each decision, step by step, and helped her reframe the money as a *foundation*—not a burden.

MICHAEL:
Or another client, newly divorced after 30 years, re-entering financial independence. She hadn't made solo money decisions in decades. We helped her build a portfolio from the ground up. Not just allocating assets—but rebuilding confidence.

HOWARD:
When these moments hit, the last thing you need is an advisor throwing acronyms at you or saying, "Let's just rebalance and see how next quarter goes." You need someone who listens first—and then builds a plan that reflects *your* new reality.

Disclosures: 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.

MICHAEL:
It's also about pacing. You may not need to invest that inheritance right away. You might need a cash buffer, a tax strategy, a legal update. These are nuanced moves that don't show up on a model portfolio or risk quiz.

HOWARD:
At Silver Edge, we've made it our mission to handle these transitions with care, clarity, and a steady hand.

MICHAEL:
If you're in a major life shift—or you see one coming—let's plan for it *now*. Call us at 561-300-0090, visit www.silveredgefg.com, or email Howard directly at howard@silveredgefg.com.

HOWARD:
Whether you're navigating a windfall, a retirement, a loss, or a new chapter—this is where smart planning matters most. Let's get it right together. And speaking of planning, let's zoom out even further—beyond your lifetime. Because real financial strategy doesn't stop with you. It

continues through your legacy. So let's talk about something that doesn't get enough airtime: what happens to your wealth after you're gone?

MICHAEL:
This is the kind of conversation clients often delay—but it's one of the most important. Because real financial planning isn't just about growing assets. It's about *directing* them. Preserving them. And yes—*intentionally* passing them to the next generation.

HOWARD:
Exactly. At Silver Edge, we don't just talk about returns—we talk about *results.* And that means structuring your investments and estate plan so that your money continues to work long after you do.

MICHAEL:
We've partnered with Wealth.com to give our clients modern, intuitive tools for estate planning—whether it's setting up a trust, assigning healthcare proxies, or making sure that your assets are distributed according to your values.

HOWARD:
Too often, people assume their will or beneficiary designations are "set it and forget it." But tax laws change. Family dynamics change. And if you haven't reviewed your estate plan in 5, 10, even 20 years? You could be setting up your heirs for confusion, conflict, or unnecessary taxes.

MICHAEL:
Or you may not have one at all. We see it all the time—high-net-worth clients with millions invested but no clear roadmap for their legacy.

HOWARD:
That's where what we call generational asset mapping comes into play. And no, it's not just estate planning. It's not just naming beneficiaries. It's about designing a family-wide strategy that considers taxes, liquidity, timing, and legacy across multiple lifespans—not just your own. Too many people build a fortress of wealth… and then leave their kids a financial labyrinth. No map. No explanation. No context. We believe wealth transfer should be *organized*, *understood*, and *optimized*—not just inherited.

MICHAEL:
Let's say you're in your 60s or 70s, and you've built a strong portfolio, some real estate, maybe a business. You plan to leave it to your kids. Great. But are your assets in vehicles that minimize tax burden for them? Will they receive income or lump sums? Will it fund college for grandkids—or create tax headaches?

HOWARD:
Or flip the script. We have clients in their 30s and 40s now inheriting IRAs, trusts, investment properties—and they have no idea what to do with them. It's overwhelming. There's emotion. Responsibility. And if they're not coached well? Wealth gets mismanaged, fragmented, or lost.

Disclosure: LPL Financial representatives offer access to Trust Services through The Private Trust Company N.A. an affiliate of LPL Financial.

MICHAEL:
That's where we come in. We map the whole family tree—from matriarch to millennial—and create a coordinated asset strategy. This includes:

- Aligning investment goals by generation.
- Structuring accounts for efficient transfer.
- Preparing heirs emotionally and financially.
- And yes—designing investment allocations make sense for *each* generation's time horizon and needs.

Disclosure: Asset allocation does not ensure a profit or protect against a loss.

HOWARD:
Sometimes we even recommend transferring wealth *during your lifetime* to reduce estate taxes, start education funds, or launch philanthropic efforts. It's not always about what happens *after* you're gone. It's about impact *while* you're here.

MICHAEL:
We've done family meetings where multiple generations come together. We talk openly about goals, responsibilities, and fears. That kind of dialogue builds continuity—and confidence.

HOWARD:
And let's be blunt—if you're not doing this kind of planning, the IRS and probate courts will happily make decisions for your family. We prefer to keep your wealth in your control.

MICHAEL:
So whether you're the wealth builder or the next in line—reach out. Let us create a generational asset map tailored to your family. Call 561-300-0090, visit www.silveredgefg.com, or email Howard at howard@silveredgefg.com.

HOWARD:
Because when your plan spans generations, your legacy becomes more than just a number. It becomes a blueprint for success—for decades to come. If you haven't addressed your legacy

plan—or if you want to be sure it still reflects your goals—this is a great reason to reach out. Call 561-300-0090, visit www.silveredgefg.com, or email me at howard@silveredgefg.com.

MICHAEL:
Let us help you write the next chapter of your financial story—not just for you, but for the people you care about most.

MICHAEL:
With a disciplined, thoughtful strategy—backed by a team that works for *you*—you can harness that engine to build lasting financial success. Before we wrap up today's show, let's talk about a trap that catches even the most disciplined investors—knowing when to take profits.

HOWARD:
Right. We've talked about the value of staying invested over the long haul. But there's a flip side: when a stock has run *too* far, *too* fast, you've got to ask—are you chasing returns, or preserving wealth?

MICHAEL:
Take Nvidia and some of these other AI darlings. They've delivered, frankly, ungodly returns in the past couple of years. And it's tempting to just hold, hold, hold—because it's been working. But that mindset can melt away the wealth you've built if the stock takes a sudden turn.

HOWARD:
That's what our colleague Lance Roberts calls the "greed trap." He says it comes in three forms:

1. The need to make more.
2. Not knowing when "enough is enough."
3. And the unwillingness to pay taxes on gains.

MICHAEL:
Let's be real—paying capital gains taxes can sting. But you know what stings worse? Watching your gains evaporate in a market correction and being left with regret *and* no profits to show.

HOWARD:
Exactly. One strategy we often recommend: take some chips off the table. Maybe sell half your gains. Move the proceeds into safer instruments—short-term Treasurys, structured annuities, buffered ETFs, or even just cash equivalents.

MICHAEL:
And if you're worried about the tax hit, keep this in mind: taxes on capital gains are usually far cheaper than the losses that can come from overexposure in a concentrated position. Ask

yourself: *Are my investments aligned with my long-term goals and risk tolerance?* That's the kind of question we help our clients answer every day.

HOWARD:
And it's why we encourage all of our listeners—whether you've had a windfall in tech or you're unsure how to balance your portfolio—to come in for a complimentary review. Call 561-300-0090 or visit www.silveredgefg.com. Or shoot me an email at howard@silveredgefg.com. The truth is, most financial plans don't account for any of this. They're static, one-dimensional, and based on outdated assumptions. That's not how we do things at Silver Edge Financial Group. We're tactical. We're personal. We're hands-on. We build portfolios with precision, grounded in your goals—not some mass-produced model. And we stay in touch—adjusting as your life, the market, and your family evolve.

MICHAEL:
So if you're listening today and thinking, "I haven't reviewed my portfolio in a year," or "I don't know if my advisor is doing anything behind the scenes,"—or if you just want to see how your current setup stacks up—

HOWARD:
Call us. Seriously. Let's talk.

📞 561-300-0090

🌐 www.silveredgefg.com

📧 Or email me directly at howard@silveredgefg.com.

MICHAEL:
We offer a no-cost, no-obligation portfolio review. We'll help you see what's working, what's not, and where your strategy could use an edge.

HOWARD:
We're not just advisors. We're partners. Strategists. And yes—sometimes the steady voice when markets—or life—gets noisy. That's all for today. Join us next week on *Financial Edge*, where we bring clarity and direction to financial planning—every Sunday morning.