



YTD as of 7/31/2020
Alpha
Portfolio **-11.43%**

MARKETS

DOW JONES **-7.28%**
S&P 500 **+1.45%**
NASDAQ 100 **+25.01%**
REIT INDEX **-12.29%**
SMALL CAP **-11.05%**
HIGH YIELD **-2.90%**

BOND YIELDS

10 YR TREAS **.54%**
YTD CHANGE **-1.38%**
30 YR TREAS **1.20%**
YTD CHANGE **-1.20%**

SINCE INCEPTION THROUGH DEC 31, 2019

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

BROXTON PERFORMANCE

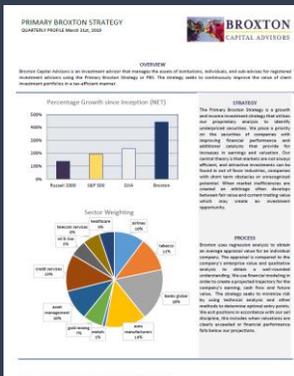


In August, the market continued its 5th straight month of strong upside propelled mostly by internet stocks. The powerful rally drove the Nasdaq 100 index up 80% from its March lows which in turn helped to bolster other indexes. Some of the incredible examples of exploding share prices included many companies that traded at over 50 or even 75 X revenues. Shopify (SHOP), an online web site portal, traded at over 85 X its 2019 revenues for a price of \$122 billion. DraftKings (DKNG), an online betting site, recently hit prices that equated to \$20 billion + or over 50 X revenues. We generally do not believe that this kind of pricing is healthy for the markets. We also submit a question: "Are investors making returns from a company that is growing and improving or are buyers making money from the increasing participation of additional buyers who have little knowledge of the value of these securities?" It seems the later. In the case of DraftKings we note that the online betting market has intense and growing competition from powerful gaming companies such as Caesars and Golden Nugget. DraftKings is operating at a heavy loss.

Data continued to show a rebound in economic activity for August. We have now recovered to a forecasted 80% + of the 2019 level from as low as 65%. The economy was supported by re-openings and massive stimulus of cash and loans from the federal government. At this point there are two looming challenges for the market and the economy. One, we have a polarized presidential election looming. So, a few things to consider here: A change of leadership at the federal Reserve and a change in economic policy would cause volatility. We could also experience additional volatility from the election if it is not settled in November. Secondly, it looks like interest rates are bottoming here and have shown some rebound potential. The ten-year treasury hit a low yield of .39% in March before rebounding to .95% in June. A more recent low of .5% was followed by a rebound. If rates climb back above .95% for the Ten-Year it would signal higher rates ahead. The value of a dollar could be under increasing pressure from stimulus which could cause interest rates to rise.

DHT Holdings (DHT): DHT is an oil shipping company that consists of crude oil tankers in the VLCC segment (Very Large Crude Carrier). DHT posted exceptionally strong results for the 1st half of 2020. There is a forecasted drop in total tankers in service for the first time in over ten years. We expect results to remain strong for the 20-21 season with a positive outlook for the medium and long term. DHT makes net income, trades at around 1 X revenues and pays a dividend.

Amarin (AMRN): Amarin's drug Vascepa showed great results (again) in a new trial concluded recently. Vascepa reduced (arterial) plaque volume by 17% over the 18 month study, whereas there was a normal progression of plaque in the placebo group. The study was conducted at UCLA.



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.

www.broxtoncapital.com 310 208 2151