NEX ADVISORS

February 2026
NEX NEWS

Keen monthly insights on both the economy and the markets

The Economy

The US economy continued to post better than expected results in February, as the Citi Economic Surprise Index (CESI) shows. The latest example being the very strong jobs report for January, which unexpectedly drove the US unemployment rate down to 4.3%.

We continue to believe the Trump Administration knows what it is doing regarding economic policy, with the job report above a good example. Not only was the net gain of 130k net new jobs a big beat, but it was comprised of 172k new private sector jobs and a reduction of 42k government sector jobs. Music to the ears of those like Ronald Reagan, who believe less government is better.

The Markets

As you might expect, the markets remain pleased with the economic performance above. We would even argue, 'stronger than meets the eye'. We say that based on market internals, such as breadth & leadership.

Specifically, as the S&P500 has gone sideways this year (down 2bp YTD as of the chart to right) both the number of Net New 52-wk. Highs and the Advance-Decline Line hit new cycle highs last week. Meaning, more stocks are going up than down, and an increasing number of them are scoring new highs. Healthy action technically.

Finally, as we have noted the last few installments, small and mid-cap stocks are the source of this strength in the market. This broadening is good news for both the stock market as well as the economy, as many of these smaller firms make tangible contributions to our daily lives.

Mike Hurley, CMT
Chief Investment Officer

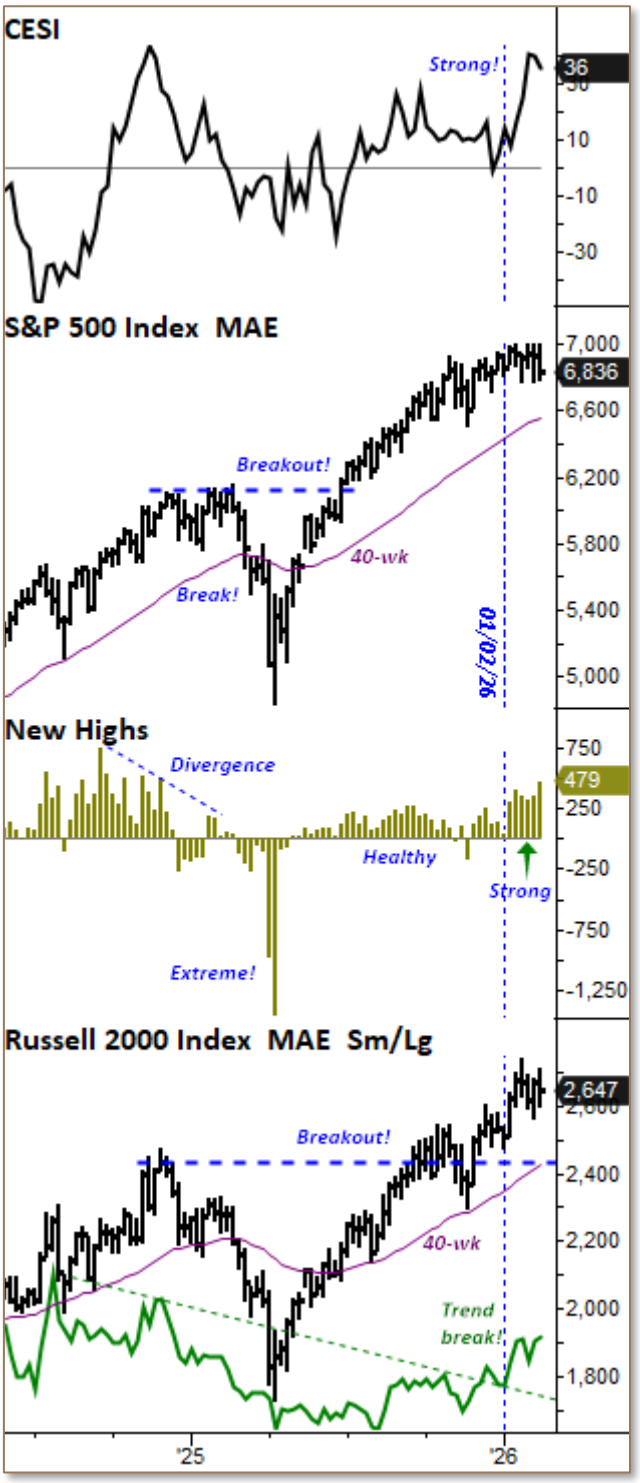

Chart courtesy of TradeStation – as of February 13, 2026

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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.

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