

Episode 24: Why I don't like Mondays!

Study link: https://www.q3tactical.com/pdf/Q3_Day_of_Week_Study.pdf

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Michael Bass:

Good morning, and welcome to *Financial Edge with Silver Edge Financial Group*. I'm Michael Bass, financial advisor and co-host of today's program. Each week, we aim to demystify the markets, decode financial headlines, and deliver practical insights that help you take control of your financial future.

Howard Silver:

And I'm Howard Silver. As founder of Silver Edge Financial Group, I'm proud to help guide today's conversation. This morning, we're diving into something that's fascinated both professionals and academics for decades—market behavior and calendar effects. Specifically, what history tells us about performance patterns tied to the days of the week.

Michael:

We're calling this episode “Why I Don't Like Mondays”. At first glance, it might sound like trivia—but in truth, this data holds meaningful insights into how investor psychology influences market movements, and more importantly, how we at Silver Edge translate these insights into smarter portfolio strategies.

Howard:

That's right. Let's start with one surprising statistic from Q3 Asset Management's Day of the Week Phenomenon Study. A historical analysis of the Dow Jones Industrial Average from 1900 through late 2023 found that if you had only invested in the market on Mondays—buying at the open and selling at the close—you would have turned a \$100,000 investment into just \$771.

Michael:

That's not a rounding error—that's a 99.2% loss. Meanwhile, if you'd followed the same strategy but executed it only on Fridays, that same \$100,000 would now be worth over \$5.5 million. Tuesdays weren't bad either—over \$1.4 million.

Howard:

It's counterintuitive, right? After all, the market has climbed exponentially over the past century. But when you isolate performance by day, investor behavior—especially emotional responses to news and macro events—creates patterns.

Michael:

This is where our team at Silver Edge pays particular attention. We don't just look at historical data—we ask, "What's driving these patterns? How do these behaviors reflect opportunities or risks?" And most importantly, "How do we use that information to benefit our clients in real, tangible ways?"

Howard:

Exactly. The Monday phenomenon, for example, is likely tied to the weekend news cycle. Investors have time to absorb news—often negative—and by Monday morning, that worry turns into action. It's a classic case of behavioral finance in motion.

Michael:

Which is why "Turnaround Tuesday" exists—mean reversion kicks in. Prices get oversold on Monday, and the rest of the week becomes a period of recovery. At Silver Edge, we're not just aware of these tendencies—we incorporate them into our investment philosophy, focusing on disciplined, tactical adjustments that help clients capture value in overlooked places.

Michael:

Let's be clear, though—we don't advocate building a portfolio based on the day of the week. That's not strategy, that's speculation. But what this kind of data does tell us is that markets are not always rational in the short term. Investor emotion, timing, and herd behavior all play a role, and understanding those tendencies helps us position portfolios more intelligently.

Howard:

Exactly. It's not about trading on Fridays—it's about knowing *why* Fridays have historically delivered stronger returns. It's about recognizing that emotion drives markets more often than fundamentals, especially in the short term. And if you're working with an advisor who isn't incorporating behavioral finance into their process, you might be missing the full picture.

Michael:

This is a perfect example of why we've built Silver Edge to be independent, flexible, and deeply data-driven. Our firm avoids the herd mentality that often plagues larger institutions. We don't use "off-the-shelf" models. Instead, we tailor strategies that adapt to market conditions and client-specific goals, informed by the kind of insights we're talking about today.

Howard:

And our approach is hands-on. We rebalance and reevaluate every 6 to 12 weeks, based on real

market dynamics—whether that’s interest rate shifts, geopolitical tensions, or behavioral anomalies like what we see on Mondays. Everything is reviewed through the lens of: “Is this aligned with our clients’ goals, risk levels, and the opportunity set today?”

Michael:

For those of you listening, this is exactly the kind of work we do in our complimentary portfolio reviews. If you’re unsure how your investments are positioned, or whether your current strategy is still serving you well, give us a call at 561-300-0090. Or visit www.silveredgefg.com to schedule a virtual or in-person consultation.

Howard:

Or reach out to me directly—howard@silveredgefg.com. These conversations are low-pressure and often eye-opening. Even if you walk away deciding to stay the course with your current advisor, you’ll leave with clarity, and maybe some questions are worth asking.

Michael:

Let’s bring this back to the broader takeaway: markets don’t move in a straight line. There are some structural patterns, some behavioral. Our job as advisors is to identify them, interpret them, and apply them in ways that create value. And sometimes that means leaning into opportunity when others are reacting emotionally.

Howard:

And that’s the key. When others overreact, there’s often a window to reposition. At Silver Edge, we don’t just wait for that window—we prepare for it. That’s the benefit of an actively managed, non-passive, deeply diversified portfolio.

Michael:

Michael:

Let’s open up the mailbag and spend a few minutes answering some of the excellent questions we’ve received from listeners recently. These conversations are a great way to address the financial questions on everyone’s mind—and they help us highlight some of the deeper planning work we do every day at Silver Edge.

Howard:

Agreed. And we always appreciate these questions—they reflect the kind of thoughtful concerns we hear in client meetings, and they often touch on topics that go far beyond just investing.

Michael:

Here’s one from Dennis in Jupiter. He writes: *“I’m five years from retirement and trying to decide if I should pay off my mortgage or invest the cash. What’s the smarter move?”*

Howard:

Dennis, great question—and the answer, as always, is: it depends. We look at factors like the interest rate on your mortgage, your tax situation, risk tolerance, and what that invested money could potentially earn net of fees and taxes. If your mortgage rate is low and you itemize deductions, keeping it might be more efficient. But if having it paid off helps you sleep better or reduces fixed expenses in retirement, that's worth factoring in too.

Michael:

It's also about opportunity cost. A well-structured portfolio could yield more over five years than you're paying in interest—but only if it's managed correctly. That's where our planning process comes in. We run those side-by-side comparisons for clients all the time to help clarify which path supports their long-term goals better.

Howard:

Next one is from Jamie in Fort Lauderdale. She asks: *"I keep hearing about annuities. Some people love them, others say avoid them at all costs. What's the real story?"*

Michael:

Jamie, that's the annuity paradox in a nutshell. There are many types of annuities, and yes, some are overpriced or overly complex. But others—especially advisory-class registered index-linked annuities, or RILAs—can be extremely effective for certain planning needs.

Howard:

Exactly. At Silver Edge, we use annuities strategically—not as a product to sell, but as a planning tool. The RILAs we use are transparent, low-cost, have no surrender charges, and offer downside buffers with equity market participation. They're particularly useful for clients seeking retirement income, volatility control, or even estate planning efficiencies.

Michael:

Bottom line: it's not about whether annuities are "good" or "bad." It's about selecting the right tool for the job. And making sure it's cost-effective and aligned with your broader plan.

Howard:

Here's one from Sheila in Boynton Beach. She writes: *"My kids are in their 30s, finally starting to invest. What should they be focusing on early in their careers?"*

Michael:

That's a fantastic question, Sheila—and good for them. Early-career investors should focus on three pillars: building emergency savings, maxing out tax-advantaged accounts like 401(k)s or Roth IRAs, and avoiding lifestyle inflation. You'd be amazed how powerful consistent saving habit is over 30 years.

Howard:

And let's not overlook asset allocation. Young investors have time on their side, which means they can afford more equity exposure—but that doesn't mean they should just chase tech stocks. A diversified portfolio—even at that age—sets the foundation for disciplined investing through good markets and bad.

Michael:

And don't forget education. We spend time with clients' adult children all the time—explaining how to interpret their first 401(k) statement, how to build credit, or how to evaluate insurance needs. It's a relationship that spans generations, and we take a lot of pride in that.

Howard:

Last one for today—this comes from Arthur in Wellington: *“What's the biggest mistake you see retirees make when it comes to managing their money?”*

Michael:

That's a big one—and an important one. I'd say the top mistake is failing to shift from accumulation mode to distribution planning. Retirees often forget that the tax rules, income sources, and risk profile all change once they stop working.

Howard:

And I'd add: not planning for sequence-of-return risk. If the market drops early in retirement and you're drawing income from a volatile portfolio, you can deplete your assets much faster than you expect. That's why we build income strategies that factor in market timing, buffer assets, annuities when appropriate, and of course—tax location.

Michael:

Which is exactly the kind of strategy we build through our retirement income plans. If you're within five to ten years of retirement—or already there—and haven't reviewed your distribution plan, now's the time. Call us at 561-300-0090 or visit www.silveredgefg.com to get started.

Howard:

Or email me directly at howard@silveredgefg.com. We'll review your current setup, identify potential gaps, and provide clear, practical options. That's what we do best.

Michael:

All right, up next—we're turning our focus overseas. The 2025 rally in international markets has caught many investors off guard. Howard, have you seen what's going on with international stocks this year?

Howard Silver:

Oh, it's impossible to ignore. While the S&P 500 has done a solid job shaking off the April tariff tantrum, international stocks—particularly those tracked by the MSCI ACWI ex U.S.—have absolutely surged. That index is up more than 11% in 2025. And the buzzword on the street? The ABUSA trade—Anywhere but the U.S.A.

Michael:

That's right, folks. The Magnificent Seven has been magnificent, no doubt—but lately, investors are broadening their horizons. What's fascinating is the valuation gap. The ACWX index, which tracks those non-U.S. companies, is trading at a forward P/E of about 14. Meanwhile, U.S. stocks? They're hovering at 21 times earnings.

Howard:

That's not just a gap—it's a canyon. And while some might argue that U.S. companies deserve that premium, the math is getting harder to justify. Especially when analysts are actually *raising* earnings expectations for foreign companies, while *cutting* them for domestic ones.

Michael:

Now let's pause here. This doesn't mean we throw out our U.S. holdings. But it *does* reinforce something we've been telling clients for years—diversification isn't a trend, it's a strategy. And now it's looking a lot more rewarding, too.

Howard:

Let's give a bit of history. Over the past decade, U.S. stocks, led by tech giants, returned around 230%. That's roughly eight times more than international stocks. And everyday investors—let's be honest—they chased that momentum. Apple, Tesla, NVIDIA... it was a party.

Michael:

Meanwhile, the pros—many of them—were pounding the table about valuation and reversion to the mean. It just didn't play out. Until now.

Howard:

Right. And here's the kicker: AQR Capital Management recently showed that since 2015, U.S. outperformance has largely been due to *actual* superior earnings growth—about three percentage points annually. So, this “American exceptionalism” narrative wasn't just hype.

Michael:

But here's where the story changes. To *maintain* that lead, U.S. companies need to grow earnings 2.2 percentage points faster than international peers going forward. Historically? That delta is more like 1%. And right now? Analysts expect it to be... zero.

Howard:

Which means—for once—you may not have to trade growth for value when investing abroad. That's a huge shift. And here at Silver Edge, we're already incorporating it into our tactical allocations.

Michael:

For those of you listening who haven't reviewed your international exposure in a while, now is the time. Give us a call at 561-300-0090 or go to www.silveredgefg.com to schedule your free portfolio review.

Howard:

Or email me directly—howard@silveredgefg.com. Let's talk about what a globally diversified, tactically managed portfolio really looks like—because chances are, it's very different than what you currently own.

Michael:

And the goal isn't to guess the next hot region. It's to build a portfolio that adapts. That's what we do—hyper-diversified, opportunistically managed, and always aligned to your goals.

Michael:

Now that we've looked at the case for international equities, let's zoom out and talk about portfolio construction more broadly. Because in this kind of environment—high valuations, shifting growth forecasts, geopolitical uncertainty—how you build a portfolio matters more than ever.

Howard:

Absolutely. We're in a market that's rewarding selectivity. The days of just buying the index and riding the wave are behind us—at least for now. What we're seeing is a rotation toward quality, toward balance, and most importantly—toward intentional design.

Michael:

Intentional is the word. At Silver Edge, portfolio construction isn't about throwing darts at a list of funds. It's a structured, ongoing process that incorporates forward-looking data, volatility metrics, asset correlation studies, tax considerations, and of course—client-specific goals and constraints.

Howard:

And part of that process includes identifying where traditional allocations fall short. Too many portfolios are still overweight passive instruments with tremendous downside risk. We see it all the time: portfolios loaded with low-cost index funds, but no tactical layers, no hedging, no flexibility.

Michael:

That's where we introduce things like managed futures, low-correlation alternatives, RILAs, even tax-managed equity sleeves. These aren't off-the-shelf products, they're precision tools. Each one serves a purpose, whether it's reducing drawdown risk, smoothing volatility, or improving tax efficiency.

Howard:

And we're constantly evaluating those positions. Our reallocation schedule isn't fixed—it's driven by what's happening in the real world. If inflation data surprises, if central banks pivot, if international momentum shifts—our clients' portfolios adjust accordingly. This is what active management *should* look like.

Michael:

That flexibility is critical, especially for those nearing retirement. Your allocation at 45 might've worked when you had time on your side. But once income needs begin and capital preservation becomes a priority, you need a structure that reflects that shift. And frankly, a lot of traditional advisors don't make that adjustment early enough.

Howard:

That's why every client at Silver Edge has a custom-built plan. And we revisit it regularly. If your advisor hasn't had that conversation with you lately, it may be time to rethink who's managing your money—and how.

Michael:

We invite you to reach out. Schedule a complimentary, no-obligation review by calling 561-300-0090 or visiting www.silveredgefg.com. Or email Howard directly at howard@silveredgefg.com. Let us stress-test your current strategy and show you how we build in layers of risk mitigation, flexibility, and opportunity.

Howard:

Markets evolve. Your portfolio should be too. And if it's not evolving with you, it's probably holding you back.

Michael:

Let me share a recent example that really illustrates what we're talking about. A couple—we'll call them Robert and Elena—came to us earlier this year. They were both in their early 60s, recently sold a business, and had about \$2.7 million in investable assets. But they weren't sure what to do next. Their current advisor had them in a basic 60/40 allocation, mostly in passive index funds and bond ETFs.

Howard:

And what stood out immediately was that their portfolio had zero downside hedge, no income plan, and no tax strategy in place. They had a Roth IRA, a taxable account, a rollover IRA everything was scattered. They were in a good financial position, but the plan lacked structure. It was reactive, not proactive.

Michael:

We sat down and walked through their goals—travel, legacy for their kids, charitable giving, healthcare planning—and we built a custom plan that incorporated all of that. Here's what we did: we carved out a portion of their assets into an advisory-class RILA to generate income starting in five years with a downside floor. We restructured their equity exposure using a combination of low-volatility managers, tax-managed strategies, and global tactical funds to reduce correlation risk.

Howard:

And on the tax side, we introduced asset location strategies—moving income-producing assets into tax-advantaged accounts and placing more tax-efficient holdings in their brokerage account. We also started Roth conversions at strategic intervals to reduce future RMD obligations.

Michael:

Working with us, they got a plan documented, aligned with their timeline, and built to adapt. More importantly, they gained clarity. That's the result of a coordinated, hands-on advisory relationship.

Howard:

And that's what separates Silver Edge from so many firms out there. We don't outsource your strategy. We don't hand you off to a service desk. We build, manage, and adjust your plan ourselves—with you involved every step of the way.

Michael:

As we wrap up today's show, let's take a moment to summarize a few key takeaways:

1. Markets aren't always rational—behavioral patterns like the “Monday Effect” can create inefficiencies. But understanding them takes more than just curiosity, it takes real analysis.
2. Calendar-based anomalies are interesting, but what matters most is the structure of your portfolio and how it reacts to volatility, opportunity, and change.
3. International markets are presenting a rare moment of alignment: attractive valuations *and* improving earnings. A diversified strategy should reflect that.

4. Passive investing alone isn't enough anymore. It's time to consider whether your portfolio is built for resilience, growth, and flexibility—not just simplicity.

Howard:

If any part of today's conversation has struck a chord—if you're unsure about your current allocations, your retirement income plan, or whether you're truly taking advantage of today's opportunities—let's have a conversation.

Michael:

Give us a call at 561-300-0090. Or visit www.silveredgefg.com to book your complimentary consultation. We'll look at your current portfolio, walk through your goals, and show you—clearly—where your strategy may need refinement.

Howard:

You can also reach out to me directly at howard@silveredgefg.com. Whether it's a quick question or a full second opinion, we're here for you.

Michael:

Thanks for spending your Sunday morning with us. We hope you found today's conversation informative, maybe a little surprising, and most importantly actionable.

Howard:

Until next time, stay thoughtful, stay strategic—and remember: your financial future deserves more than a cookie-cutter plan. It deserves the Silver Edge.