



YTD as of 12/31/2022

Alpha Portfolio **-10.69%**

MARKETS

DOW JONES **-8.80%**
 S&P 500 **-19.48%**
 NASDAQ 100 **-33.07%**
 REIT INDEX **-28.90%**
 SMALL CAP **-21.62%**
 HIGH YIELD **-15.38%**

BOND YIELDS

10 YR TREAS **3.88%**
 YTD CHANGE **+237%**
 30 YR TREAS **3.98%**
 YTD CHANGE **+208%**

SINCE INCEPTION

Through September 30, 2022

BROXTON **401.04%**
 S&P 500 **302.72%**
 DOW JONES **299.47%**



New year!

Well, 2022 is over and it ranks as the 7th worst year on record for stocks. And what about the bond indexes? According to Greg Iacurci, a CNBC reporter: “The bond market suffered a significant meltdown in 2022. Bonds are generally thought to be the boring, relatively safe part of an investment portfolio. They’ve historically been a shock absorber, helping buoy portfolios when stocks plunge. But that relationship broke down last year, and bonds were anything but boring. In fact, it was the worst-ever year on record for U.S. bond investors, according to an analysis by Edward McQuarrie, a professor emeritus at Santa Clara University who studies historical investment returns.” This has been mainly due to the Federal Reserve raising interest rates. However, one point to make? We have not seen a lot of corporate defaults or a rise in corporate defaults. There may not be. Bond defaults usually accompany recessions, which so far we are not having. In fact, many companies have reported improved earnings. American Airlines exceeded earnings expectations and forecast strong profits for 2023. Caterpillar announced: record full-year adjusted profit per share for 2022 and fourth quarter GDP came in at 2.9%. So overall we do not believe that the economy is weakening. However, inflation and other factors have led to lower earnings by about 5% for the S&P 500 earnings reported thus far. The winners? Energy and industrials. The losers: Communications and materials sectors.



We recently put a buy recommendation on Vodafone (NYSE: VOD) Vodafone Group plc (VOD) is a well-known multinational telecom that operates networks in 21 countries, primarily in Europe and Africa, and is usually considered the 2nd or 3rd largest telecom in the world by subscriber count. Vodafone’s publicly traded Vantage Towers subsidiary is currently valued at over 16 billion Euros (26 X EBITDA) with VOD owning 82%. The company is participating in a JV transaction that is projected to produce between €3.2 and 7.1 billion in cash proceeds. Vodafone has also entered into a transaction to sell its’ Hungarian operations for €1.8 billion. Future possibilities include the monetization of Vodacom’s African fintech business. The shares declined considerably from the 2018, 2019 highs and we consider them a good purchase based on the dividend yield, low enterprise value to EBITDA and near and longer term deleveraging prospects. [REPORT](#)

Broxton Capital Advisors

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