



## YTD as of 4/30/2024

Alpha Portfolio -.02%  
Smart Yield .17%

### MARKETS

DOW JONES .33%  
S&P 500 5.61%  
NASDAQ 100 3.68%  
REIT INDEX -9.90%  
SMALL CAP -2.40%  
HIGH YIELD -1.42%

### BOND YIELDS

10 YR TREAS 4.21%  
YTD CHANGE 8.90%  
30 YR TREAS 4.35%  
YTD CHANGE 8.24%

### SINCE INCEPTION

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



**Trouble for Real Estate?** Yes and maybe we should just say: How bad is this going to get? We have recently been looking at a few publicly traded portfolios that are comprised of commercial mortgage loans. We are starting to see some stress and complete blow ups in the CMBS market. (CMBS) are fixed-income investment products that are backed by mortgages on commercial properties rather than residential real estate. CMBS includes office, apartments, lodging, retail and industrial loans. Recently we wrote a [report](#) on Apollo Commercial Real Estate Finance, Inc. (ARI). We cautioned on the rising amount of loans classified as non-accrual, like Steinway Tower, shown right, a supertall residential skyscraper in Midtown Manhattan. Sales of the new condos are going slower than expected. The [Gas Company Tower](#) in downtown L.A. is a pretty nice building but one of the “complete blowups”. A notice of trustee’s sale was filed March 21, setting the stage for a foreclosure sale. CMBS delinquencies declined sharply from their covid highs but are above their pre-COVID levels and basically rising now, with office type leading the way. One big culprit? Looks like rate cuts will be slower than expected or non-existent! [Muddy Waters](#), a notorious short seller, opined that office CMBS was hitting a perfect storm with vacancies skyrocketing and borrowers unable to refinance loans. We basically agree and there’s almost no way out for the owners of office debt or equity in most cases. The other types should be O.K. with delinquencies resulting in small or partial losses for lenders. More concerning is the fact that banks and insurance companies hold billions of the office mortgages and office cmbs.



**Houthis Vs. Shipping:** Rebels in Yemen are driving shipping prices higher by attacking the shipping lanes that feed through the Suez canal. Carrier adjustments due to Red Sea diversions were working but carriers are falling behind. Due to the fact that ships are driving around Africa, to avoid the rebels, there is reduced availability of vessels and prices have gone up for shipping (around 400% for China to West Coast container shipping prices). Strangely, the Houthis have an advanced arsenal of missiles with many coming from Iran and a few home built. And [apparently](#) they may be operating hypersonic missiles as well.



**Whirlpool Corporation (WHR)** is a well-known multinational manufacturer and marketer of home appliances. Following an industry favorable 2021, sales slowed with housing starts weakening, higher interest rates and appliance prices jumping on the back of increased commodity costs. This led to a 65% drop in the shares from the high in 2021. 2024 is expected to be a pivotal turn around year with the management initiatives and division sales kicking in. We rate the shares as a hold for now and are waiting to see how the company does in the next 6 months.: [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.

[www.broxtoncapital.com](http://www.broxtoncapital.com) 310 208 2151