

Keen monthly insights on both the economy and the markets

THE ECONOMY

As we enter the second quarter of 2024, we may finally be getting more clarity on the future of the US economy. For months we have discussed the tug-of-war between bulls & bears and have been waiting patiently to see who would ultimately be right.

While not conclusive yet, February's improvement in the Index of Leading Economic Indicators gets us one step closer to an answer. While just barely higher than January's print (102.8 vs. 102.7), this index has now posted its first uptick since peaking in Dec. of 2021.

Should we see follow-through in this (and other indicators) in the months ahead, it would argue strongly that the US economy has indeed avoided a recession.

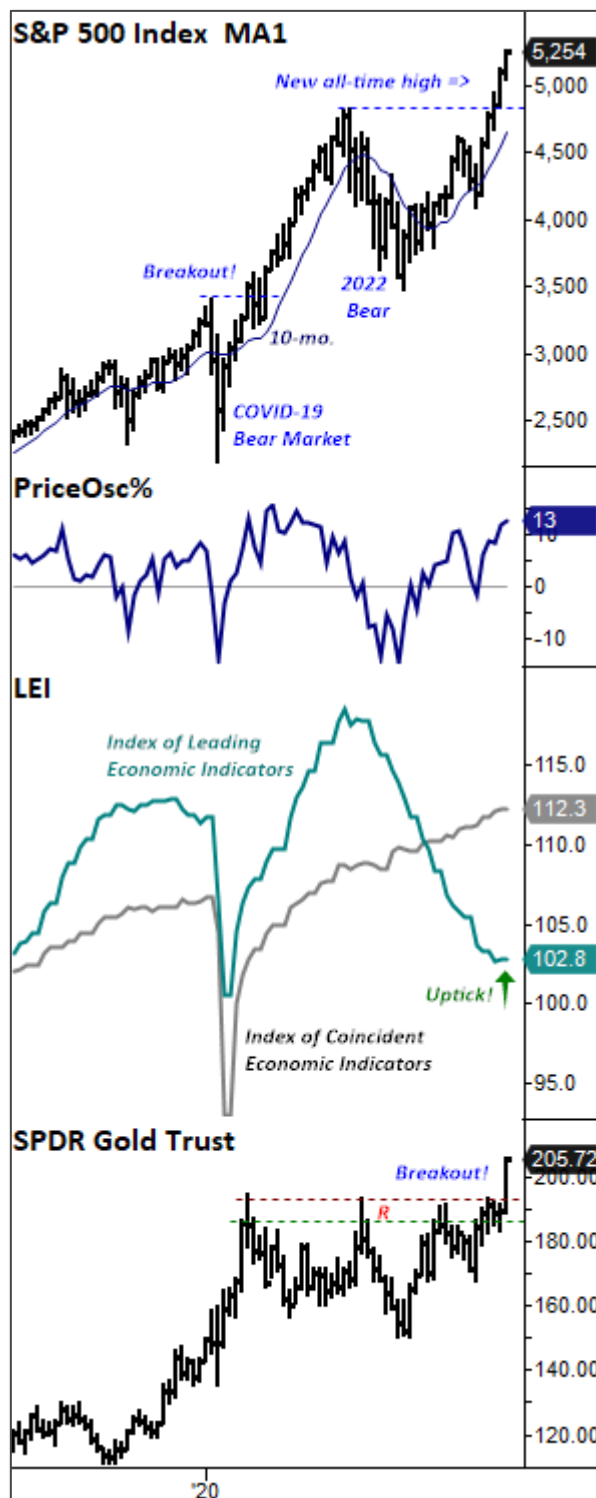
THE MARKETS

Markets continued their strong advance in March, with the S&P 500 again closing at an all-time high. This strength was quite broad-based, with market internals (i.e. breadth and leadership) confirming the strength.

As we noted last month, we believe the worst thing you can say about stocks is that they are extended and ripe for a pull back. We believe this based on the S&P closing 13% above its 10-month moving average – an area which served as a lid in 2020.

Finally, the past few months we have argued the GLD ETF had 'broken-out', based on its close over the green dashed line seen on the chart to the right. The yellow metal surged nearly 10% in March, (finally) removing all doubt. We remain bullish on gold, based on its long history of being a good hedge during both inflationary times, as well as those of geopolitical instability.

Mike Hurley, CMT
Chief Investment Officer



Charts courtesy of TradeStation, as of March 29, 2024

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.

DISCLOSURES

Past performance does not guarantee future results.

Statements in this communication may include forward-looking information and/or may be based on various assumptions. The forward-looking statements and other views or opinions expressed herein are made as of the date of this publication. Actual future results or occurrences may differ significantly from those anticipated and there is no guarantee that any particular outcome will come to pass. The statements made herein are subject to change at any time. NexAdvisors disclaims any obligation to update or revise any statements or views expressed herein.

No representation or warranty is made concerning the completeness or accuracy of the information contained herein. Some or all of the information provided herein may be or be based on statements of opinion. In addition, certain information provided herein may be based on third-party sources, which information, although believed to be accurate, has not been independently verified.

The information provided herein is not intended to be, nor should it be construed as an offer to sell or a solicitation of any offer to buy any securities. This commentary has not been reviewed or approved by any regulatory authority and has been prepared without regard to the individual financial circumstances or objectives of persons who may receive it. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. NexAdvisors encourages any person considering any action relating to the securities discussed herein to seek the advice of a financial advisor.

Advisory services offered through NexAdvisors, LLC, a registered investment advisor.
NOT FDIC INSURED. MAY LOSE VALUE. NO BANK GUARANTEE.

NEXADVISORS

www.nexadvisors.com

300 Crescent Ct., Suite 700
Dallas, Texas 75201
214-550-8350
info@nexadvisors.com