



YTD as of 5/31/2020
Alpha
Portfolio **-17.18%**

MARKETS

DOW JONES **-10.81%**
S&P 500 **-5.45%**
NASDAQ 100 **+9.76%**
REIT INDEX **-16.55%**
SMALL CAP **-16.15%**
HIGH YIELD **-6.28%**

BOND YIELDS

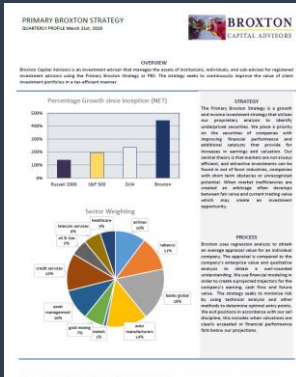
10 YR TREAS **.65%**
YTD CHANGE **-1.27%**
30 YR TREAS **1.41%**
YTD CHANGE **-98%**

SINCE INCEPTION

THROUGH DEC 31, 2019

BROXTON **460.73%**
S&P 500 **240.02%**
DOW JONES **274.63%**

BROXTON PERFORMANCE



 **ALPHA PORTFOLIO**

In June stock indexes continued to rise. The economy bounced in early June measured by the GDPNOW computer model at the Atlanta Federal Reserve. We have bounced from the low of -51.2% on May 29th to -39.5%. We expect this to continue as the country continues to reopen from the virus shutdown. We expect continued challenges from the rate of the reopening as some states temporarily shut down certain parts of their economies. What has been highlighted is the strong correlation between the Federal Reserves buying of securities and the rise of the stock market. During the recent rise the "Fed" purchased over \$3 trillion in fixed income securities. Joseph Young (in Forbes): *"The Federal Reserve's balance sheet has been showing an uncanny correlation with the U.S. stock market. Since June 8, the U.S. stock market is down 6.2%. The correction came immediately after the Fed's balance sheet stopped expanding. The market is overly dependent on the Fed"*. As many noticed that the market seemed out of control in early June, the Fed suddenly stopped adding to its account. The Fed account peaked at \$7 trillion on May 25. So, it does look, for now, that the Fed was a major part of the recent rally but "hit the brakes" in early June. The rally has been despite U.S. companies entering a particularly challenging period. Not only were normal stocks rising but the market suddenly showed signs of unbelievable speculation.

Somehow the crash and recovery of 2020 led to a massive speculative bubble in bankrupt companies. This was attributed to some degree to young traders on the Robin Hood brokerage platform. All of these traders are readily followed by powerful computer systems, because Robin Hood sells everyone's order immediately leading the powerful systems to "jump in." Here are some of the stranger circumstances. CHK or Chesapeake Energy started preparation for filing bankruptcy. The stock shot up to \$77 although the bonds were trading at 1 (meaning a 99% discount). Hertz filed bankruptcy in May by June the shares had tripled to a market value of \$800 million! The bubble also helped non bankrupt companies. Tesla car company imitator, Nikola, announced it would take reservations for a truck that does not exist yet (no prototype) during a highly questionable stock deal, the shares immediately traded up to a value of over \$30 billion (more than GM). Meanwhile, Tesla which announced price cuts of up to \$5,000.00 per car due to sagging demand saw its stock jump from \$800 to 1,100 per share.

Viacom (VIAC): Citibank analyst Jason Bazinet increased his estimate of real money Viacom would make during 2020 to \$4.4 billion due to viewership increases. Still Viacom could only trade at a fraction of the recent value of Nikola, which has no products or revenues.

Harmony Gold (HMY): The company says it expects to return to full production by around the middle of July, after being shut down due to the Virus.

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 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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