



YTD as of 11/30/2023

Alpha Portfolio **4.43%**
Smart Yield **3.72%**

MARKETS

DOW JONES **8.65%**
S&P 500 **9.35%**
NASDAQ 100 **46.02%**
REIT INDEX **-9.1%**
SMALL CAP **3.04%**
HIGH YIELD **2.82%**

BOND YIELDS

10 YR TREAS **4.35%**
YTD CHANGE **12.14%**
30 YR TREAS **4.51%**
YTD CHANGE **13.32%**

SINCE INCEPTION

Through December 31, 2022
BROXTON **424.77%**
S&P 500 **333.17%**
DOW JONES **363.43%**



Market Rebound & Down?

Investors suddenly showed a voracious demand for stocks with the hope that the federal reserve had finished raising rates and it was all clear for stocks!! We also saw a small return to growth in earnings, with S&P 500 earnings growing 2.4% for the fourth quarter. However, the

recent move took us to an extreme high end of around 20 X forward S&P 500 earnings. We usually trade around 15 X forward. Above the light blue line (price) usually trades below the dark blue line (earnings). So if we pull back to the normal range the S&P 500 would drop back around 20% to 3900. This is 15 or 16 X forward earnings.

Forward 12-Month EPS vs. Change in Price: 10 Yrs.
(Source: FactSet)



Macy's (M) recently received a takeover bid From real estate investment firms Arkhouse Management and Brigade Capital (whom already own shares) for around \$21 per share. After the Covid rebound in 2021 and 22, department store retailer Macy's revenue gains stagnated and began slipping this year. This is worrisome because of the good economy and the fact that a few other retailers have been able to increase revenues, such as Lululemon and Abercrombie. In our initial report we noted that: "It is fairly likely that Macy's owned real estate exceeds its' current enterprise value." We reported that: There are questions regarding the long-term survivability for Macy's and a low bid may be the best alternative for the company. It is probable that investors would vote to sell, and management could capitulate due to survivability questions, but we believe it could be difficult to substantially improve the bid! [REPORT](#)

DocuSign (DOCU): A recent rumor surfaced that Docusign might find a buyer. We always root for the company but we believe that it is difficult to envision this scenario. The company is facing pricing pressure from competition, new management initiatives have yet to be proven and growth continues to slide. So, we felt that DOCU is fully priced without a foreseeable catalyst. The company has no debt and a cash position of \$1.6 billion but the current cash flow yield is around 6%, leading to our Hold recommendation and price target of \$55. [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.

www.broxtoncapital.com 310 208 2151