Keen monthly insights on both the economy and the markets

THE ECONOMY

June was a historically eventful month, seeing increasing tensions over ICE raids, huge Supreme Court rulings and a 12-day war between Isreal and Iran. A war punctuated by US air strikes which (depending on who you believe) either damaged, or destroyed, Iran's nuclear weapon capability.

In the 'no news' category would be the Federal Reserve Open Market Committee, which left short term interest rates unchanged at their June meeting. Like President Trump, we view interest rates as too high, based on how they compare to the Central Bank rates in other developed countries (US: 4.50%, UK: 4.25%, Australia: 3.85%, Canada: 2.75%, ECB: 2.15%).

Despite the arguably restrictive monetary policy and issues around the world, the markets remain strong. Since our last installment numerous equity indices around the globe have traded to all-time highs, including the S&P 500.

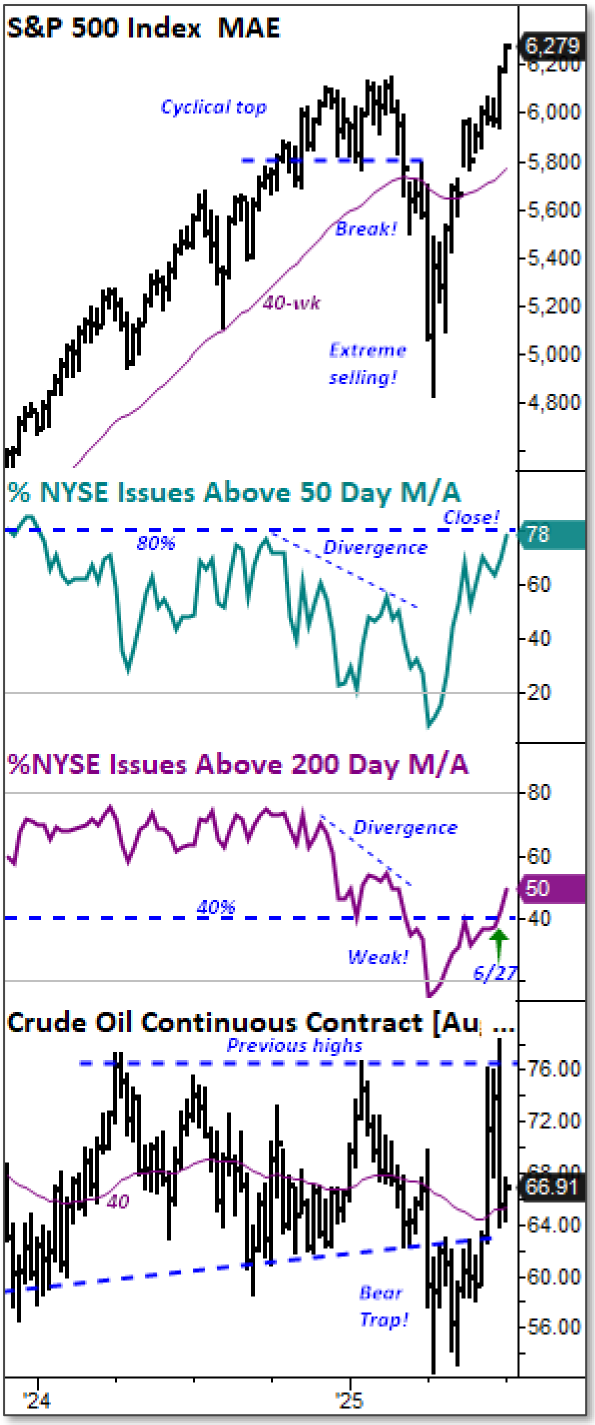
THE MARKETS

As we have discussed previously, we believe the selling panic and buying panic that hit the market in April will most likely set the lows for this market cycle.

Our key breadth indicators are now starting to confirm this view, with the percentage of stocks on the NYSE above their 200-day moving average moving north of 40% on June 27th. Seeing the percent above their 50-day average exceed 80% would flash an 'all-clear' signal technically.

At the heart of the strength in equities has been crude oil. More specifically, the fact that crude was rejected at its 2024 highs in the \$76-77 area. Had the US air strikes on Iran sent a more serious and damaging shockwave through the markets, we would likely have seen it first with a larger – and more lasting – spike in the price of crude.

Mike Hurley, CMT
Chief Investment Officer



Charts courtesy of TradeStation, as of July 3, 2025

NEX ADVISORS
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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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