NEX ADVISORS

October 2026

NEX NEWS

Keen monthly insights on both the economy and the markets

THE ECONOMY

The US economy is now growing at a 2.2% annual rate, based on numbers for 2Q'26. Personal Income also rose in August (by 0.2% over July), to a new record. Our point being, the US economy continues to chug right along.

Stepping back, we believe this will continue, and potentially even improve, based on the impact from the Trump Administration's 'Big Beautiful Bill'.

Just so far, the benefits have not only included the record high in personal income noted above, but also a record low in the US Poverty Rate. Hopefully, this list will continue to grow.

THE MARKETS

Regarding the markets, they are in very different shape since our last missive. The most obvious change, being spike in rates. Specifically, yields on 10-yr. US Treasury have risen to over 5% – and they have done so sharply.

Long-term rates typically reflect the markets' view of inflation as investors demand more yield to compensate for their purchasing power declines. Short-term rates are now moving higher as well, as central banks around the globe try and combat the threat of higher prices.

Finally, stocks are much weaker technically than they were just one short month ago. For example, while the S&P 500 held support in the 7,500 area, the NYSE just posted nearly 700 more new 52-week lows, than highs.

I like to think of market cycles similar to the changing seasons. The reading above represents "the first day of fall" to me, and that Winter (or a bear market in stocks) may be right around the corner.

Mike Hurley, CMT
Chief Investment Officer

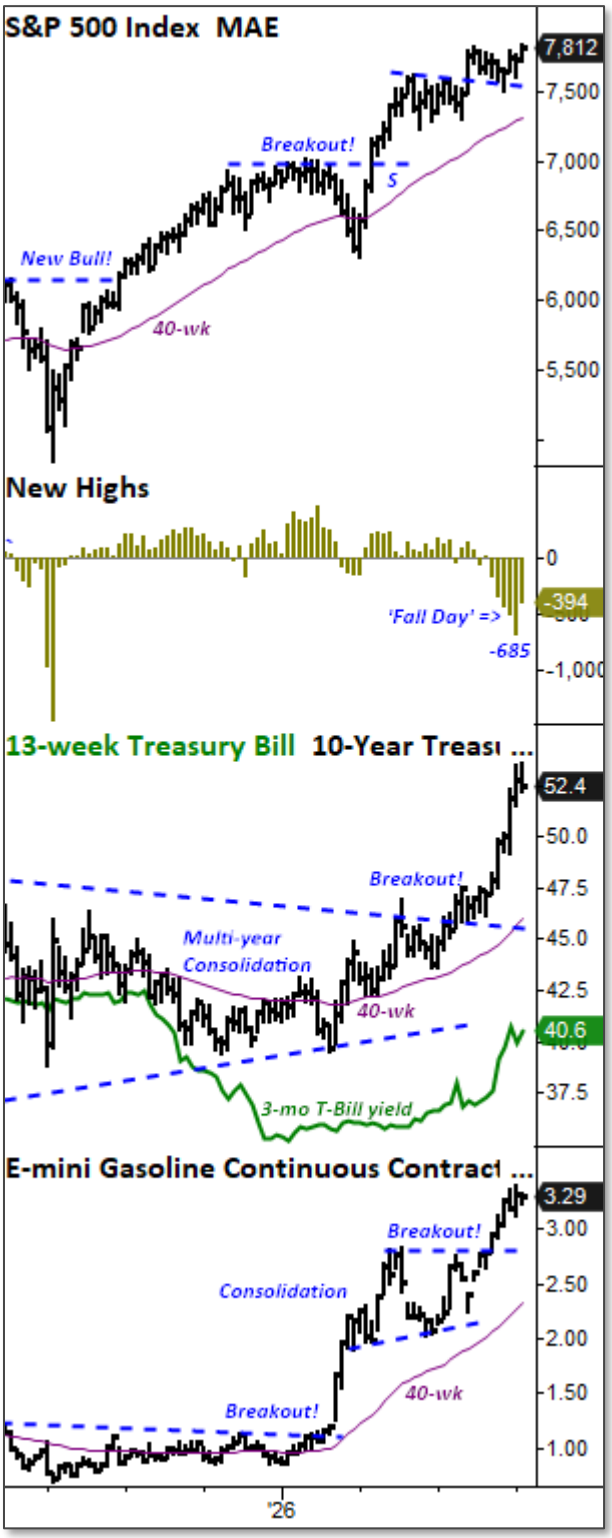


Chart courtesy of TradeStation – as of October 9, 2026

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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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The S&P 500 is a market-capitalization-weighted index that tracks the market performance of the 500 largest U.S. publicly traded companies. The Bloomberg Economic Surprise Index shows the degree to which economic analysts under- or over-estimate the trends in the business cycle. The surprise element is defined as the percentage (or percentage point) difference between analyst forecasts and the published value of economic data releases.

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