

Market Resource September 2025:

1 message

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SEPTEMBER 2025

BROXTON
CAPITAL ADVISORS



YTD as of 8/31/2025

AlphaPortfolio **5.02%**

Smart Yield **4.60%**

MARKETS

DOW JONES	7.19%
S&P 500	10.07%
NASDAQ 100	11.57%
REIT INDEX	3.55%
SMALL CAP	6.43%
HIGH YIELD	2.81%

BOND YIELDS

10 YR TREAS	4.23%
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YTD CHANGE	-7.44%
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30 YR TREAS	4.92%
YTD CHANGE	2.80%

SINCE INCEPTION

Through December 31, 2024

BROXTON	462.93%
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S&P 500	583.91%
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DOW JONES	519.11%
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The Market in focus

Market Update: The rebound for stocks continued into September with the S&P 500 showing earnings growth of around 7.9% for the third quarter of 2025. Information technology and financials led the earnings growth and some of the financials traded up to multi year highs. Citigroup, Bank of America and Wells Fargo were among the winners. On the other hand, the Health Care sector has recorded the largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -6.5%. clothing company Lululemon and Footwear company Deckers Outdoor were amongst the worst performing stocks year to date and market leaders included millennial broker Robinhood and computer component makers Seagate and Western Digital. The S&P 500 index is currently trading at around 30.5 X trailing Gaap earnings and 22.5 X forward non-gaap earnings.

How are we doing on tariffs?: There's been a lot of speculation on the Tariffs. One major recent change: the U.S. Court of Appeals for the Federal Circuit invalidated President Trump's IEEPA tariff authorization. "On August 29, 2025, the U.S. Court of Appeals for the Federal Circuit held that the International Emergency Economic Powers Act ("IEEPA") does not authorize the President to unilaterally impose broad, economy-wide tariffs on U.S. trading partners" The court determined that "The Constitution grants Congress—not the President—the power to "lay and collect Taxes, Duties, Imposts and Excises" and to "regulate Commerce with foreign Nations." The decision is stayed until the supreme court weighs in. The Tax Foundation stated: "In total, the imposed tariffs would ...amount to an average tax increase per US household of \$1,300 in 2025 and \$1,600 in 2026. However, if the IEEPA tariffs are permanently enjoined, the tax increases would be smaller at \$300 in 2025 and \$400 in 2026." So seemingly good news but the administration shifted tactics to tariffing individual items such as furniture and movies in the hopes of preserving the tariff power if removed by the court. In another looming problem it looks like there could be some blowback from the steamrolling of the "Big Beautiful Bill (BBB)." Opponents of the bill are currently insisting on the restoration of some of the healthcare spending removed by the BBB in order to pass short term funding and avoid a government shutdown. The impasse is not predicted to improve. This gets three WTF emojis: 😬 😬 😬



Economy: National Restaurant Association (NRA reported): "Consumers continued to flex their spending muscles in August, even in the midst of a labor market that is showing signs of weakness. Restaurants were among the beneficiaries, with sales registering a solid rebound from a modest downturn in July. Eating and drinking places rose 0.7% from July's upward-revised sales volume of \$98.8 billion and stood 6.5% above their year-ago levels in August – the sixth consecutive month with 12-month gains above 6%." So good news there! Federal student loan severe delinquencies improved slightly in August to 16.78% from 17.12% in July. [According to Equifax](#): For autos: The severe delinquency rate in August 2025 is 1.54%, which is 1 bps higher than August of last year and .03% higher than July. Credit cards improved slightly: The severe delinquency rate (share of balances 60+ DPD) is 2.73%. A year ago, the rate stood at 2.92% and in July stood at 2.76%. Private label credit cards (store-branded cards) showed the most improvement with a severe delinquency rate of 4.14%, down 32 bps from August 2024. Estimates for short term economic growth were robust as well. The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2025 is 3.9 percent on September 26, up from 3.3 percent on September 17 up from a low of 2.2% in August. The New York Fed Staff Nowcast stands at 2.5% for 2025:Q3. Low grade credit also performed well in the month. So no signs of economic downturn at this point 😊👍👍

KAYNE ANDERSON BDC, INC. (KBDC): We rated the shares of KBDC as a buy but caution investors on the BDC sector volatility. The sector is currently in a down trajectory. KBDC has a stable history, an 11.6% current yield and a 16% discount to net asset value (as of this report). Although KBDC has a stable net asset value per share (NAV) and a good portfolio, the share price has been dipping along with the BDC sector. BDC indexes have fallen around 15% from their 2025 February highs. The sector derives earnings and income from floating rate loans and earnings decline when interest rates go down. Management underperformance at a few of the companies may be adding concern. BDCs such as PSEC, FSK and TCPC have seen NAV per share drops, which have led to above average share declines of 25-30% for these BDCs. Investors may be mostly concerned about the income declines. However, all bond funds pay less interest as rates decline and BDCs are bond funds. So we don't see any structural problems. [REPORT](#)

Have a good week 😊😊😊

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