MAY 2022

BROXTON
CAPITAL ADVISORS

YTD as of 4/30/2022

Alpha Portfolio	-4.42%

MARKETS

DOW JONES	-9.26%
S&P 500	-13.26%
NASDAQ 100	-21.26%
REIT INDEX	-10.40%
SMALL CAP	-16.86%
HIGH YIELD	-9.75%

BOND YIELDS

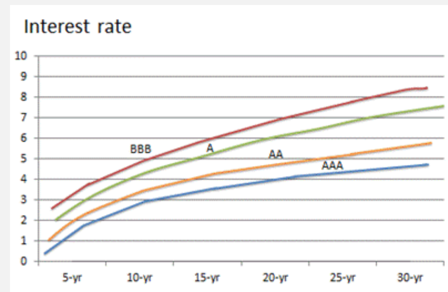
10 YR TREAS	2.89%
YTD CHANGE	+138%
30 YR TREAS	2.95%
YTD CHANGE	+%

SINCE INCEPTION
THROUGH March 31, 2022

BROXTON	488.05%
S&P 500	404.65%
DOW JONES	377.31%

ALPHA PORTFOLIO

SMART YIELD



Treasuries bottomed on May 9th and the stock market completed a bottom on May 20th. May saw a continuation in the down move in stocks but the move encountered a reversal late in the month. Part of the reason? The direct relationship between interest rates and earning assets. To the right we see a historically normal chart for different types of bonds by investment rating. This chart was almost completely flat at the beginning of the year. Stocks are also based on the same type of valuations, so when interest rates rise they fall in value. So, one of the main components of this sell off is the repricing of assets according to the price of government bonds. The chart to the right is the 20-year treasury bond falling 20% since the beginning of the year. So where are we going? Interest rates stopped out at the 2018 highs, so we need to see the 10-year advance above this level (3.25%) in order to start effecting asset valuations again.

Retail Earnings Carnival? The Market started "freaking out" as retailer earnings started spilling out in May. Retailers usually end their accounting year in January, so the earnings lag the rest of the market by about a month. An especially large drop unexpectedly occurred when Target reported. Although the earnings were not that bad $2.19 per share vs $3.06 predicted, the stock dropped around $50 bucks!!!!! Thus began a carnival of retail reporting! On the overall performance of the sector, we would say that there is no evidence of a recession, and many retailers are underpriced. The primary effect has been the logistical difficulties combined with shifts in consumer purchasing. Also, many companies took the risk of adding inventory above seasonal levels and trying to predict what the consumer wanted to buy further out. Looks like Oreos and electronics are on the outs, as people return to normal, and clothes and travel are in!

Children's Place: We updated our recommendation to buy based on passing the (predicted) most difficult quarter in 2022, management's indication of pricing power and the good May. Also, if the total share repurchase is completed around these price levels it will provide a major catalyst for 2023 earnings. The price target is 9 X our 2022 earnings forecast. [Broxton 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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