

Market Resource August 2026

1 message

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

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AUGUST 2026

BROXTON CAPITAL ADVISORS



YTD as of 3/31/2026
ALPHA
PORTFOLIO -5.02%
SMART YIELD -4.85%

MARKETS
as of 3/31/2026
DOW JONES -3.62%
S&P 500 -4.63%
NASDAQ 100 -6.04%
REIT INDEX .24%
SMALL CAP .75%
HIGH YIELD -1.33%

BOND YIELDS
10 YR TREAS 4.57
YTD CHANGE 9.86%
30 YR TREAS 4.89
YTD CHANGE 1.03%

Market Update

above: Shanghai

China Bull?: Since 1978, the beginning of China's reform and opening up period, GDP growth has averaged over 9 percent a year, lifting almost 800 million people out of extreme poverty and transforming China into a middle income powerhouse with over 500 billionaires. However, since 2021 the MSCI China index has fallen as much as 60% and currently stands 45% down from that high. Since the 2021 highs, in China, we have seen the property bubble pop, a government crackdown on tech companies, an economic growth slowdown and an aggressive closure of the economy due to the COVID virus. In addition, (could there be more?) we have seen a reaction to the tariff wars, political sanctions on technology and other political threats. But, possibly China has fallen too far. Currently, the Chinese stock market has the lowest price-to-earnings ratio of the top 10 largest stock markets in the world. We looked at two large Chinese companies: Tencent and JD.Com. Tencent, a technology conglomerate reported: Revenues up +11% YoY and gross profit up 13% YoY, with a forward PE of around 13. JD reported revenues down 2.9% and adjusted net income up around 4%. JD trades around 10 X forward earnings. Overall, about half of the U.S. stock market value. Currently, China is also experiencing an AI boom.

For the most part, the best way to invest in the Chinese market is by relying on technical analysis. Information is hard to get and the markets are volatile. For instance look for stabilizing bottom patterns and pullbacks. Currently we have a 20% pullback from the October highs.

Economy, Recession Watch 🔍: The U.S. National Consumer Credit Trends Report - Portfolio from Equifax showed that auto loan delinquencies were up slightly from June and down slightly from a year ago. Bank card default rates barely moved but were down and private label credit card defaults were down .5% from 2025. Mortgage delinquencies we up .2% since 2025 but still below 1%. GDPNow stood at 4.6% growth prediction for the third quarter, and NY Fed nowcast was at 2.2%. NRA reported: Real eating and drinking place sales increased 1.6% between July 2025 and July 2026. That represented



the strongest 12-month gain in five months. So no trouble brewing in the economy right now 😊📈💰

Upstart Holdings, Inc. (UPST) Although UPST has grown revenues close to 900% since 2019, the shares have been on their own journey that at first wildly overvalued the company and then quickly sank in the interest rate upswing of 2023. Recently, the company reported a 50% increase in originations and loan volume for the 2nd quarter of 2026. UPST is an online loan marketplace specializing in personal loans (over 90%) in 2025. Personal loans are often for amounts around \$10,000 and are used for debt consolidation, major purchases, emergencies and home improvements. On the platform, borrowers can compare loan offers from multiple lenders. This saves the borrower time, lowers the average interest rate and provides increased access to credit. Artificial intelligence tools add efficiencies and speed to the process including the credit analysis of borrowers. Based on the company's prediction for revenue and EBITDA, revenue will grow by 80%, and EBITDA will grow by 100% by 2028. With the additional revenue and efficiencies, we see EBITDA approaching 30% of revenues and adjusted earnings pershare topping \$5 in 2028. Also, we want to see more evidence that the volatile shares have bottomed out. We are putting the company on the radar with a hold rating and price target of \$35.

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R. Allen Cooke
Portfolio Manager
Broxton Capital Advisors

www.broxtoncapital.com

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

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R. Allen Cooke
Portfolio Manager
Broxton Capital Advisors

www.broxtontopital.com

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

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