

**Market Resource July 2025:**

1 message

Allen Cooke <allen@broxtoncapital.com>  
To: Allen Cooke <allen@broxtoncapital.com>

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JULY 2025

**BROXTON**  
CAPITAL ADVISORS



YTD as of 6/30/2025

AlphaPortfolio .94%  
Smart Yield 1.66%

MARKETS

DOW JONES 3.56%  
S&P 500 5.42%  
NASDAQ 100 7.90%  
REIT INDEX -.02%  
SMALL CAP -2.34%  
HIGH YIELD 2.54%

BOND YIELDS

10 YR TREAS 4.23%  
YTD CHANGE -7.44%  
30 YR TREAS 4.78%  
YTD CHANGE -.15%

SINCE INCEPTION

Through December 31, 2024  
BROXTON 462.93%  
S&P 500 583.91%  
DOW JONES 519.11%

**The Market in focus**

(above) Your Defense Dollars

**Market Update:** The rebound for stocks continued into June and went higher on news of an Iran-Israel cease fire in late June. AI semiconductor companies and AI software companies continued to lead the rally but the valuations are pretty high with Palantir trading up to 600 times earnings and Nvidia trading at around 60 times earnings. Also contributing to the market's success this year is the Aerospace and defense industry. GE, Raytheon, Boeing, General Dynamics and Northrop Grumman were up an average of 20% year to date. European defense stocks such as BAE Systems, Rheinmetall, and Leonardo have soared in 2025—with BAE up around 60%—on strong order gains, higher NATO/membership fiscal pledges, and rising global defense budgets. One main contributor is the increase in defense spending worldwide. NATO and the U.S. both increased their budgets for 2025.

But.....We thought we were ending all of the conflicts? On the other side of the spectrum are health insurance companies. United Health, Humana, Centene and Molina Healthcare were down around 40-50% year to date. What happened?: Medicaid spending soared in FY2021–2023 due to continuous enrollment provisions during the pandemic. As federal emergency funding ended the healthy insureds left and sicker, retained enrollees continued driving cost increases.

**Oh wait there's more?**

I guess that we can't really mention United Healthcare (UNH) without bringing up the scandals. America's largest health company is accused of upcoding and overbilling, denial of care, anticompetitive practices and corrupt practices. In one egregious example The Guardian reported that the company pressed Current and former UHG employees to persuade Medicare Advantage patients to change their code status to “do not resuscitate,” rendering them ineligible for “certain life-saving treatments that might lead to costly hospital stays.” Also the Wall Street Journal reported that The Justice Department is reportedly investigating UHG for possible criminal Medicare fraud. In December, United CEO Brian



Thompson was assassinated by a person who vented about his frustrations with the health insurance industry in his diary but was not a customer of United. Not good!!! However the company did win in May on one case when the court found that the DOJ had not presented evidence to support its claim that the giant health insurer exaggerated how sick patients were to illegally pocket more than \$2 billion in overpayments. But, this does not affect the other cases for now.

**Earnings Outlook:** FACTSET reported: For Q2 2025, the blended (year-over-year) earnings growth rate for the S&P 500 is 6.4%. So far communication companies like Facebook and Google have the highest earnings growth. Oil and gas companies and consumer discretionary companies (clothes and restaurants) have the lowest earnings (negative).

**Economy:** National Restaurant Association (NRA reported): "After taking a brief pause in May, consumers ramped up their spending at restaurants in June. Eating and drinking places registered a 0.6% gain from an upward-revised sales volume of \$98.2 billion in May." This was up 6% from last year so overall healthy. Equifax reported little change year over year or month over month for the severe delinquency rate....EXCEPT student loans. The severe delinquency rate (calculated as share of non-deferred balances 90+ days past due or in bankruptcy) is 17.95%. A year ago, the rate stood at .49%. Note: In October 2023, Federal student loan repayment accommodations ended and delinquency reporting resumed in October 2024. Outstanding student loan balances are \$1.33 trillion.

As of today Latest GDPNOW estimate for 3rd Q GDP growth is 2.3 percent and NY Fed Nowcast stands at 2.4% for 2025:Q3. So no recession signs.

**BLUE OWL CAPITAL CORP.:**Overall, we remain positive on the long term success of the BDC model including OBDC. The current and 2025 projected yield for OBDC common shares is 100% higher than treasuries, investment grade and mortgage bond indexes and around 50% higher than high yield and preferred share indexes. Our hold and price target are based on the 10% current yield and the long term success of OBDC management. Recently, OBDC management commented on the first quarter conference call that: They are confident that OBDC is well positioned in the current economic environment and "Performance across our portfolio companies remains healthy, which we believe is a result of our weighting towards defensive sectors... [with] experienced management teams that have successfully navigated previous tariff or supply chain disruptions... The majority of our portfolio companies are backed by private equity sponsors with skilled operators and significant equity investments in these businesses." **REPORT**

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**Broxton Capital** Last update 02022025

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R. Allen Cooke  
Portfolio Manager  
Broxton Capital Advisors

[www.broxtoncapital.com](http://www.broxtoncapital.com)

310 208 2151 (W)  
310 208 2228 (F)  
310 279 3338 (C)

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