NEXADVISORS

May 2025

NEX NEWS

Keen monthly insights on both the economy and the markets

THE ECONOMY

The economic uncertainty we have been discussing the past several months turned downright gloomy in April, with the Advance Estimate of 1Q'25 US GDP from the Bureau of Economic Analysis falling by 0.3%.

Converting to plain English, this means the US economy quite likely contracted during the first quarter of 2025 and is halfway to the unofficial definition of a recession (two consecutive quarters of declining GDP).

Going forward, we continue to believe Trump's policies are best viewed like a new exercise routine, meaning: some short-term pain for longer-term gain. Time will tell if this view proves correct.

THE MARKETS

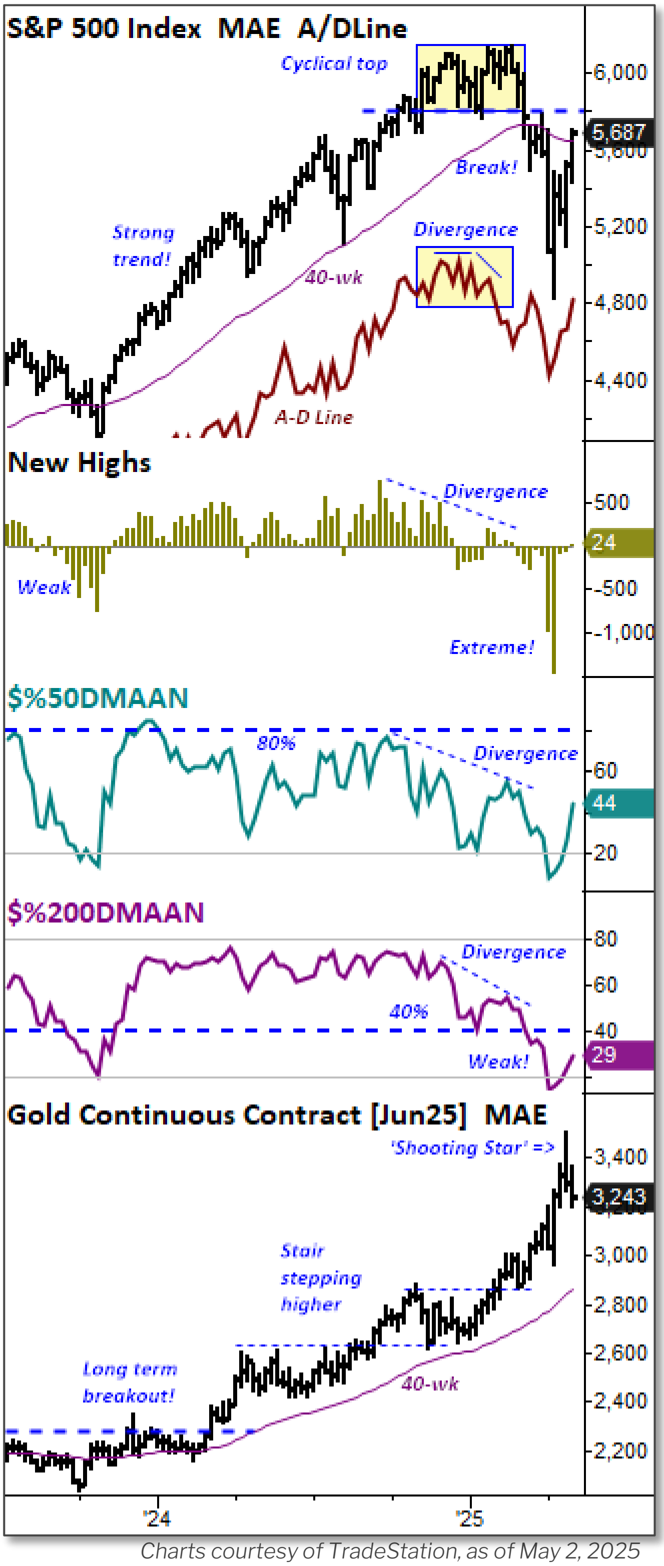
As for markets, there's an old Wall Street adage that says: "Bear markets come like a thief in the night". The 8-wk./21% drop in the S&P 500 we just witnessed has become the latest, great, example.

While we're happy our technical tools alerted us ahead of the steep drop in April and afforded us time to adjust, the real question now is: "Was that it? Is it safe to get back in the water?"

Given we can argue it both ways, we will remain skeptical of any rally until we see a surge in breadth – as defined by the green & purple lines to the right getting back through 80% & 40%, respectively. While no one system is perfect, using these indicators as filters is a great way to avoid being too early.

Finally, while gold remains in a strong uptrend the shiny yellow metal may have finally formed a short-term top, as evidenced by the 'shooting star' on its weekly chart. Regardless of whether that is the case (or not), we remain bullish on gold longer-term.

Mike Hurley, CMT
Chief Investment Officer



Charts courtesy of TradeStation, as of May 2, 2025

NEXADVISORS
www.nexadvisors.com

300 Crescent Ct., Suite 700
Dallas, Texas 75201
214-550-8350
info@nexadvisors.com

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

NexAdvisors is a privately owned, independent wealth manager located in Dallas, Texas, comprised of professionals with over 100 years of combined experience in the industry. We provide both traditional investment strategies along with forward-thinking approaches to help our clients meet their goals. Please visit www.nexadvisors.com or call us at 214-550-8350 to learn more.

NexAdvisors is a NexAnnuity company. NexAnnuity's mission is to develop and deliver solutions for modern retirement needs. Please visit www.nexannuity.com to learn more about NexAnnuity solutions.

Disclosures

Past performance does not guarantee future results.

Statements in this communication may include forward-looking information and/or may be based on various assumptions. The forward-looking statements and other views or opinions expressed herein are made as of the date of this publication. Actual future results or occurrences may differ significantly from those anticipated and there is no guarantee that any particular outcome will come to pass. The statements made herein are subject to change at any time. NexAdvisors disclaims any obligation to update or revise any statements or views expressed herein.

No representation or warranty is made concerning the completeness or accuracy of the information contained herein. Some or all of the information provided herein may be or be based on statements of opinion. In addition, certain information provided herein may be based on third-party sources, which information, although believed to be accurate, has not been independently verified.

The information provided herein is not intended to be, nor should it be construed as an offer to sell or a solicitation of any offer to buy any securities. This commentary has not been reviewed or approved by any regulatory authority and has been prepared without regard to the individual financial circumstances or objectives of persons who may receive it. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. NexAdvisors encourages any person Considering any action relating to the securities discussed herein to seek the advice of a financial advisor.

The Conference Board Leading Economic Index® (LEI) and Coincident Economic Index® (CEI) are comprised of multiple independent indicators which are designed to signal peaks and troughs in the US business cycle. The CEI reflects current economic conditions and is highly correlated with real GDP. The LEI is a predictive tool that anticipates turning points in the business cycle by ~7 months. The S&P 500 a market-capitalization-weighted index that tracks the market performance of the 500 largest U.S. publicly traded companies.

Advisory services offered through NexAdvisors, LLC, a registered investment advisor.
NOT FDIC INSURED. MAY LOSE VALUE. NO BANK GUARANTEE.

NEXADVISORS
www.nexadvisors.com

300 Crescent Ct., Suite 700
Dallas, Texas 75201
214-550-8350
info@nexadvisors.com