

Keen monthly insights on both the economy and the markets

THE ECONOMY

The debate continues to rage as to whether (or not) the US economy is teetering on the precipice of a recession. While it may ultimately slip into one – it hasn't yet. This has been extremely frustrating to economists, as it appears their favorite tools are not working.

A painfully clear example being with the Index of Leading Economic Indicators, which peaked Dec'21. Despite the 2-plus year decline in the LEI, the Index of *Coincident* Indicators has remained firm. While good news for all of us in the US, clearly not what economist expected.

Another vivid example is with the US yield curve, which has been inverted since Nov'22. Per Piper Sandler, a yield curve inversion has led every recession in the US since 1968 by 5-22 months. Meaning, either a recession is truly imminent – or this tried & true tool is no longer as reliable.

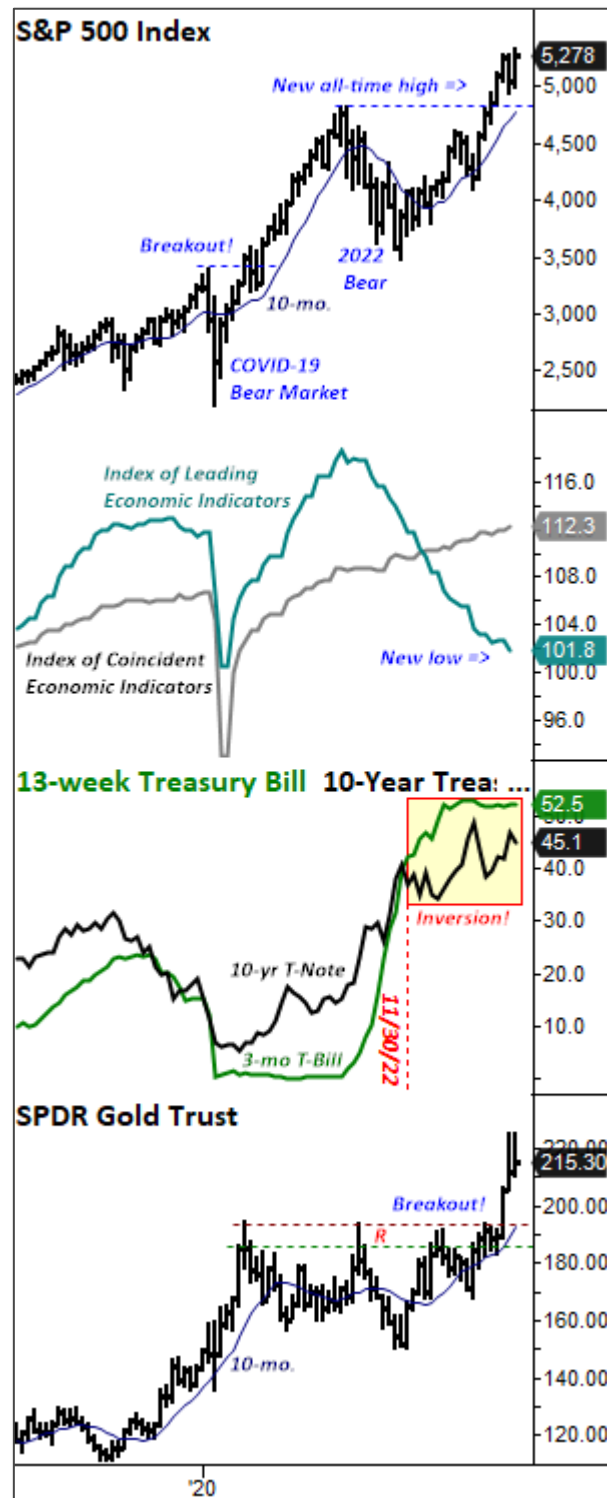
THE MARKETS

Despite the uncertainty above, the S&P 500 moved higher in May. We continue to believe stocks are in a bull market and will most likely see further gains from here.

Markets don't move in straight lines however, meaning they may well see a correction along the way. Should one develop, the Jan'22 highs in the S&P at 4,800 should serve as support. Failing to hold would be a major signal.

Finally, speaking of consolidation, gold has been moving sideways since scoring an all-time high in mid-April. Like the 4,800 level on the S&P, any pullback to the 190-200 area on GLD would likely be strong support. And also like the S&P, an important development if not!

Mike Hurley, CMT
Chief Investment Officer



Charts courtesy of TradeStation, as of May 31, 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