



Broxton Portfolio

In July Broxton was down 1.8%, bringing the average returns to 4.06% for the year. As the quarter progressed, the majority of the Broxton positions reporting earnings, continued to produce excellent results. We have several holdings which we expect to increase by 50% or more. The federal reserve is predicted to raise interest rates later in the year at least once more and as much as six times in the future. Which means that interest rates are heading higher. Against this backdrop, shares rallied in July led by financial and technology stocks. One major focus of the month was the Helsinki Summit between President Trump and Vladimir Putin. The summit led to a backlash against the president but did not stop the aggressive approach to international trade. Although the U.S. markets are up, the possibility of trade wars and U.S. dollar strength are some of the reasons most of the stock markets in the world are down for this year.

(above) Old Town Pier in Helsinki, Finland. Below portfolio updates:

Viacom: (VIAB) Viacom is boosting its portfolio of revenue generating assets beyond content and into software: Viacom is adding another feather to its ad-targeting cap with news that Fox is licensing its software for use. Viacom's in "late-stage" discussions with a number of other publishers over its Vantage system (media advertising software), but Fox is the first media partner to use Vantage for linear optimization, CEO Bob Bakish said. The deal is a software license and managed service agreement for Viacom. Viacom expects its Advanced Marketing Services business to generate \$300M in revenues in Q4 and 30-40% growth in 2019.

Genworth: (GNW) Genworth reported earnings on July 31. Operating income adjusted for investment gains and losses grew by 25% and adjusted earnings per share grew by more than 50%. The results exceeded expectations by more than 50% on a per share basis. As usual, the stellar performance drew yawns from Wall Street.

RadNet: (RDNT) RadNet entered into a new arrangement with Emblem Health. Under the contract, RadNet will assume responsibility for imaging operations in 26 Advantage Care locations and will look to expand and upgrade services in these 26 offices and in existing RadNet locations throughout these markets. The agreement grows RadNets' centers under management by 8%. This type of contract will be beneficial to RDNT going forward and represents a new type of asset light acquisition that will allow the company to expand faster.

ArcelorMittal: (MT) MT commented that tariffs are actually helping them on balance. While MT's imports into the U.S. from Brazil and Canada had been hurt by the tariffs, CFO Aditya Mittal says on balance the company had benefited from the tariffs as they had fed into higher steel prices and [he] expects the positive impacts to continue through the rest of this year. For the first half of 2018 MT reported excellent earnings. EBITDA increased by 29% and earnings increased by 32% to \$3.01 per share.

YEAR TO DATE

As of June 30, 2018

BROXTON +4.06%

MARKETS

DOW JONES +2.74%

S&P 500 +5.42%

NASDAQ 100 +13.28%

HIGH YIELD -0.01%

REIT INDEX -1.25%

BOND YIELDS

10 YR TREAS 2.96%

YTD CHANGE .55%

30 YR TREAS 3.08%

YTD CHANGE .34%

SINCE INCEPTION

THROUGH DEC 31, 2017

BROXTON 488.15%

S&P 500 170.59%

DOW JONES 209.91%

BROXTON PERFORMANCE



General Market

Why does the list of international stock markets that are down this year look like a comprehensive lesson in worldwide geography? This is because most markets outside of the U.S. are down for the year. This includes Australia, Canada, Europe, Mexico, Russia, almost every other country and of course Turkey. Foreign stock markets have lost an average of 2% in the first half of 2018 while the U.S. market has earned 3%. Global stocks are down more since their 2018 highs. The U.S. has outperformed almost every country, so diversification outside the US has not paid off in 2018. Why is this? Mostly because we continue to see the same headline repeatedly: *Worries over a potential trade war have weighed on markets today.* Also, the U.S. dollar is going up so these markets are also going down slightly on a dollar basis. However, this asks the question why are our markets not going down as well? One reason is because on balance we are a net importer from many of these countries, so we are less vulnerable to trade war escalations! BELOW: One of the worst performers, Turkey.

Turkey ETF (TUR) 2018 Performance



In a recent presentation, Byron Stead examines why many shares (the FANG group) and indexes are far above their historical trading ranges: [AUGUST OBSERVATIONS](#)

Broxton Capital Advisors

Broxton Capital is an investment manager located in Los Angeles and employs The Primary Broxton Strategy or “PBS.” The Primary Broxton Strategy or “PBS” for managed accounts. The PBS is a bottom up, fundamental strategy that seeks higher total returns with lower risk. The focus is on low risk investments with attractive return (LRAR Securities) with an average holding period of 18 to 36 months. The strategy invests in high yield, fixed income, and equities but does not have any allocation mandates.

Disclosure: This is not an offer, or solicitation of any offer to buy or sell any security, investment or other product. 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. For information on the Primary Broxton Composite please access As always, past performance does not guarantee future results. Please see the Primary Broxton 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 and VNQ. The treasury yields are derived from the CBOE 10 and 30-year interest rate. The Broxton performance is shown net of fees.