NEXADVISORS

December 2024

NEX NEWS

Keen monthly insights on both the economy and the markets

THE ECONOMY

The good times continued to roll throughout Nov., with optimism about a second Trump administration surging – literally. Specifically, the Nov. reading of NFIB's Index of Small Business Optimism posted the largest one-month gain in its 39-year history!

Add a record Thanksgiving shopping season, and it appears investors are awfully excited about the incoming administrations' goals of lower prices and less regulation for business. That's what's important to us, as it's investor sentiment that drives markets.

THE MARKETS

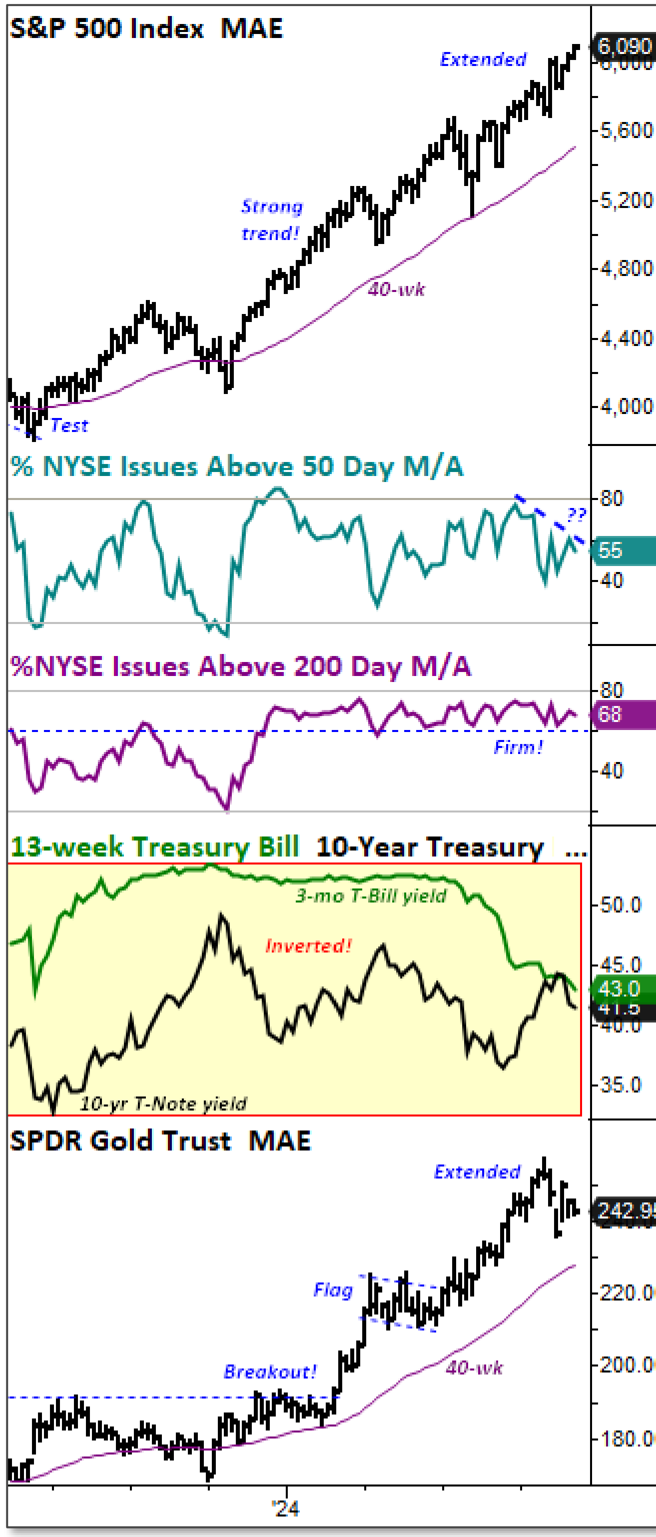
The S&P continued to march its way higher in Nov., finally closing above the long-awaited 6,000 mark. While a number really no different than any other, 'round numbers' sometimes prove a little harder to get through, given their psychological nature.

Technically speaking, the picture is getting mixed. Long-term breadth (as defined by the percentage of stocks trading above their 200-day avg.) remains in healthy shape, holding solidly above 60%.

Short-term however, (as defined by the percentage of stocks trading above their 50-day avg.) breadth is starting to weaken, and diverge from the S&P. Taken together, a picture which suggests stocks may be vulnerable to consolidation within a bull market.

Gold remains a good example of this phenomenon. The shiny yellow metal has been quite strong over the last year, but is now off its highs from last month. This digestion is natural, healthy, action technically and has not inflicted any damage on the chart.

Mike Hurley, CMT
Chief Investment Officer



Charts courtesy of TradeStation, as of December 6, 2024

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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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