



YTD as of 1/31/2021

Alpha Portfolio **+6.34%**

MARKETS

DOW JONES **-2.00%**
S&P 500 **-1.02%**
NASDAQ 100 **+0.26%**
REIT INDEX **-0.37%**
SMALL CAP **+4.85%**
HIGH YIELD **-0.00%**

BOND YIELDS

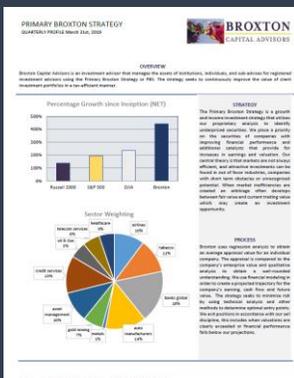
10 YR TREAS **1.10%**
YTD CHANGE **+0.18%**
30 YR TREAS **1.86%**
YTD CHANGE **+0.21%**

SINCE INCEPTION

THROUGH DEC 31, 2020

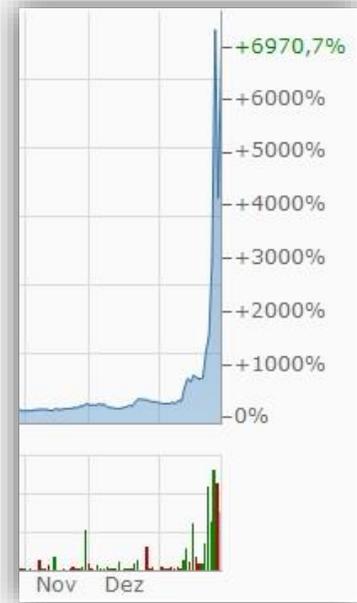
BROXTON **433.67%**
S&P 500 **302.78%**
DOW JONES **311.40%**

BROXTON PERFORMANCE



ALPHA PORTFOLIO

Recently, we saw a massive rise in the stock of GameStop (GME). This was widely credited to a group of traders that were interacting on an internet chat room and encouraging others to buy. The sharp up move was "not so good" for large hedge funds that were short the shares. Shorting means that you sell then buy a stock hoping it will go down. The story immediately grabbed the attention of news reporters who widely characterized the event as a David verse Goliath victory and a long-awaited comeuppance for the funds. Furthermore, many of the funds were accused of using illegal tactics in their bid to move their shorted shares down. Also chiming in were a number of politicians that have no idea what they are talking about. However, is this the real story? No, sounds like awesome headlines, but the internet groups are not the big elephants they and a lot of other people think they are. We would guess that the internet group started with \$2 or 300 million and may have \$2 or 3 billion now collectively or maybe even 5 billion, but this would not be enough to change the course of GameStop. GameStop traded over \$80 billion in value last week.



What is more likely is that the larger investment community just revalued the shares as a normal (super overvalued) internet company. On January 11 before the upswing began the company announced: " sales results for the nine-week holiday period ended January 2, 2021 [reflected] a 4.8% increase in comparable store sales and a 309% increase in E-Commerce sales". Three new board members were also announced that were from the super overvalued internet pet company: Chewy (CHWY). The CEO, CFO and Marketing officer jumped onboard GME from CHWY. So, GameStop went from trading as a "left for dead" retailer to joining the ranks of the other 30 or 50 super high priced e tailers and now trades in line with them based on revenue multiples of 5,6 or 8 times (GameStop now trades at 4X). However, we still like the "story" that the Reddit internet army did this and it's a victory for the small guy!

United Foods (UNFI): Recently, UNFI shares moved higher on news of food inflation, which is good for the company. At the same it is becoming apparent that the business model is "working" and growing. The company recently completed the 2018 acquisition and integration of larger distributor, Supervalu and the most recent quarter showed a 60% increase in adjusted operating income, a 30% increase in EBITDA and the addition of a new customer (estimated \$1 billion annual revenue add). UNFI is a leading distributor of natural, organic, specialty, produce, and conventional grocery and in the United States and Canada with close to \$30 billion in annual revenues.

Broxton Capital Advisors

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