



## YTD as of 10/31/2021

Alpha Portfolio **+11.82%**

### MARKETS

DOW JONES **+17.15%**  
 S&P 500 **+22.83%**  
 NASDAQ 100 **+23.06%**  
 REIT INDEX **+28.39%**  
 SMALL CAP **+11.57%**  
 HIGH YIELD **-4.42%**

### BOND YIELDS

10 YR TREAS **1.56%**  
 YTD CHANGE **+64%**  
 30 YR TREAS **1.94%**  
 YTD CHANGE **+29%**

### SINCE INCEPTION

#### THROUGH June 30, 2021

BROXTON **540.83%**  
 S&P 500 **373.68%**  
 DOW JONES **368.11%**



Commodity prices rose in 2021, with energy as a leader. Oil rose 59% and natural gas gained close to 100% before falling back to \$3.65 for an increase of 40% in 2021. Due to mill shutdowns during the pandemic, lumber saw a major 100% rally earlier in the year before settling in for a 34% gain on the year. Gold settled in for a slight loss on the year of 3% after rising 35% from the covid lows. One of the major winners of the last few years was **Rhodium**, Rhodium rose close to 1800% from its 2018 level to **\$29,000 per ounce**. Rhodium is a silver-white metallic element that is highly reflective and resistant to corrosion. It is considered the rarest and most valuable precious metal in the world — well above gold or silver. The element's major use (approximately 80% of world rhodium production) is as one of the catalysts in the three-way catalytic converters in automobiles. The high for this metal was \$29,800 per ounce in March of 2021.



Rhodium plunged to \$14,100 per troy ounce in the end of 2021 due to lower demand from the automotive industry. Global carmakers have slowed production levels due to intense supply bottlenecks, namely a worldwide shortage of semiconductor chips. **Global demand for commodities is expected to remain robust in 2022** as the world economy continues to recover.

What about our favorite commodity: **gold**? Gold-backed ETFs are picking up steam and recycling inventories are dropping. Global gold ETF holdings rebounded from year-to-date lows, increasing to 3,578t (US\$208bn). ETF buying could translate into a major move for gold. Importantly in third quarter of 2021 recycled gold dropped reducing supply by 5%. There are signs from some markets that the stock of near-market recycling material has been depleted, or at least greatly reduced. Virtually every country saw y-o-y declines in the supply of recycled gold as recycled gold stocks fell to a 5 year low in September.

**Macerich (MAC)** On and off over the years we have followed the U.S. Mall industry and recently had a reason too take a closer look. MAC is a REIT that owns or owns interests in 45 shopping malls and trades at around 50% less per dollar generated than most REITS. Recently, a number of metrics are starting to flow their way. Average tenant sales have rebounded strongly in 2021, advancing over 13% from 3rd quarter 2019 and the company has reduced debt from \$6 billion to 4.5 billion this year. MAC reduced the dividend and intends to keep it there for further debt reduction generating over the next few years. However, Macerich still faces the long-term problem of mall traffic decline. We don't have a clear impression of the strategy to aggressively address this. MAC has a book value of close to \$14 per share and we view the shares as attractive below this level dependent on medium term business developments.

## 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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