

## Market Resource July 2026

1 message

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# JULY 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: A beach in NJ

**Situational unawareness?** An unbelievable story emerged on Wall Street this week when a 22 hedge fund manager went on a round trip to the moon and back in under 2 years. It all started with an essay: "*Situational Awareness: The Decade Ahead*," a 165-page essay by researcher Leopold Aschenbrenner. The paper argued **the world is entering the most important technological transition in history**. Whether or not its timeline proves accurate the essay became hugely influential and led to the creation of a \$200 million hedge fund run by Mr. Aschenbrenner—a 22-year-old at the time.

What to do next? Start making outsize bets on AI companies 🤔😞 The fund soared and ultimately reached a size of \$45 billion this year. The core trades were concentrated long bets on physical AI infrastructure (chips, data centers, power suppliers) like SK Hynix, CoreWeave, and Nebius, paired with high leverage (reported up to 400%). Amazingly the fund had gained about 270% after fees this year through May. At that point, it was up more than 1,000% since inception. The high was approximately \$45 billion in assets before July. July turned out to be a bad month for AI related companies. Sandisk a well known, what I would call average memory component manufacturer, soared from \$45 per share in August of 2025 to \$2300 per share in June of 2026.....and then started falling in July to a low of \$1000 per share. This was happening at almost all of the AI related companies.

The fund was forced to dramatically reduce its equity positions after losses on both its long and short investments triggered margin calls and forced selling. Another fund, Citadel, came to the rescue by buying the entire portfolio of "Situational" on Thursady morning at around 2 or 3 AM. Luckily for leo he was able to keep around \$10 billion in private investments in the fund. An amazing story, and Leo is still in business!!!!...and we are awaiting the next chapter.

**Is the Iran war Over?**



After promising no more forever wars Trump started one that has a 64% disapproval rating. Here is an update: The US-Iran war has dramatically escalated following a heavy wave of US airstrikes on Iran, which triggered widespread Iranian retaliatory attacks against American military bases and allied facilities across the Middle East.

## Interest Rate Updates

New chairman of the Federal reserve was seen as possibly hawkish. Tech times: "The Federal Reserve held interest rates steady on Wednesday — but the vote that delivered that outcome was the most fractured hawkish dissent the central bank has produced since September 2016, and the bond market's reaction made clear that investors are not treating the hold as reassurance." As of late July 2026, federal funds futures and interest rate markets are pricing in a cumulative total of about 1 to 2 hikes (roughly a 25 to 50 basis point increase overall) from late 2026 through mid-2027. We wanted to update due to the fact that the 20 year Treasury ETF just hit new 5 year lows and the ten year treasury is about 25 basis points away from a new high?

**Economy, Recession Watch** 🔍🔍 : The U.S. National Consumer Credit Trends Report - Portfolio from Equifax showed that auto loan delinquencies were up about 3% from May but down from last year. Bank cards and private label credit card default rates are not rising, they are down slightly. Mortgage delinquencies are down slightly since May. GDPNow stood at 5% growth for the second quarter, and NY Fed nowcast was at 2.5%. Black Box reported: Restaurant same-store sales rose 2 percent in June. So overall looks pretty good. 😊📈💰

**Carlyle Secured Lending, Inc. (CGBD)** Although CGBD has 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 27% from their 2025 February highs. The sector derives earnings and income from floating rate loans; therefore, earnings decline when interest rates decrease.

On the recent conference call, CGBD management indicated that their second quarter loan originations had an average spread, over SOFR, of approximately 450-475 basis points. CGBD originated investments of \$217.5 million during Q1'26, with a weighted average yield of 9.0%. The CGBD borrowings are 100% floating rate. CGBD also repurchased \$18.5 million of shares during the quarter. Management commented on the most recent conference call: "Given the strong visible pipeline and fewer expected repayments, **we do expect to see portfolio growth in the second quarter** and as we mentioned in prior earnings calls, we expect earnings to trough in the second quarter, and we anticipate an increase in earnings thereafter as we ramp the portfolio." We rate the shares of CGBD as a buy with a price target \$13.00. CGBD has a stable history, a 12.96% current yield and a 35% discount to net asset value (asof this report). [REPORT](#)

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