



YTD as of 5/31/2022

Alpha Portfolio **-6.49%**

MARKETS

DOW JONES **-9.12%**  
 S&P 500 **-13.06%**  
 NASDAQ 100 **-22.51%**  
 REIT INDEX **-14.60%**  
 SMALL CAP **-16.70%**  
 HIGH YIELD **-8.63%**

BOND YIELDS

10 YR TREAS **2.84%**  
 YTD CHANGE **+133%**  
 30 YR TREAS **3.06%**  
 YTD CHANGE **+116%**

SINCE INCEPTION

THROUGH March 31, 2022  
 BROXTON **488.05%**  
 S&P 500 **404.65%**  
 DOW JONES **377.31%**



**There's does not seem to be a recession looming!**

Currently Wall Street is gripped in another recession prediction fear mania but many times there is no recession. Economists have an especially poor record of knowing if one is coming: In one study (Hites and Loungani) they looked at the record of professional forecasters and found that economic forecasters were right less than 10 percent of the time,— even a few months before their onset. After the beginning of the 2008 recession, Queen Elizabeth II famously asked the economists in a briefing at the London School of Economics, why no one had seen the downturn coming. Her Majesty may have not known that economists and most others aren't good at predicting recessions.



[Mastercard recently reported](#) department store sales increased 12% for May with restaurants advancing 17%. Back to school sales are predicted to be up 7.5% versus 2021. At Broxton, we continue to monitor front line companies for signs but there are none at this time. The CEO of Paychex (a payroll processor) commented on June 29: "We monitor key leading indicators for any signs of a change in the macroeconomic environment but have not seen any signs of deterioration at this time. Typically, the first signs of a macro economic recession would be a decline in employment levels at existing clients, an uptick in non-processing clients or a slowdown in sales activities. These indicators continue to trend in a positive direction." So, there's no data supporting an economic downturn or recession right now.

**Stellantis (STLA):** Stellantis N.V. is a multinational automotive manufacturer formed in the 2021 merger between Fiat Chrysler and Peugeot S.A. The company's brands include Citroen, Jeep and Dodge. Primary reasons for the merger include cost reduction synergies of €5 billion and an accelerated push into electric vehicles. 2021 should be considered a success with €3.2 billion of the synergies achieved and earnings of over 4 euro per share. CEO Carlos Tavares commented: "As you know, the results for 2021 were very encouraging, with a [100% increase in operating income and the tripling of net income] which says a lot about the initiatives that were taken in the company." The company is trading at around 3 X 2021 earnings with an enterprise value of 3 X EBITDA and the shares boast a current yield of 8.4%. Overall, we believe that the company is on the right track, but the shares are not showing stability. Year to date the shares are down 33% despite two good reports and the strong dividend. [REPORT](#)



## 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 Broxton Strategies do contain dividends and fees. 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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