



Broxton Capital Advisors manages wealth for Institutional Investors and Households. Smart Yield is an income and growth fund with a target return of 8% annually with low volatility

**INVEST/STAY CONNECTED**

INITIAL REPORT November 28, 2021

UPDATED November 28, 2021

 **GLOBAL SHIP LEASE**

**Global Ship Lease, Inc. 8.75% Series B Cumulative Preferred Shares 8.00% Senior Unsecured Notes due 2024**

[Global Ship Lease](#) (GSL) is a containership owner that leases to shipping companies under fixed-rate time charters. The Company is a Marshall Islands Corporation headquartered in London and Athens. As of November 9, 2021, the company had 65 containerships in its fleet. Maersk and CMA CGM are two of the largest lessors. Container shipping rates have risen dramatically since 2019 due to supply chain disruptions caused by the pandemic. Although we expect container shipping rates have peaked and will continue to trend lower, rates for vessel chartering have remained strong. In August GSL announced that: "S&P Global Ratings ("S&P") has raised the Company's long-term issuer credit rating to BB- from B+, with a stable outlook, on the basis of its larger scale, increased diversification, enhanced contract coverage, expectation that favorable charter rate conditions will continue, and forecast of solid EBITDA performance and positive free cash flow generation". We expect the debt to EBITDA ratio of GSL to improve to below 3 X in 2022. Consensus earnings estimates are predicting a 100%+ increase in 2022 GSL earnings per share.

In light of the strengthening fundamentals and the fact that we believe that charter rates will remain elevated, we recommend the preferred shares and board traded notes. The 8.75% preferred shares currently trade at a slight premium to the \$25 par value for a current yield of 8.5%. The preferreds are callable at any time, but GSL is currently conducting an at the market offering and we believe that a call is not likely. The 8% Notes offer a current yield of 7.75%, are investor friendly and mature in December 2024. The Notes have call protection at 102% of Par through 2022 but may be called beginning on December 31, 2021. GSL has also raised the dividend on the common shares to \$1.50 beginning in 2022.

**GSL Common Chart 2020 through November 2021**

**Recent Presentation**

**GSL Company Description:** Global Ship Lease (GSL) is a containership owner, leasing ships to container shipping companies under industry-standard, fixed-rate time charters. We focus on mid-size Post-Panamax and smaller containerships, the workhorses of the global fleet. Our goal is to provide our customers with well-specified, operationally flexible, reliable, fuel-efficient containerships.



Global Ship Lease, Inc.	Current Yield	Call Date	Maturity	Amount Out
8.75% Series B PFD	8.5%	Perpetual	NA	108.9 MM
8.00% Notes	7.75%	12/31/2021	\$12/31/2024	59.8 MM
Fleet, Nov 9 2021	65 Vessels			
Debt total (9/30)	1,093 MM			
2022 EBITDA est.	398 MM			

## BROXTON CAPITAL ADVISORS Global Ship Lease as of 9/30/2021

Sunday, November 28, 2021

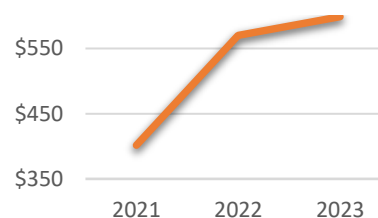
share price (GSL) \$23.63

<b>PROJECTIONS IN MM</b>	2021	2022	2023
<b>Income Statement</b>			
Revenue	\$402	\$570	\$599
Gross Profit	\$281	\$416	\$419
Operating Income	\$207	\$310	\$312
Pre-Tax Income	\$130	\$223	\$220
Net Income	\$122	\$213	\$210
EPS	\$3.35	\$5.88	\$5.80
Non Gaap EPS	NF	NF	NF
EBITDA	\$280	\$398	\$400
Interest	-\$72	-\$82	-\$87
Capitalized Expense	NF	NF	NF
Cash Flow	\$195	\$301	\$298
Equity Dividends	\$45	\$65	\$65
Cash Flow Dividend Coverage	438%	460%	456%
Retained Cash Flow	\$150	\$236	\$233
Retained Cash Flow Sum	\$150	\$386	\$619
Revenue Growth	42%	42%	5%
<b>Valuations</b>			
Cash Flow Yield Vs. Equity	22.7%	35.1%	34.8%
EV/EBITDA	6.97	4.90	4.87
P.E Ratio	7.05	4.02	4.08
Enterprise Value	\$1,951		
Total Debt	\$1,093		
Equity Market Cap	\$858	\$858	\$858
<b>Debt Ratios</b>			
EBITDA/Interest Coverage ratio	3.88	4.86	4.60
Debt/EBITDA	3.91	2.74	2.73
<b>Liquidity</b>			
Cash	\$82		
Borrowing Availability est.	\$250	+	
Current Assets	\$145		
Current Liabilities	\$195		
Quick Ratio	0.74		
<b>Debt</b>			
Borrowings	\$1,093		
Total	\$1,093		

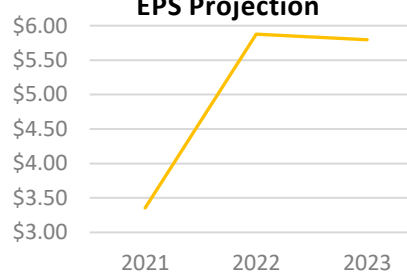
### NOTES:

NF: Not Forecast, common div raised to \$1.50 per annum starting in 2022

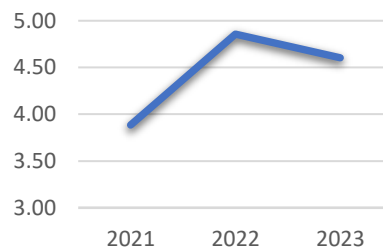
### Revenue Projection



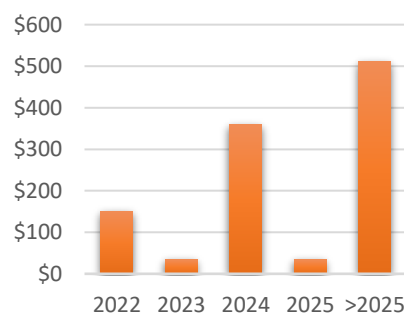
### EPS Projection



### EBITDA / Int. Coverage



### Debt Amortization Schedule MM



## **Disclosures**

Smart Yield Fund targets a mix of different security classes 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 targeted returns are not guaranteed. Individual investors in Smart Yield are generally required to be accredited investors. Smart Yield is a fund operated through individual accounts creating the composite. Smart Yield Fund is a new product with an inception date of September 30, 2020 and as such does not have historical data. Asset Mix Projections on page 2 and 6, Smart Yield Portfolio Metrics on page 5 are estimated or targets of the fund. Asset class mix and targets may change based on the direction of the managers. Portfolio allocation projected annual return and beta assumption for each asset class on pages 7-10 are estimated. Beta for the fund and each asset class is estimated versus the S&P 500. The average beta for the entire fund is projected to be .32. Beta is a measure of the fund's volatility in relation to S&P 500 Index. This index has a beta of 1.0. 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. Smart Yield attempts to continuously improve the value of investment portfolios by investing in 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, and other securities. 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 securities types mentioned in this brochure have the risk of loss. 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, technical analysis, proprietary and third-party research. Smart Yield does not have any capitalization (market size), sector or industry allocation mandates. Asset class allocation percentages may be changed without notice. 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 for hedging and 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 Smart Yield returns will be calculated using a 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 other investment managers. 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. Targeted performance does not guarantee future results. 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