

Keen monthly insights on both the economy and the markets

THE ECONOMY

In previous issues we've discussed the wide variety of opinions regarding how Trump's policies will affect the US economy. We continue to believe they will be most like starting a new exercise routine, meaning: short-term pain for longer-term gain.

So far, the data agrees with us – at least on the short-term part. Specifically, the Citi Economic Surprise Index (CESI) has been weak since the election (red dashed vertical line) dropping over 50 points and recently going negative.

This metric tracks whether the actual, reported, data on the economy measures up to what was expected, and it clearly has not.

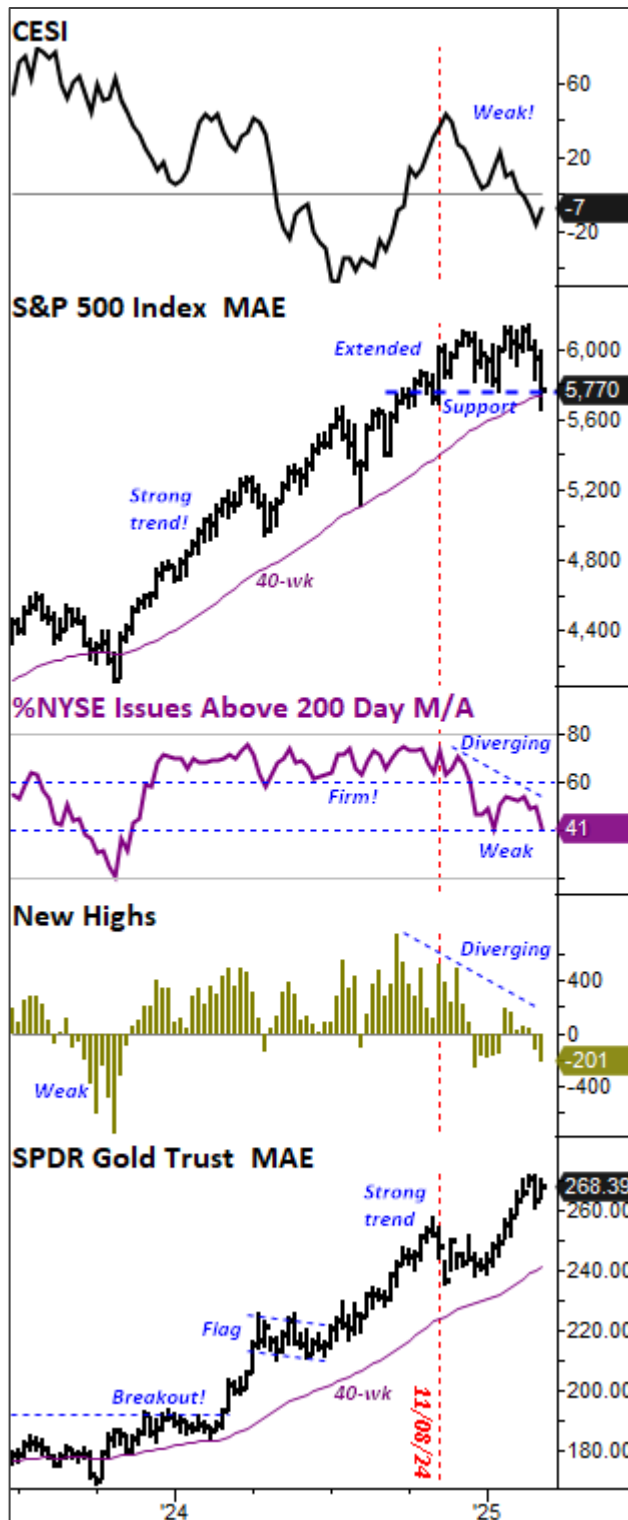
THE MARKETS

As for the markets, they are getting increasingly nervous. The S&P 500 closed right on its 40-wk. moving average last Friday – a key tool used for defining long-term trends. The Russell 2000 and Value Line Arithmetic Indices have already broken similar areas, while the jury remains out on the NASDAQ.

Given the weak (and diverging) market internals to the right, we recommend taking any further weakness in stocks seriously. Particularly given the current advance is now in its 29th month, and by our count the average bull market lasts but 36.

Finally, we continue to like gold, which remains in a very strong up trend. The shiny yellow metal typically benefits from geopolitical instability – as well as deflation – both of which continue to concern us over the short term.

Mike Hurley, CMT
 Chief Investment Officer



Charts courtesy of TradeStation, as of March 7, 2025

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.

The Conference Board Leading Economic Index® (LEI) and Coincident Economic Index® (CEI) are comprised of multiple independent indicators which are designed to signal peaks and troughs in the US business cycle. The CEI reflects current economic conditions and is highly correlated with real GDP. The LEI is a predictive tool that anticipates turning points in the business cycle by ~7 months. The S&P 500 a market-capitalization-weighted index that tracks the market performance of the 500 largest U.S. publicly traded companies.

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