

Market Resource February 2026:

1 message

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BROXTON
CAPITAL ADVISORS



YTD as of 1/31/2026

AlphaPortfolio .14%
Smart Yield -.01%

MARKETS

DOW JONES 1.76%
S&P 500 1.47%
NASDAQ 100 1.23%
REIT INDEX 2.61%
SMALL CAP 5.48%
HIGH YIELD .61%

BOND YIELDS

10 YR TREAS 4.24%
YTD CHANGE 1.92%
30 YR TREAS 4.91%
YTD CHANGE 1.43%

SINCE INCEPTION

Through December 31, 2025
BROXTON 511.64%
S&P 500 723.92%

Above: Mammoth Mountain

The Market in focus

AI Pandemonium!!!: Investors toggled from being enthusiastic about AI (artificial intelligence) to suddenly fearing that AI advances could upset the entire economy. [NBC News](#): "The most recent sell-off came after a grim and now-viral weekend substack post by [Citirini Research](#) warned of an eventual stock market crash, a sharp pullback in consumer spending and widespread white-collar layoffs by 2028 as a result of AI." 🤖🤖🤖 Software companies became predictable targets amid rumors that AI would rewrite all of the existing code for free, causing revenue collapses. The Tech-Software Sector ETF (IGV) which holds shares like Adobe, Microsoft, Palantir and Oracle fell about 30% from last years highs. A good example of the impact came from Adobe software which declined \$100 from its November high despite reporting good earnings for the latest quarter. There's no sign yet that Ai is going to disrupt Adobe but the shares continue to sink and are trading at around 10 X this years earnings. It is worth noting that AI can edit pictures which is Adobe's primary offering but the company is also quickly adopting AI. Adobe stated that AI influenced products account for 1/3 of the company's revenue. Banks and Insurance companies were also briefly considered to be AI-vulnerable, with American Express shares falling 10% earlier this week.

At this point it is way too early to draw any conclusions. However, established industries and companies are stacked with talent, knowledge and resources, and they are also adopting AI. So we see that these companies have the ability to navigate, mitigate, and possibly benefit. The selloff was also powered largely by hedge fund speculators who were trying to make paired trades, such as shorting software and buying semiconductor companies that make AI computer chips!! Due to the activity the market did not change much overall. Other sectors benefited from the software selloff, with consumer staples like

DOW JONES

611.50%



Coke and Pepsi, and technology hardware companies like Semiconductors rising 20% so far in 2026.

Economy, Recession Watch 🔍 🔍 : As usual we examined the [equifax consumer report](#). January 2026 auto loan delinquencies were 1.67%, unchanged from last year but the defaults usually decline a little after January. Bank credit card delinquencies were down slightly as were private label cards. Mortgage delinquencies were up to 93 basis points (.93%) a one year high, up from 63 basis points last year but still below the 2018 and 2019 levels. Consumer loans and home equity lines of credit also improved slightly compared to 2025. [Blackbox Intelligence](#) reported January restaurant sales of up 1% with traffic declining 1%, also showing heavy weather fluctuation. The latest GDPNow estimate for the first quarter of 2026 is 3.1%. NY Fed Nowcast stood at 2.4% as of February 20th. So overall no signs of economic problems👉👉👉👉👉

Medical Properties Trust ([MPT](#)) .After 2 years of turnaround struggle, it should be apparent that MPT, a medical REIT, is not a candidate for going out of business. The return to normal was confirmed when the company reported good 4th quarter 2025 earnings, demonstrating positive cash flow after share dividend, Capital expense and the deduction of non-cash straight line rent. Investors may get additional upside since 25% of the shares are shorted and may need to be repurchased over the next few years. Medical Properties Trust (MPT) owns health care properties and is the 10th largest medical real estate investment trust in the U.S. (rated by equity value or market cap). The company's [15-billion-dollar portfolio](#) contains 384 properties in 9 different countries, and the primary types of facilities are general acute care hospitals and post-acute care facilities. We reiterate our buy and raise our price target from \$6.50 to 8.00. We project increasingly positive EPS for the company, over the next 3 years with increasing retained cash flow after deducting capex, dividends and straight line rent. Due to the volatility, we advise investors to buy on pullbacks into the low \$5 area and below. The shares have visited the mid 6 area numerous times without passing the late 2024 high of 6.55.[REPORT](#)

Have a good weekend!

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