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Market Minute

December 19, 2022

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Important Last Week

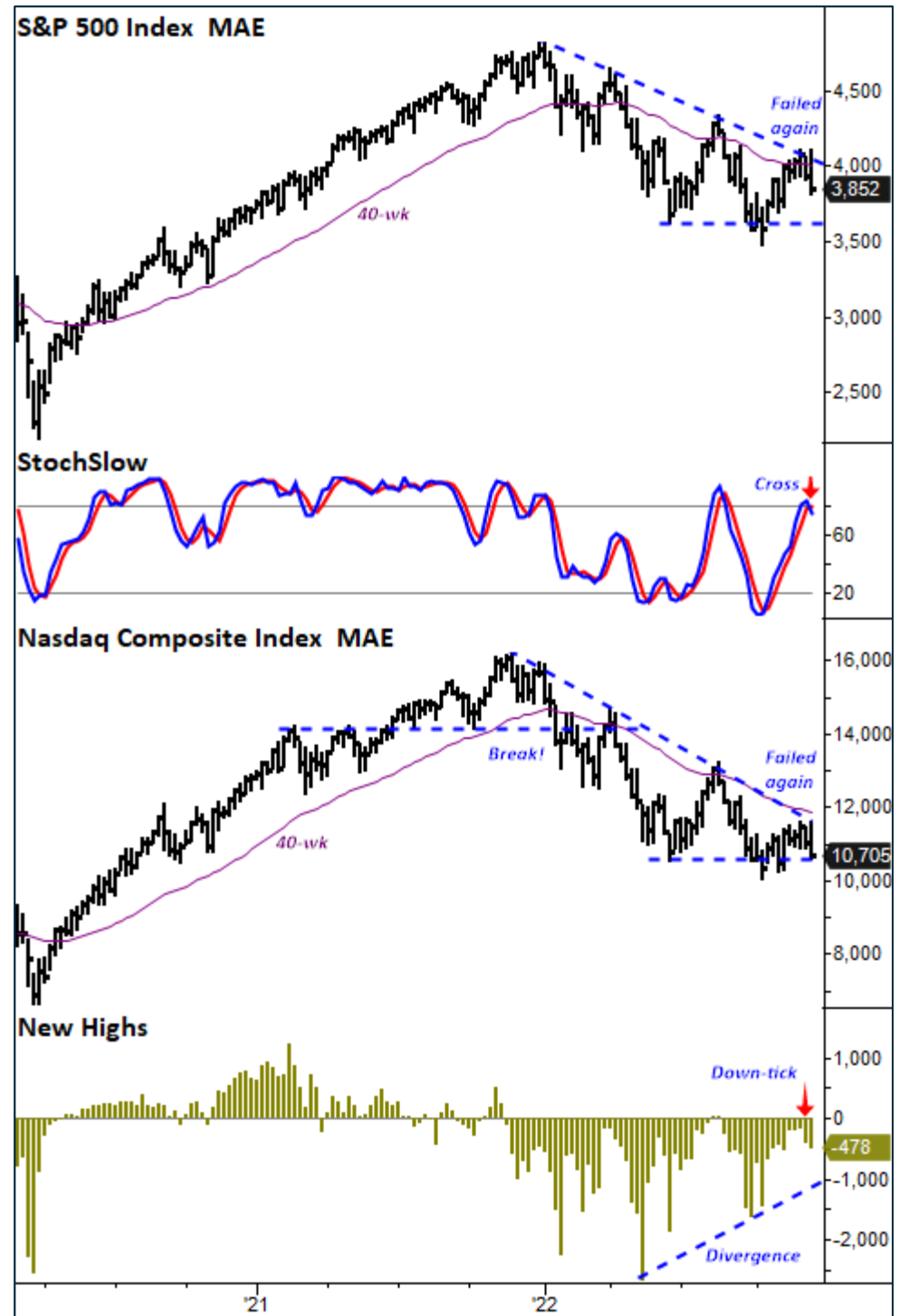
Failed at Resistance

- S&P 500 failing at resistance
- Stochastics overbought – now crossing
- NASDAQ failed at down trendline last week
- Internals weakened / leadership down-ticked

Bottoming Process

- ✓ Set initial low
- ✓ Bounce & test that low
- ❑ *Follow-through to the upside*
- ❑ Test the breakout successfully

Note: Process can fail & restart



Big Picture

Commodities / US\$:

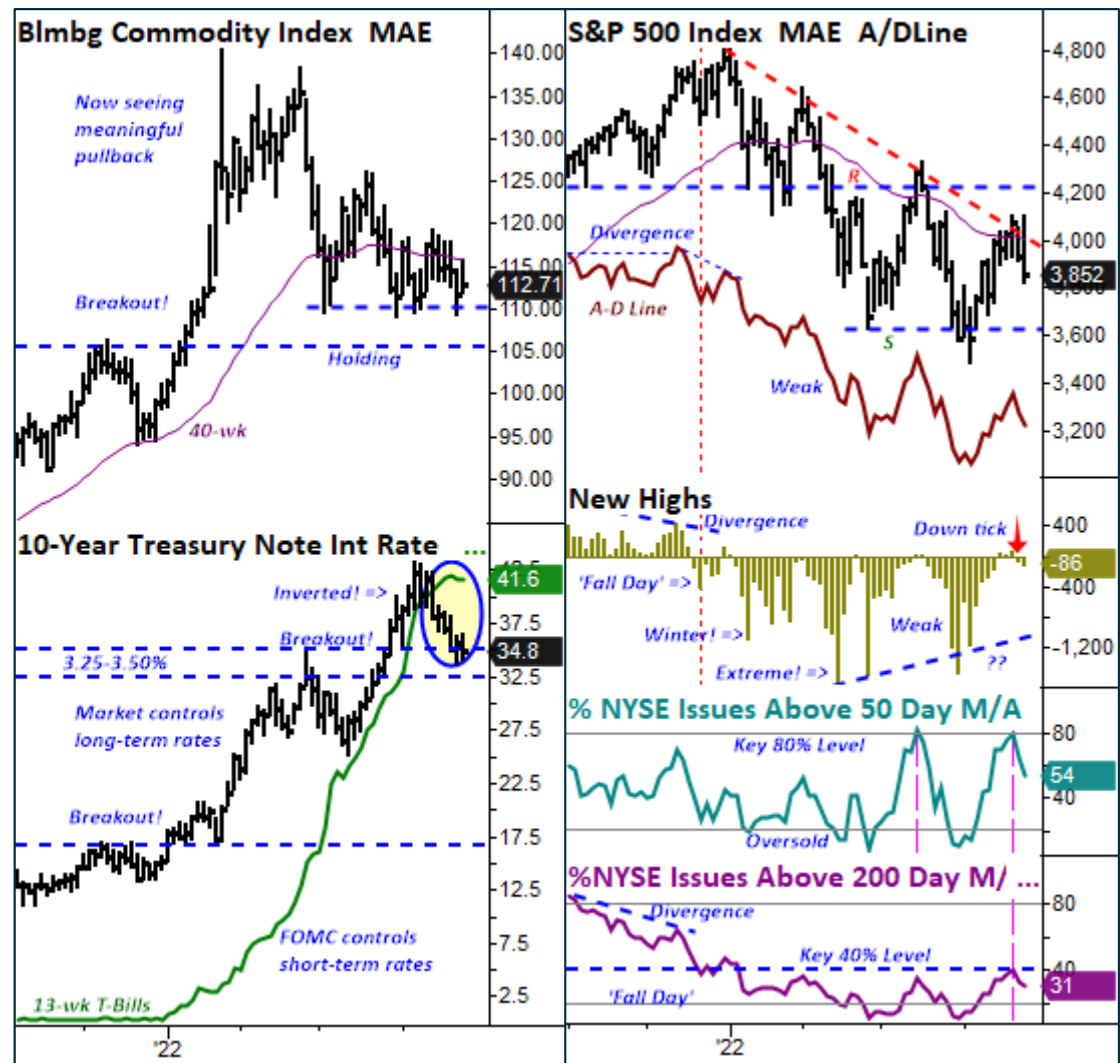
- Commodities strong – up 2x since Mar'20
- BCOM Index still holding key 110 area
- ‘Stagflation’ a very real worry

Yields / Credit:

- 10-yr. finding support in 3½% area
- 3-mo. / 10-yr. curve solidly inverted
- Corp. credit improving meaningfully

Stocks:

- Saw a cyclical top, and a ‘bear market’
- Market trying to form a cyclical bottom
- Again failed at down trendlines
- Still a real chance of secular bear



Trends	LT	Notes
Commodities	▲	Finally seeing a meaningful pullback, crude oil struggling to hold \$85
Bonds/Rates	▼ / ▲	10-yr. finding resistance in 4¼% area; corporate credit now improving
Stocks	---	Have put in a cyclical top & seen bear declines; now likely bottoming



About Mike

Mike Hurley, CMT serves as Chief Market Strategist and Portfolio Manager for NexPoint Advisors, L.P.

Prior to joining NexPoint he launched 2 of the first 100 'alternative mutual funds', including the Fusion Global Long/Short Fund (FGLSX) which posted a positive return in 2008 and won the Lipper Performance Achievement Award in the Long/Short category for the one-year period ending December 31, 2008 (ranked #1 of 90).

Mike also served as Chief Technical Strategist for several boutique research firms, including: SoundView Technology Group and E*Offering (The Investment Bank of E*TRADE).

He proudly served in the United States Navy, where he flew over 50 combat missions during Operation Desert Storm, earning two Air Medals.

Mike is a graduate of UC Santa Barbara, where he received BA degrees in both Business Economics and Chemistry. He is Series 7, 63 & 65 licensed and is a Chartered Market Technician (CMT).

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These forward-looking statements are based on our current expectations and assumptions regarding the fund's portfolio and performance, the economy and other future conditions and forecasts of future events, circumstances and results. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances.

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Charts as of: December 16, 2022, courtesy of TradeStation or Bloomberg, unless otherwise noted.