



YTD as of 1/31/2024

Alpha Portfolio **-1.83%**
Smart Yield **-1.12%**

MARKETS

DOW JONES **1.19%**
S&P 500 **1.59%**
NASDAQ 100 **1.82%**
REIT INDEX **-5.06%**
SMALL CAP **-3.90%**
HIGH YIELD **.12%**

BOND YIELDS

10 YR TREAS **3.97%**
YTD CHANGE **2.69%**
30 YR TREAS **4.02%**
YTD CHANGE **5.00%**

SINCE INCEPTION

Through December 31, 2023
BROXTON **464.46%**
S&P 500 **447.04%**
DOW JONES **438.42%**



Above: Death Valley Lake?

Are electric vehicles losing their steam? On the right, the chart of one time 180 billion dollar company, Rivian Automotive. Rivian issued disappointing production guidance and the outlook raises questions about the demand situation for all electric vehicles. Rivian posted \$5.5 billion in losses in 2023 but has around \$9.3 billion in cash at year end. The recent problem? the company forecast production of 57,000 vehicles in 2024 down slightly from 2023. Lucid, another EV maker, also put out disappointing estimates. Another sign of the times? Apple, the phone company, just gave up on its car and will abandon the project. On the right, the subject of Broxtton research is a Fisker Ocean. Fisker also blew the estimates last October causing the shares to fall 90%! We estimated that Fisker will need as much as \$1.5 billion in additional capital to reach break even. Even EV king Tesla reported that growth in sales would slow in 2024 as well.

RIVIAN AUTOMOTIVE SHARE PRICE



Fed Rate CUTS!!!: Fed funds or the federal reserve rate is expected to shrink by 1% to 4.5% by the end of 2024. Fed funds futures, which trade on the CME indicated that traders expect the first rate cut to be sometime in the May to July area with three more before the end of the year for a total of 1%.



Economy: The Atlanta Fed currently sees a 3.2% growth rate for the first quarter 2024. However, we detected an uptick in defaults in a few areas. Credit card delinquencies surged more than 50% in 2023. Synchrony financial and Citibank both reported that the surge was more of a post covid return to normal and the expectation is that it will fall later in the year. We agree.....for now. Another area: CMBS (commercial mortgage backed securities) First: multifamily loans (apartments). Arbor Realty Trust (**ABR**) is a 40-billion-dollar loan originator, owner and manager in the multifamily market. We initiated coverage to analyze this area. At the end of 2023 ABR had sixteen non-performing loans with a carrying value of \$263 million (2% of the portfolio) versus \$138 million at the end of September 2023 and close to zero last year. We modeled the loan portfolio for a 71% recovery assumption for any defaulted loans. Which is conservative at 56% of the original appraised property value on average. We found that Arbor would survive with a 15% to 25% default rate. Blackstone Mortgage Trust which has a diversified portfolio (all Types) of commercial senior loans has a 2% reserve at year end ...up 76% from 2022!!!!!!So defaults are actively heading northbound right now. ABR [REPORT](#)

Broxton Capital Advisors

Broxton Capital is an investment manager located in San Juan and employs the Alpha Portfolio (AP). The AP is a growth and income investment strategy. The strategy attempts to continuously improve the value of investment portfolios by investing in equities, ETFs, including leveraged ETFs, options, bonds (investment grade and sub-investment grade, [which may also have limited liquidity]) and other securities. Long-term strategies purchase securities which are underpriced according to our appraisal methodologies. Broxton uses regression analysis to obtain an average appraisal value for an individual company and places a priority on the securities of companies with improving financial performance and or additional catalysts that provide for increases in earnings and valuation. We use financial modeling in order to create a projected trajectory for the company's earnings, cash flows and future value. The strategy does not have any capitalization (market size), sector or industry allocation mandates. Broxton may also engage in certain types of activism in order to support positions and relay advantageous strategies to company managements. Broxton deploys technical analysis and momentum as indicators of movement for shorter term strategies, that may not involve deep fundamental analysis. Shorting (selling and then buying) of securities can be used as a long term or short-term strategy. We exit positions in accordance with our discipline, this includes when valuation targets are clearly exceeded or financial performance falls below our projections. Since the AP returns are calculated using a composite of accounts, the average account will not match the composite return and the return could be higher or lower. Broxton manages the Alpha Portfolio for other investment managers. The AP returns which are advertised or submitted to various databases are calculated using the accounts in the composite that are managed internally. Broxton is required to execute any trades internally first and then for other advisors second. Some advisor platforms prohibit or do not trade certain security types and some positions may be omitted for other reasons. In the case of smaller companies, we may judge that there are not enough shares traded to create a position at any or all advisors. Short term strategies may not be able to be implemented. Shares may trade at a higher or lower between purchasing at Broxton or one platform before another. Broxton uses a rotation strategy and attempts to obtain the best execution for all advisors. Any commentary is solely the opinion of the Broxton Capital Advisors. It refers to securities we hold in our portfolio and sometimes ones we are considering but does not represent a complete list of positions held at Broxton Capital Advisors. A complete list covering the last twelve months will be furnished upon request. Price targets are mentioned for information purposes only. Nothing contained herein constitutes a recommendation to purchase or sell securities at any designated price or time. All performance figures are net of fees and reflective of dividend reinvestment. As always, past performance does not guarantee future results. Please see the Alpha One Strategy Quarterly Performance for additional information regarding performance. Any intra quarter performance presented may change with additional auditing. The index performance presented above do not include fees or dividends and is derived from the following ETFs: DIA, SPY, QQQ, HYG, IWM and VNQ. The Broxton Strategies do contain dividends and fees. The treasury yields are derived from the CBOE 10 and 30-year interest rate index. Please visit our web site to obtain additional information and read form ADV 2A.

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