

### Our Fundamental View:

2021 started as 2020 ended, with an alarming rise in both the number of COVID cases – as well as political unrest. Scenes around the capitol have truly been surreal, with end result being that President-elect Biden and the democrats will now have slim control of the US government.

Surprisingly, markets are looking beyond (or maybe just OVER) the new administration’s stated intent to rollback many of President Trump’s economic and regulatory policies, which were (arguably) good for both the economy and the markets. Going forward, we don’t think this dance is over, and do worry our great nation may be in store for additional political – and potentially economic – turbulence.

Economic data continues to improve and suggests the US will indeed have a v-shaped recovery. While this is of course great news, we continue to worry the letter ‘k’ is most likely path – with some areas of the economy bouncing back, while others never do.

### Our Technical View:

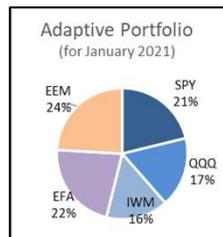
Technically speaking, markets remain quite strong. Market internals such as breadth & leadership continue to post new cycle highs, which means more stocks are going up now than seen in several years. This is very positive, and strongly suggests stocks are in the early stage of a new bull market.

A good part of this breadth expansion can be seen in the Russell 2,000 Index of small cap stocks – which is literally going straight up! This rotation can be best visualized as selling 1 share of Amazon for \$3,000 and then buying 5-10 shares of various smaller companies. Again, healthy broadening to the rally.

Finally, the emerging markets also remain strong, with more & more individual markets joining the party. This is also good news and continues to suggest the global reflation is on track. China continues to lead the way higher, having been the first to break out in July.

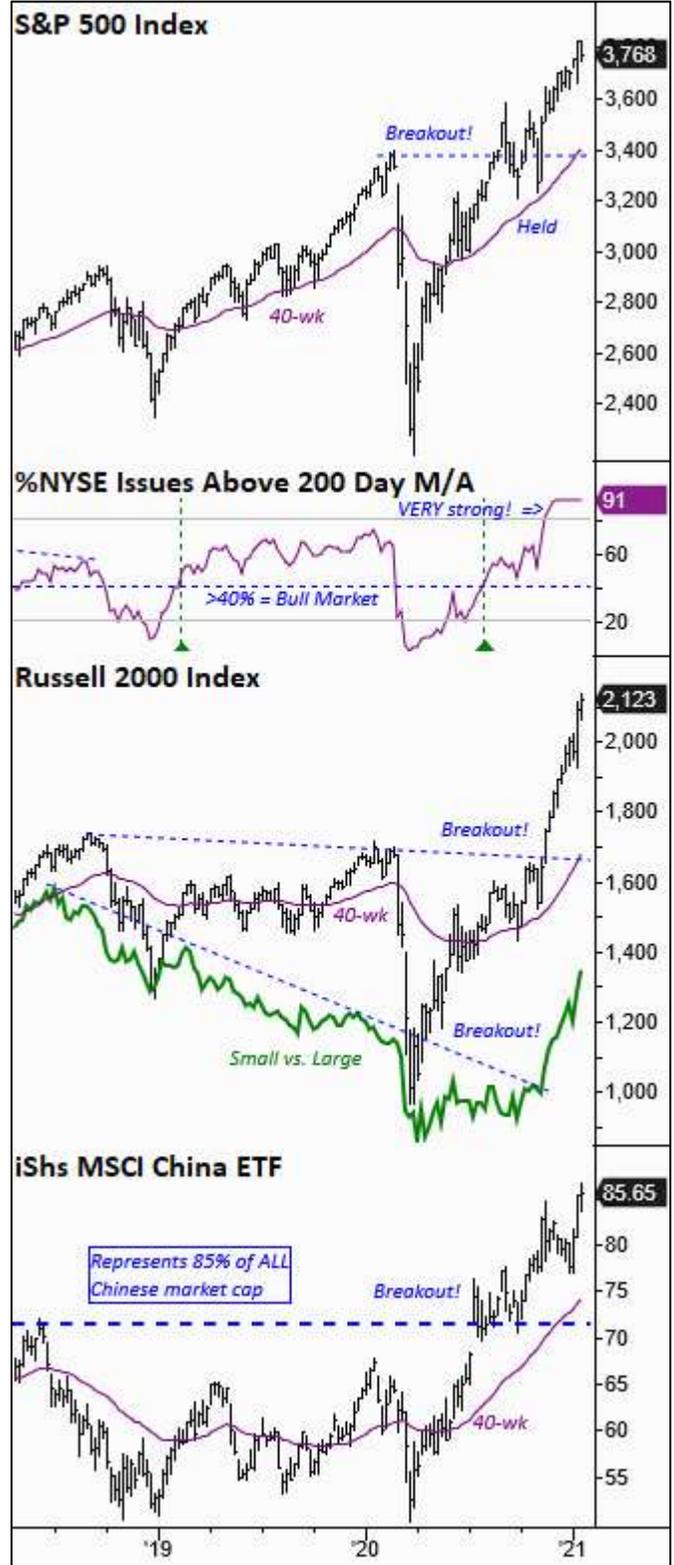
### Adaptive Model Update:

Our Adaptive Asset Allocation model remains bullish as well and flashed no major shifts last month. Current allocation is 100% to equities, with details shown to the right.



**James Dondero, CFA**  
Portfolio Manager

**Mike Hurley, CMT**  
Portfolio Manager



Charts courtesy of TradeStation, as of January 15, 2021

## About NexBank Wealth Management

NexBank Wealth Management is a privately owned, independent wealth manager located in Dallas, Texas. The team is led by award-winning investment professionals, with an average of 25 years of experience working with some of the world's most distinguished institutional clients and financial institutions. NexBank Wealth's actively-managed approach guides clients through complex and evolving markets. Contact our Client Services Team for more information.

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