SMART YIELD
INCOME FUND

2023 Q 4

A Broxton Capital Advisors Fund

Manager

R. ALLEN COOKE

Get Yield, Get Return. Smart Yield.

Partnered with Schwab

Smart Yield is a multi-strategy income fund offered to managers and designed with a flexible mandate in order to perform in various economic conditions including rising interest rate environments. Learn More

About Broxton Capital Advisors
The partners have over 50-years of collective experience managing investments and specialize in fixed income.

MANAGER'S COMMENTARY

As of September 30, 2023

We created Smart Yield in order to give advisors an income allocation tool that works. Since inception, through September 30 of 2023, Smart Yield has returned a positive 16.63% net, compared to a negative 12.95% for the S&P bond index and a negative 40.95% return for the 20-year treasury ETF over the same period. This trend continues in 2023 with bond indexes turning negative in the 3rd quarter and Smart Yield posting a 3.74% return net. We believe the strategy will continue to provide portfolio stability and other advantages compared to single asset income allocations.

Smart Yield utilizes proprietary algorithms and technical indicators, quantitative and qualitative analysis and is overseen by Broxton Managers who have over 50 years of combined experience.

SMART YIELD

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As of September 30, 2023

Portfolio Facts

Annual Target Return:	8.00%
Beta Target	≤ 0.35
Fund Type	SMA Composite
Opening Date	7/1/2021
Inception Date	9/30/2020

Performance*

2021 YEAR	
Smart Yield	14.38%
Benchmark	-1.40%

2022 YEAR	
Smart Yield	-5.85%
Benchmark	-12.03%

2023 YEAR as of 09/30/2023	
Smart Yield	3.74%
Benchmark	-.39%

Since Inception	
Smart Yield	16.63%
Benchmark	-12.95%
Fund Annualized	5.26%

Performance Analysis	
Beta	.29
Sharpe Ratio	.43
Treynor Ratio	11.32
Alpha	10.91
Standard Deviation	7.62

**Benchmark: S&P U.S. Aggregate Bond Index, please see important disclosures on last page*

SMART YIELD FUND

Objective:

- The objective of the fund is to return 8% annually through a low volatility income and growth portfolio as an alternative to single asset income funds

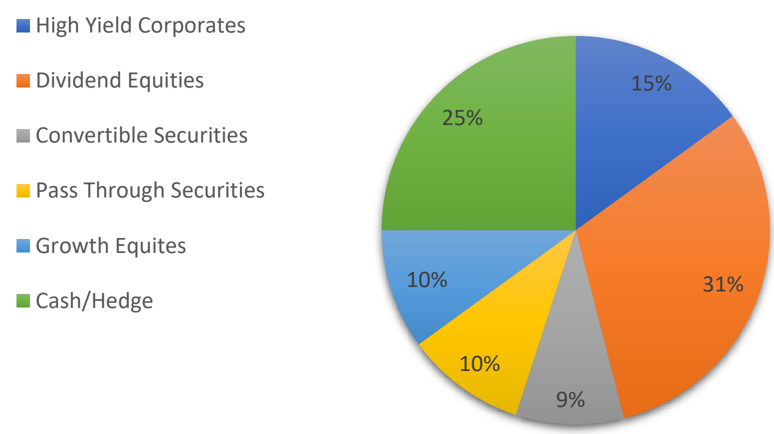
Fund Facts

- Projected low correlation to single asset income funds and equity indexes
- Designed to achieve portfolio growth with lower risk.
- Broxton Managers have over 50 years of combined experience

Process

- Managers select securities in multiple asset classes and industry sectors based on proprietary algorithms and technical indicators, statistical indicators, industry & business trajectories, coverage ratios and cash flows

Asset Mix Example



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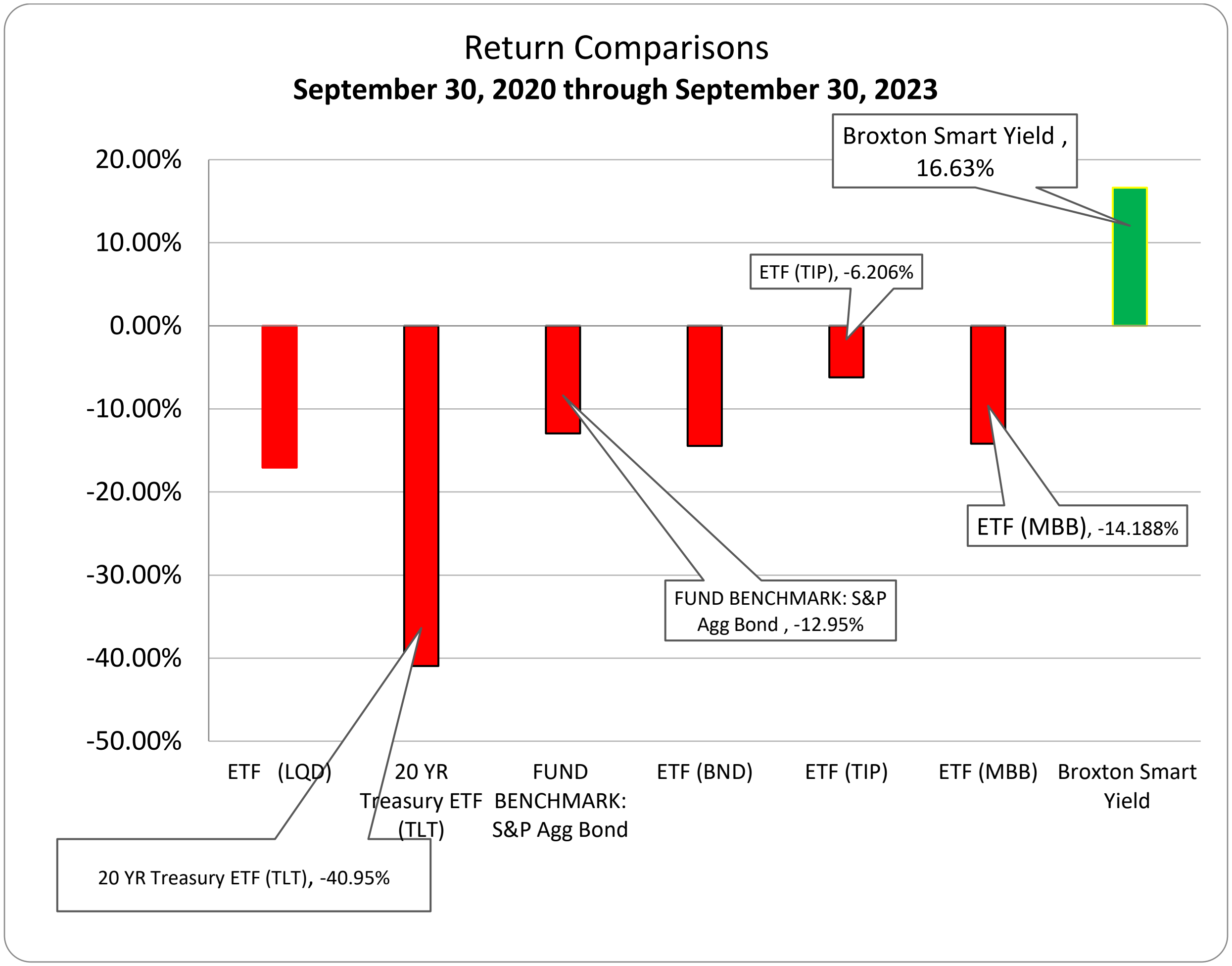

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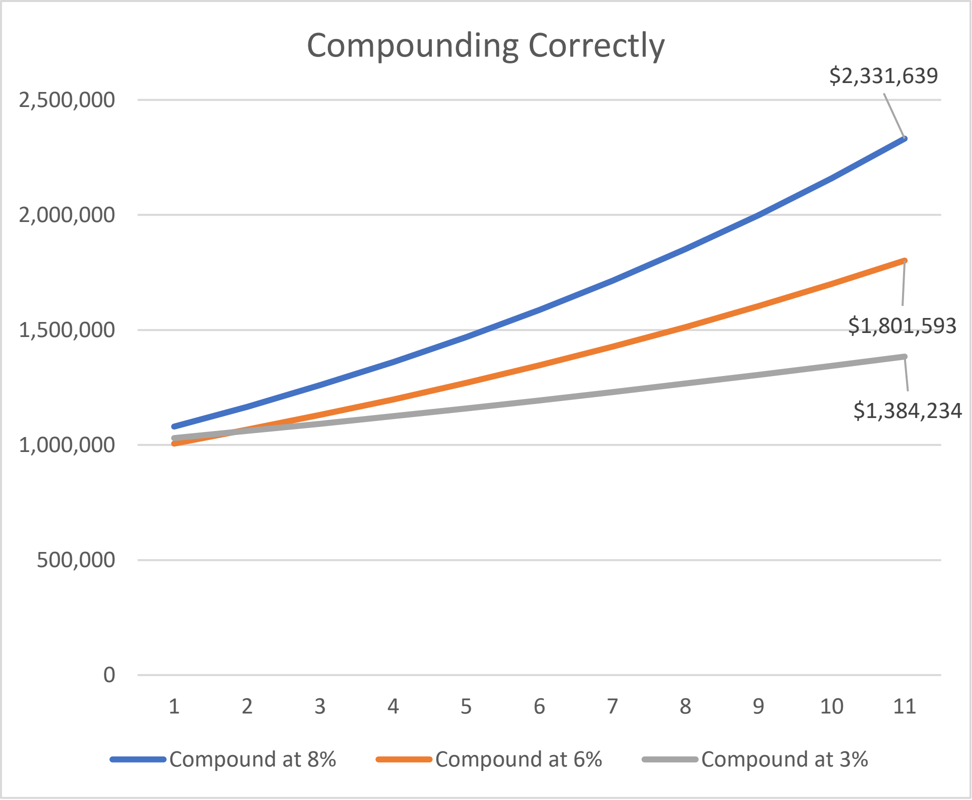
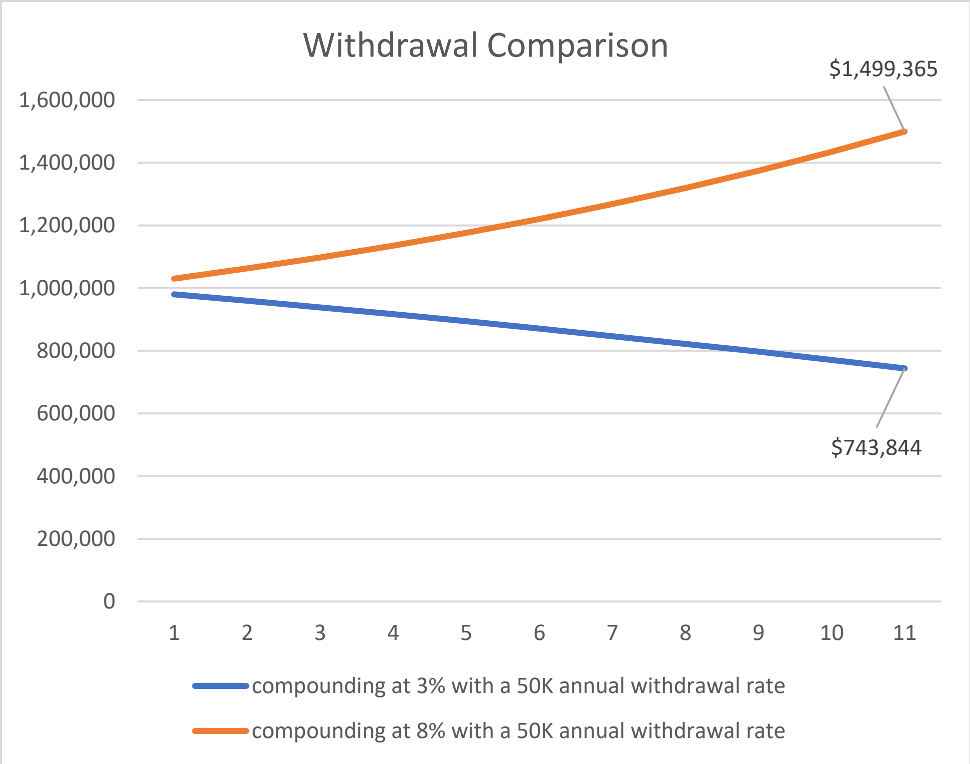
IMPONTANCE OF COMPOUNDING CORRECTLY

- Over time, the compounding rate is the most important variable for an income portfolio or allocation
- The difference can be millions of dollars



IMPONTANCE OF COMPOUNDING CORRECTLY

- Over time, the compounding rate is the most important variable for an income portfolio or allocation
- The difference is higher in portfolios meeting withdrawals



SYNOPSIS

- An 8% compounded return provides powerful growth over time. The objective of Smart Yield is an 8% annualized return with safety and low volatility.
- Broxton is able to assemble an efficient portfolio with broad diversification by:
    - Collecting allocations that are overlooked by larger players
    - Using the multi class mandate to access attractive returns in multiple categories
    - Focusing on opportunities
    - Combining growth and income strategies
- Managers utilize proprietary algorithms and statistical analysis in their quantitative analysis and bring 50 + years of collective qualitative analysis into the selection process
- Flexible mandate is accretive to risk control
- The Fund objective is delivering a consistent and conservative return through rational investing

INCOME SECTOR SNAPSHOT

Single asset income funds (SAIFS) have low return and are subject to binary outcomes when rates rise or fall. 10-year TSY at 3.61%.

- Investors need income and or withdrawals
- SAIFS are useful in some situations but provide little income and compound slowly
- 10-year Treasury at 3%:Compounded over 20 years returns less than 100% not including withdrawals. 20 years compounded at 8% > 350% and capable of providing withdrawals
- SAIFS are bond funds, REITS, municipal bonds etc.

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INCOME SECTOR CHALLENGES

- Passively managed fixed income ETFs or indexed funds still retain risk and produce low yield
- Investment management companies lack products and incentives to create them (are they calling with solutions?)
- Equity indexes contain risk. Over time portfolios need to reduce risk
- REITs, MLPs, BDCs and sector ETFs face individual and sector economic challenges, investing requires active management

SOLUTION

- Smart Yield allocation improves the optimum risk reward profile of a portfolio
- Working towards an *available* efficient frontier outlined by Smart Yield for balance
- Delivers return with intelligent risk

Smart Yield is designed to improve portfolio optimization

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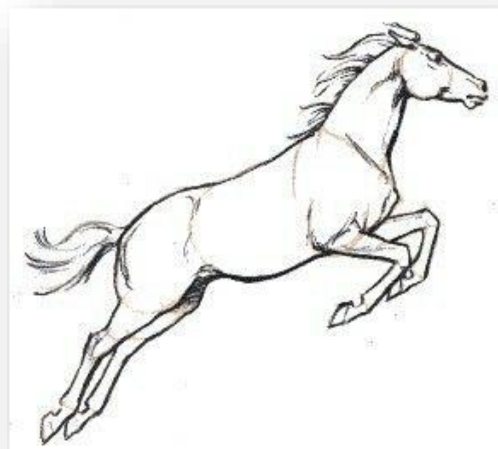
SELECTION PROCESS

- Fundamental analysis followed by technical analysis
- Proprietary Technical indicators, quantitative and qualitative analysis
- Proprietary algorithms provide coverage ratios and cash flows
- Statistical analysis
- Industry & business trajectories
- Qualitatively, selections are based on normal valuations, strong fundamentals, yield, and issuer financial stability.
- Use the broader selection mandate to optimize

SAMPLE PORTFOLIO METRICS[1]

Positions est.	50-100
Beta target vs S&P 500	.35
Current Yield (total fund)	6.78%
Standard Deviation (3y)	NA
Inception Date	9/30/2020
Benchmark	S&P U.S. Aggregate Bond Index



[1] Example

SMART YIELD

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Income Fund

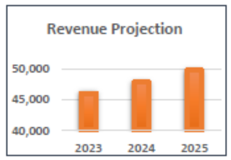
BROXTON CAPITAL ADVISORS — Vodaphone as of 9/30/2022

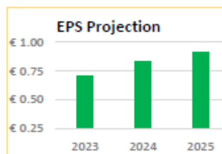
Monday, January 30, 2023

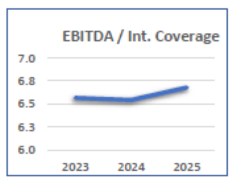
share price	$11.61		
PROJECTIONS IN MM fiscal yr €	2023	2024	2025
Income Statement			
Revenue	46,036	47,877	49,792
Gross Profit	14,731	15,560	16,183
Operating Income	5,427	6,029	6,355
Pre-Tax Income	400	400	400
Net Income	2,039	2,401	2,636
EPS	€ 0.71	€ 0.83	€ 0.91
Revenue growth		4%	4%
EBITDA (adj)	15,102	15,704	16,030
Interest	-2,300	-2,400	-2,400
Capitalized Expense	8,000	8,000	8,000
Cash Flow	5,014	5,176	5,411
Equity Dividends	2,533	2,533	2,533
Cash Flow Dividend Coverage	198%	204%	214%
Retained Cash Flow	2,482	2,644	2,878
Retained Cash Flow Sum	2,482	5,125	8,003
Valuations			
Cash Flow Yield Vs. Equity	15.3%	15.8%	16.6%
EV/EBITDA	5.3	5.1	5.0
P.E Ratio	16.4	13.9	12.7
Enterprise Value	79,379		
Net Total Debt (Broxton)	46,708		
Equity Market Cap	32,671	32,671	32,671
Debt Ratios			
EBITDA/Interest Coverage ratio	6.6	6.5	6.7
Net Debt/EBITDA	3.1	3.0	2.9
Liquidity	Sep. 30 2022		
Cash	7,072		
Borrowing Availability *est.*	2,000+		
Total Current Assets	27,786		
Total Current Liabilities	34,219		
Current Ratio	81%		
Debt (VOD Reported)			
Borrowings	53,780		
Borrowings Net	45,523		

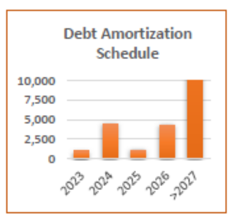
NOTES:

Debt amortization schedule (right): 2027 or later = 43.1 billion. Projections do not include the planned sale of Vodafone's Hungarian assets or the contemplated Vantage Towers transaction. Debt above includes bonds, bank loans and other borrowings and does not include lease and other liabilities.









- Algorithms output to structured reports
- Controls allow unlimited forecast scenarios

ASSET CLASS OVERVIEWS

Corporates

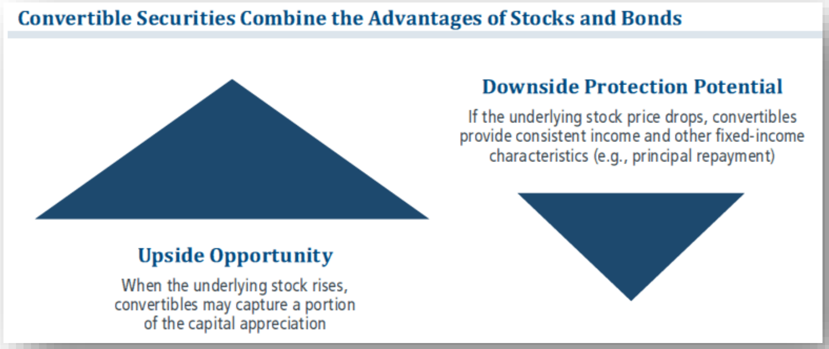
- lower convexity than investment grade
- Susceptible to mispricing
- Ability for price appreciation and yield

Pass Through Securities

- Real estate investment trusts, Business development corporations, Closed end funds, Master limited partnerships, preferred shares
- Possibility for capital appreciation with income yield

Convertible Securities

- Corporate bonds, Preferred shares, "busted" converts[2]
- Equity upside with bond protection



ETFs, Dividend & Growth Equities

- Basket approach reduces risk
- Offers capital appreciation
- Fundamental + technical analysis
- Alpha generation
- Our question: Where is the dividend support for each security

[2] Convertibles that are unlikely to offer equity upside

Cash/hedge

- Option writing strategies
- Hedging through option put positions or ETFs
- Cash instruments
- Other

Option strategies are available to the managers as far as covered writes or hedging positions. Covered writing can add income and reduce volatility and is considered a conservative method of incrementally increasing yields and reducing volatility. Matched puts can reduce volatility on individual positions. ETFs offer simple hedging opportunities to obviate interest rate or market volatility.

Conclusion: Total addressable market for selection well over $1 trillion

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RISK CONTROLS

- Broader mandate allows for risk controls
- Levels of risk control: asset class, industry & Issuer, portfolio level, security level, Proprietary technical analysis overlay
- Analysis quantitative and qualitative: standard deviation + industry economic + issuer economic
- Cash flow algorithms reduce risk related to individual issuer
- Compare: REITs, MLPs, BDCs and sector ETFs can face individual and or sector economic challenges, Smart Yield diversification reduces these risks

FUND STRUCTURE

Smart Yield is a managed composite of individual accounts. This has several advantages:

- Investors maintain assets in their own account
- Investors and managers may increase and decrease allocations easily on a per account basis
- Investors receive individual custodial statements
- Reduced expenses
- Daily pricing
- All composite accounts receive the same allocation percentages
- Customization

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MEET THE TEAM

The managers have over 50 years of collective fixed income experience:

- Bob Cooke: Spanning a career of over 40 years, Bob has been a municipal and corporate bond specialist, running the municipal desks at Drexel Burnham Lambert and later, Imperial Capital, a leader in bond research and trading. Bob joined Broxton in 2008.
- R. Allen Cooke: With over 25 years as a fixed income specialist, Allen worked alongside his father, Bob Cooke at Imperial Capital and later headed the corporate bond research at Western International Securities. Allen founded Broxton Capital in 2005.

Broxton Capital Advisors began on Broxton Avenue in the UCLA-Westwood area of Los Angeles. Broxton Avenue is named after the civil parish in Cheshire, England. Broxton Capital is an investment manager located in San Juan, Memphis and Los Angeles.

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SPECIAL TECHNIQUES

- Creating your own convertible bonds: If you find a corporate bond trading at a discount you can combine the bond with shares of the company to create a synthetic convertible bond. Such combinations have lowered risk with unlimited upside. The risk reward metrics are improved at this point; if the shares decline but the bond is paid off the investor will still make a profit. There is also a chance that the shares will accelerate higher doubling or tripling the profits of buying the bond alone. Of course, there is a good amount of research needed in order to successfully execute this investment.

- Cashing in on stock drops: Often times a convertible bond will drop precipitously if the underlying stock it is convertible into falls. From time to time these investments become more valuable solely as a bond investment that investors can cash in on as the previous investors sell. These are known as "busted converts." Many times, the bonds are financially sound. For instance: Over the last few years, the shares of Greenbrier companies fell from $60 to a low of $12.89. This caused the convertible bonds to trade down briefly at a close to 10% yield. The bonds have since rebounded by about 20% from the low and to a more normal yield of about 6%.

- Staying out of trouble (also do not get run over trying to pick up a dime in the street)! Often times investors remain oblivious to problems as companies decline. Investors are currently receiving a low yield certain bonds. However, many of these companies have yet to generate a profit and some companies have a large cash burn. So, this is not the best way to yield. So always be aware is your company accreting cash or depleting it!

Disclosures

SMART YIELD DISCLOSURES 7/18/2023

Broxton Capital Management is an investment management firm which was established in 2005. Smart Yield returns are shown net of actual fees and expenses. Composite returns are weighted monthly. Broxton measures composite internal dispersion using Size-Weighted Standard Deviation. Returns for periods exceeding 12 months are annualized. Broxton maintains two composites. The definition of the firm includes the total firm assets, and we practice firm-wide compliance. Smart Yield Fund targets a mix of investment in different asset classes and strategies that contain the risk of loss. Investors should carefully consider the Fund's investment objectives and risk factors before investing. Investing involves risk, including possible loss of principal. Investors should consider the loss of principle and the fact that Smart Yield targeted returns are not guaranteed. Smart Yield intends to attain an 8% annual return through capital gains, interest, dividends, and other strategies including short term and long-term holding periods. Smart Yield is a separately managed account composite. The inception date is September 30, 2020, and the opening date was July 1, 2021. Asset Mix Examples are examples and do not reflect the current holdings of the fund. Smart Yield Portfolio Metrics are targets of the fund. Asset class mix and targets may change based on the direction of the managers and there is not a minimum or maximum percentage for asset each class. The Return Comparisons chart contain the following: Broxton Smart Yield is calculated using total return (dividends reinvested) net of management fees, S&P 500 Aggregate bond index is calculated using total return (dividends reinvested) gross of management fees (without management fees applied). Returns for other ETFs or indexes in the chart are calculated gross of management fees without dividends reinvested. Projected annual return target and beta targets are not guaranteed. Standard Deviation, Beta, Sharpe, Alpha and Treynor ratios are measured since inception. Standard Deviation, Beta, Sharpe and Treynor ratios for the fund are estimated versus the S&P 500. The target beta for the entire fund is .35 or lower. Beta is a measure of the fund's volatility in relation to the S&P 500 Index. The fund uses internal software in order to compute beta compared to a monthly total return S&P 500 Index. This index has a beta of 1.0. Broxton calculates alpha using the higher of the following two numbers: interest rate of the 5-year treasury or 1.2% at the beginning of the calendar year (first business day of the year) This number is then divided by 12 and then compounded monthly. This is subject to change based on our analysis of the rise and fall of interest rates. The fund targets a total gross return before fees and expenses of 9.24%. The fund projects a blended return based on income securities and capital gains and may have a larger weighting in either income producing, or non-income producing assets and does not seek tax efficiency. Investors should consider that the majority of returns or possibly all of the returns will be considered ordinary income and investors could experience a higher tax rate compared to other strategies. Smart Yield attempts to continuously improve the value of investment portfolios by investing in equities corporate bonds, convertible bonds, other types of bonds (investment grade and sub-investment grade, (which may also have limited liquidity), dividend paying equities, non-dividend paying equities, ETFs, including leveraged ETFs, reverse ETFs for hedging and other securities. Smart Yield intends to engage in covered call writing. This strategy involves risk of loss. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. All security types mentioned in this brochure have the risk of loss. We use financial modeling, technical analysis, proprietary and third-party research. Smart Yield does not have any capitalization (market size), sector or industry allocation mandates and most likely will have large allocations during certain periods. Asset class allocation examples or percentages will be materially different from projections and or examples and may change without notice. Shorting is considered higher risk and shorting (selling and then buying) of securities can be used for hedging and as a long term or short-term strategy. The fund may allocate to leveraged ETFs as a hedge or for short term capital gain. These securities have the possibility of loss. Since Smart Yield returns will be calculated using an internal composite of accounts, the average account will not match the composite return and the return could be higher or lower. Broxton offers Smart Yield for investment managers. Depending on the advisor, platform restrictions and other factors the average account will not match the composite return and the return could be higher or lower. Returns are net of fees unless otherwise stated. During the period September 30, 2020 through September 30, 2021 composite performance was derived from a single account. Further disclosures are available upon request. Any commentary on individual securities is solely the opinion of Broxton Capital Advisors. It refers to securities we May or may not hold in our portfolio and does not represent a complete list of positions 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. Targeted performance and past performance do not guarantee future results. Additional disclosures are available upon request. Please contact us visit broxtoncapital.com for additional information including form ADV.