NEXADVISORS

October 2025

NEX NEWS

Keen monthly insights on both the economy and the markets

THE ECONOMY

In last month's installment we discussed how economic data reports were moving to a more consistently positive message, from what had been a rather mixed bag. We specifically noted that 2Q'25 GDP showed 3.3% growth, which was better than both the expected figure of 3.1%, as well as the 3.0% reading from 1Q'25.

The number above was the 'second' estimate (of 3) and on Sep 25th the 3rd (and final) print for 2Q'25 US GDP came in at 3.8%! Higher than even the most optimistic of estimates and well above the FOMC's guess of 1.6%. Our point being, things in the real world could be better than you may realize.

The OECD (Organization for Economic Co-operation and Development) seems to agree, as they upgraded their global growth outlook after having downgraded it in June. A major turnaround, and something the strength in the overseas markets had been foretelling.

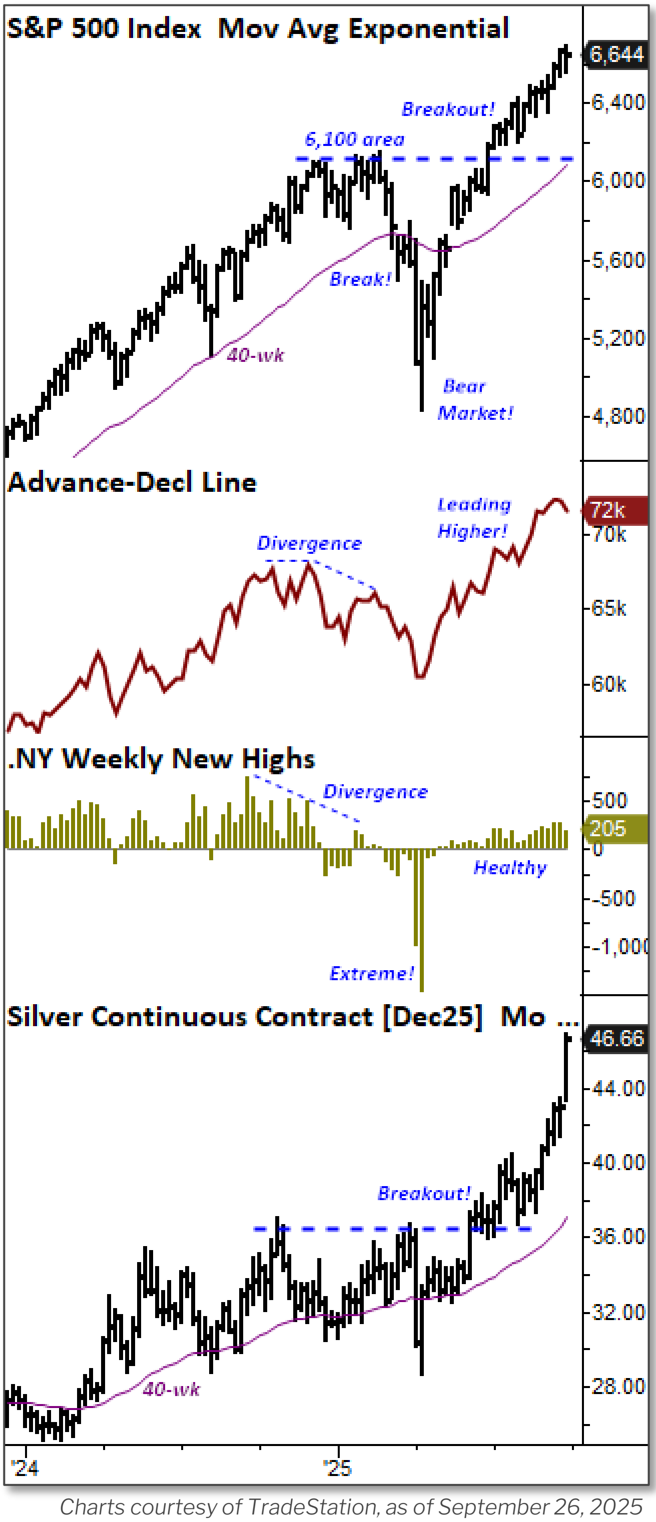
THE MARKETS

The big news in the markets (at least technically) has been the strength in the small cap shares. While they are not *leading* the market higher, just their participation is important and actually helps define a healthy market.

In addition to this improving 'breadth', stock market leadership also remains strong. We define this as the net number of stocks on the NYSE scoring a New 52-week High – which recently scored a new cycle high at 288.

Finally, last month we also discussed the breakout in gold noting the rally in precious metals was also 'broadening'. Silver, platinum & palladium have all remained strong, with silver surging through $46/oz last week.

Mike Hurley, CMT
Chief Investment Officer



Charts courtesy of TradeStation, as of September 26, 2025

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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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