NEXADVISORS

April 2025

NEX NEWS

Keen monthly insights on both the economy and the markets

THE ECONOMY

It most assuredly remains a ‘bull market’ for economic uncertainty, with headlines so widely varied they make a head spin. Some say, the highest US tariffs since the 1800’s will be ‘a major speed bump to the economy’, while Trump himself is calling April 2nd “Liberation Day”.

Adding to the uncertainty, are the very few examples of tariffs being used in the past, or at least the recent past. This has led to a wide split in forecasts between highly reputable economists, with one even saying: “it’s time to throw away the textbooks.”

We continue to believe Trump’s tariffs will be most like a new exercise routine, meaning: some short-term pain for longer-term gain. Time will tell if this proves correct.

THE MARKETS

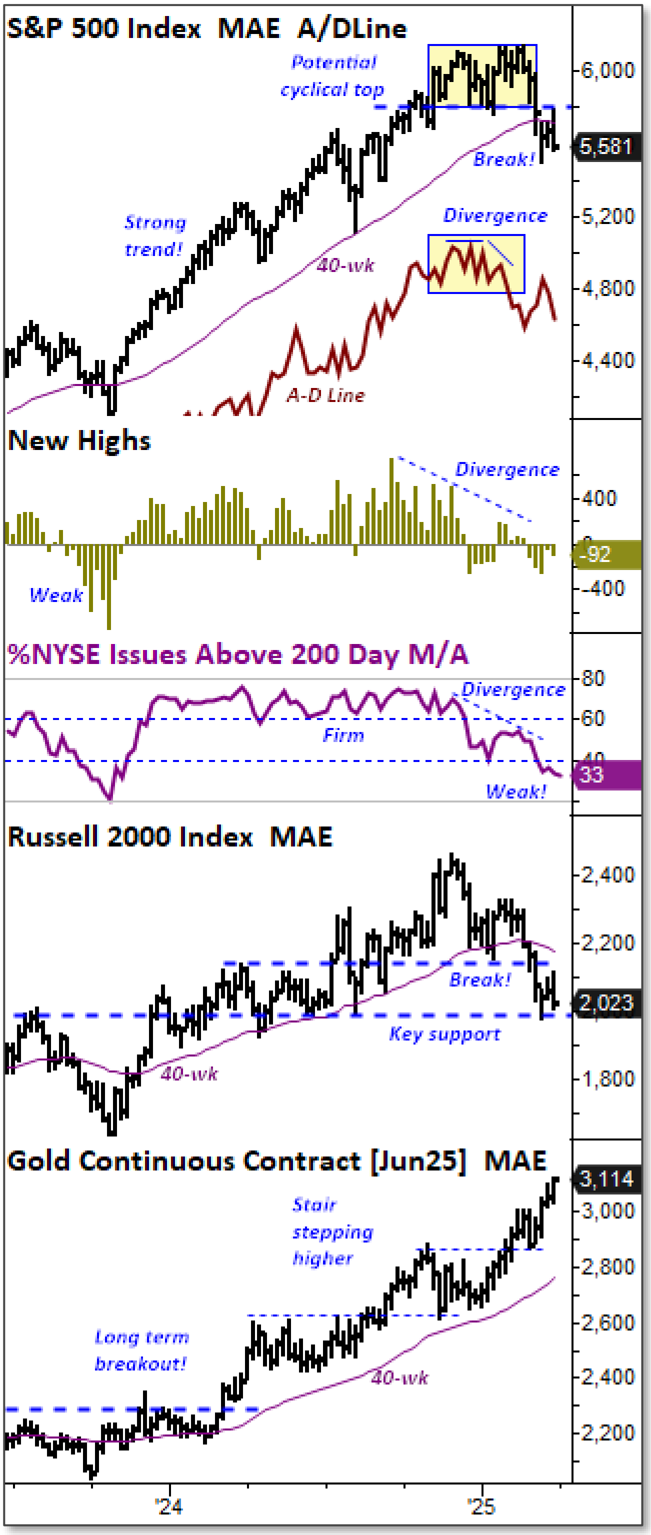
Given our technical tools *respond to* market action, as opposed to predict it, I’m happy to report that we don’t need to scrap our textbooks. Put differently, it’s wiser to listen to the markets, than to tell them what to do.

The story they are telling now, continues to be one of concern. For months we’ve noted diverging internals, which are akin to the pulse and blood pressure of the stock market. Key indices have broken important areas of support and are now forming patterns of ‘lower lows & lower highs’, the very definition of a downtrend.

While it remains to be seen whether stocks are merely seeing a correction, or a full-fledged bear market, we believe caution is a prudent strategy until internals firm.

Finally, gold continues to benefit from this uncertainly and geopolitical instability and is now trading at all-time highs. A great example of the saying: “there’s always a bull market somewhere.”

Mike Hurley, CMT
Chief Investment Officer



Charts courtesy of TradeStation, as of March 28, 2025

NEXADVISORS
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Traditional Strategies

We start our process with traditional, modern portfolio theory models, then adjust them based on our outlook. Specifically, we seek to:

1) Maintain higher cash levels when we're expecting a cyclical downturn, or 'bear' market
2) Add gold to portfolios during periods of inflation
3) Tilt fixed income positions based on credit conditions and the trends in interest rates

We offer Conservative, Moderate and Aggressive models, which use stock/bond ratios of 40/60, 60/40 & 80/20, as their starting points, respectively.

Adaptive Strategy

Our 'adaptive' model breaks from modern portfolio theory, based on the observation that markets typically become highly correlated when under stress.

This strategy applies momentum and risk parity to a universe of 10 ETFs, selecting a portfolio of 5. The portfolio is rebalanced monthly using the 60-day volatility to weight the top 5 ETFs. The goal being, to provide stock like returns with lower volatility.

About NexAdvisors

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