NEXADVISORS

June 2025

NEX NEWS

Keen monthly insights on both the economy and the markets

THE ECONOMY

The debate continues to rage as to whether (or not) the Trump administrations economic policies will push the US economy into a recession. While it may ultimately slip into one – it hasn't yet. We remain optimistic and believe Trump's policies will be a benefit longer-term.

A big driver of the debate continues to be the difference between Leading, and Coincident, Economic Indicators, which we discussed this several times last summer. The divergence continues to grow, as the decline in the Index of Leading Indicators is now nearing the 4-year mark.

This has been quite frustrating to economists, as one of their favorite tools does not looks to be working. The historically deep inversion in the US yield curve also forecasted a recession that never appeared. We think it's 'good news' the yield curve is finally getting back to 'normal'.

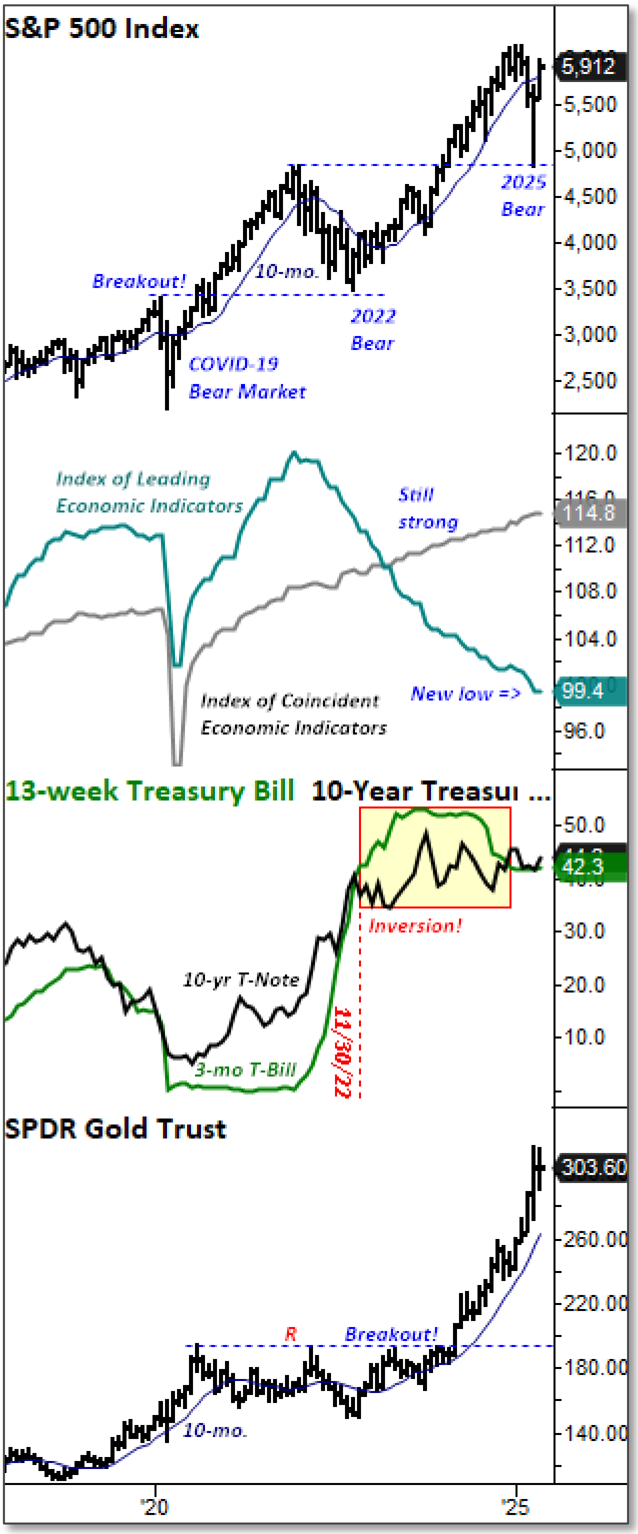
THE MARKETS

Since the peak in the LEI in Dec'21, stocks have seen two full bear markets (declines of 20% or more) as well as a bull market between them (which gained over 75%). All of this occurred during the LEI's downtrend, reinforcing that it a particularly poor tool for timing the stock market.

Our technical tools suggest stocks have most likely seen their lows for this cycle, based on the 'selling panic' and 'buying panic' we endured in April. While we also believe this is 'good news', we are still awaiting confirmation from breadth, as noted (and defined) in last month's installment.

Finally, we remain bullish on gold long-term and are quite happy to have it in our models. That being said, the shiny yellow metal's chart is indeed extended, and we believe starting some normal, healthy, consolidation.

Mike Hurley, CMT
Chief Investment Officer



Charts courtesy of TradeStation, as of May 30, 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

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.

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