

2026 Q 3

BROXTON
CAPITAL ADVISORS

Broxton Capital Advisors

Manager

R. ALLEN COOKE



Get Yield, Get Return. Get Broxton.

We created Income Strategies that work for managers.

As of September 30, 2026

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*

Since Inception	
Smart Yield	**27.34%**
S&P U.S. Agg Bond Index	**-1.56%**
Smart Yield Gross	**38.44%**
Fund Annualized Net	**4.17%**
Fund Annualized Gross	**5.57%**
Through 9/30/2026	
Smart Yield	-3.01%
S&P U.S. Agg Bond Index	-2.31%
Smart Yield Gross	-2.09%

Performance Analysis

Beta	.25
Sharpe Ratio	.16
Treynor Ratio	4.30
Alpha	8.09
Standard Deviation	6.73

Total Return Net; **Benchmark: S&P U.S. Aggregate Bond Index, please see important disclosures on last page regarding portfolio facts, performance and performance analysis*

SMART YIELD FUND

Objective:

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

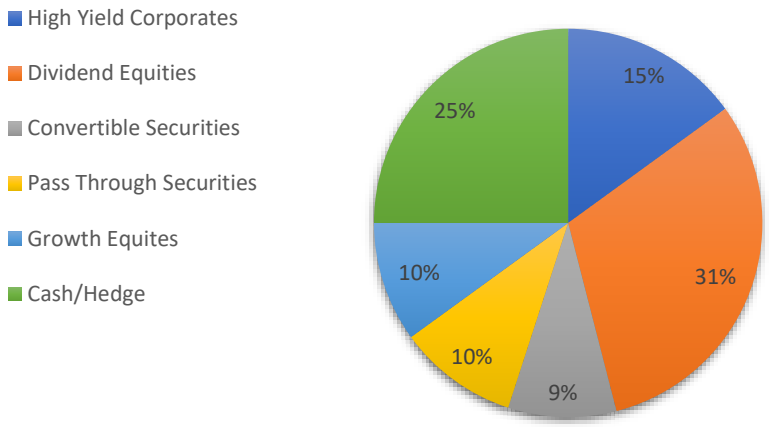
Fund Facts

- Projected low correlation to single asset income funds and equity indexes
- Designed to achieve income 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

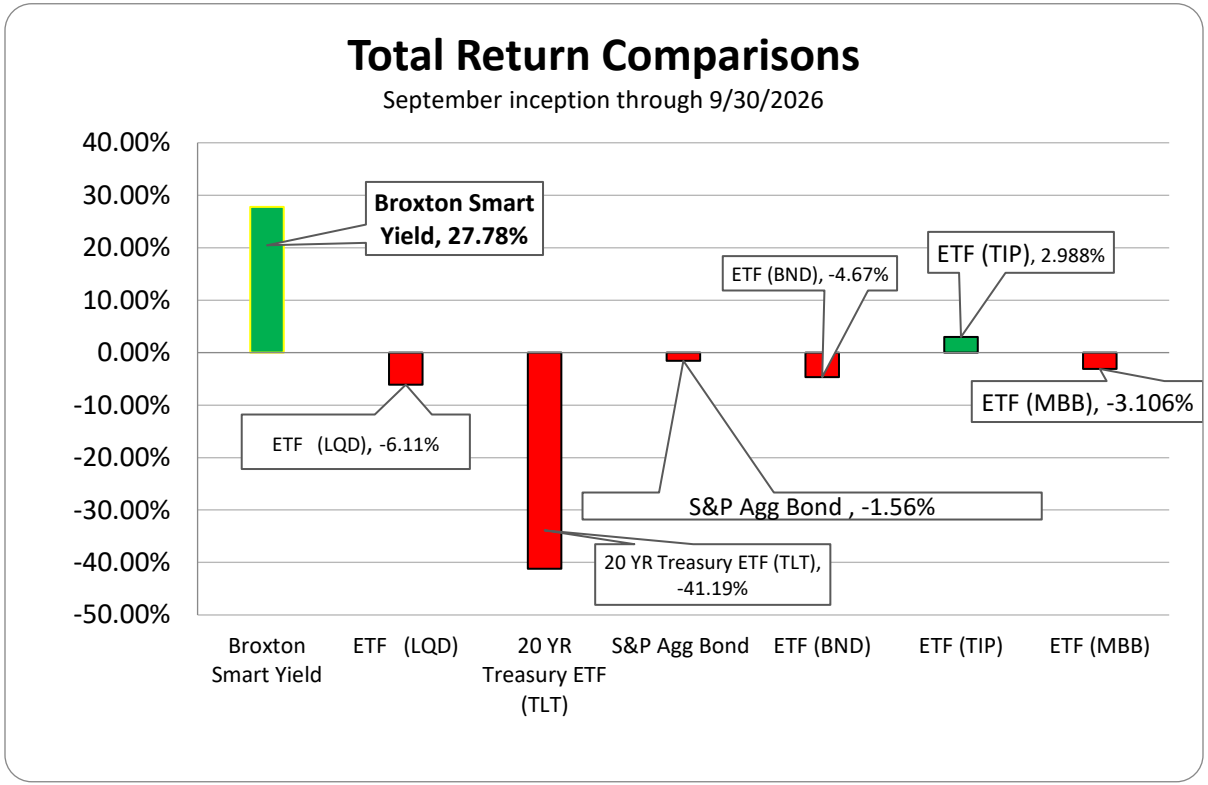
Asset Mix Example



Smart Yield is an efficient frontier income fund.

Since inception, through September of 2026, Smart Yield has returned a positive 27.34% net, compared to -1.56% for the S&P AGG bond index and a negative 41.19% return for the 20-year treasury ETF over the same period.

SMART YIELD
INCOME FUND



SMART YIELD IS AN EFFICIENT FRONTIER INCOME FUND

Normal Income funds: (single asset income funds Examples: VNQ, TLT, LQD, MBB) have:

- NO DIVERSIFICATION
- LOWER YIELD
- LOWER COMPOUNDING RATE
- HIGHER VOLATILITY

Efficient frontier income funds have:

- DIVERSIFICATION
- HIGHER YIELD
- HIGHER COMPOUNDING RATE
- LOWER VOLATILITY

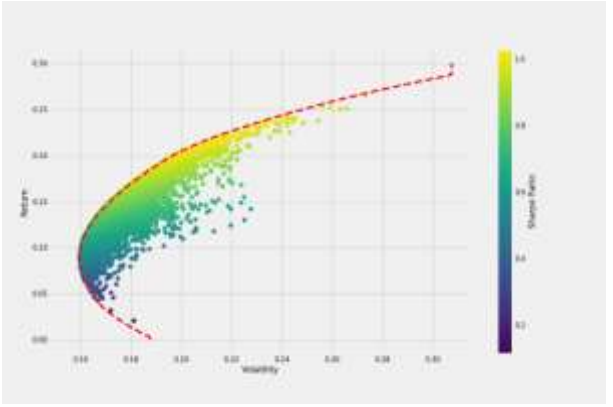
CRUCIAL

adjective

1. decisive or critical, especially in the success or failure of something. We will get back to this later
2.

WHAT IS AN EFFICIENT FRONTIER INCOME FUND

An efficient frontier is a set of investments that are expected to provide the highest returns at a given level of risk. An efficient frontier income fund has a flexible investment mandate to place investments along the curve.



Creating the efficient frontier: Lower volatility versus higher return
Broxton Tools:

- Diversification, standard deviation, issuer stability, fundamental analysis, cash flow algorithms, technical analysis, industry analysis, and qualitative analysis based on experience
- Using the broader selection mandate to create the efficient frontier
- We also deploy billion dollar and trillion dollar AUM managers through funds

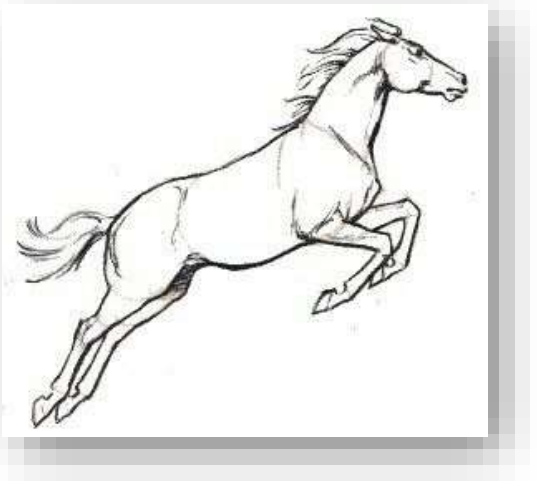
DIVERSIFICATION

Diversification: Arguably the most important tool in creating an efficient frontier

- Smart Yield contains usually between 5 and 15 well-known managers at any given time through funds and ETFs with access to 100s more. Examples: Blackrock, Pimco, KKR, Schwab etc. We are most likely to deploy a specific type of allocation through a vendor: examples: floating rate notes, real estate, index option writing strategies
- Exposure to all sectors and industry groups at any given time
- Multiple security types: preferreds, corporate bonds, convertible bonds, ETFs, CEFs, dividend stocks, money markets, hedges etc.
- Strategy diversification: Income, dividend / covered writing, hedging, closed end fund discount capture, convertible / covered writing, overlooked allocations etc.
- Strategy diversification allows Smart Yield to perform in rising and falling interest rate environments
- The diversification is what allows Smart Yield to deliver higher and safer returns (above SAIFS)

SAMPLE PORTFOLIO METRICS[1]

Positions est.	30-50
Managers	10
Beta target vs S&P 500	≤.35
Current Yield	6-7%
Standard Deviation	7.41
Inception Date	9/30/2020
Benchmark	S&P U.S. Aggregate Bond Index



Getting back to this

[1] Example

CRUCIAL

adjective

1. decisive or critical, especially in the success or failure of something. Why are these attributes crucial?

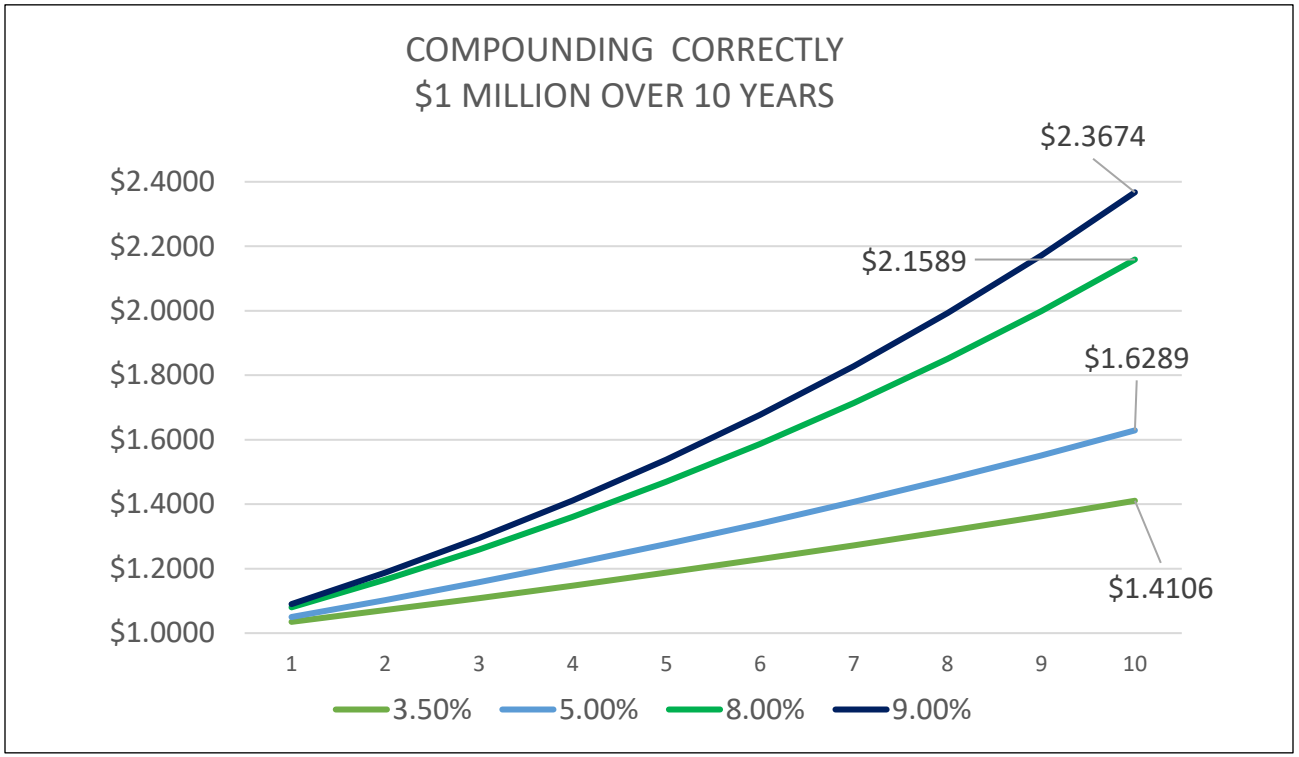
Efficient frontier income funds have:

- DIVERSIFICATION
- HIGHER YIELD
- HIGHER COMPOUNDING RATE
- LOWER VOLATILITY
- WHY IS THIS CRUCIAL?

IMPORTANCE OF COMPOUNDING CORRECTLY 10 YEARS

COMPOUNDING

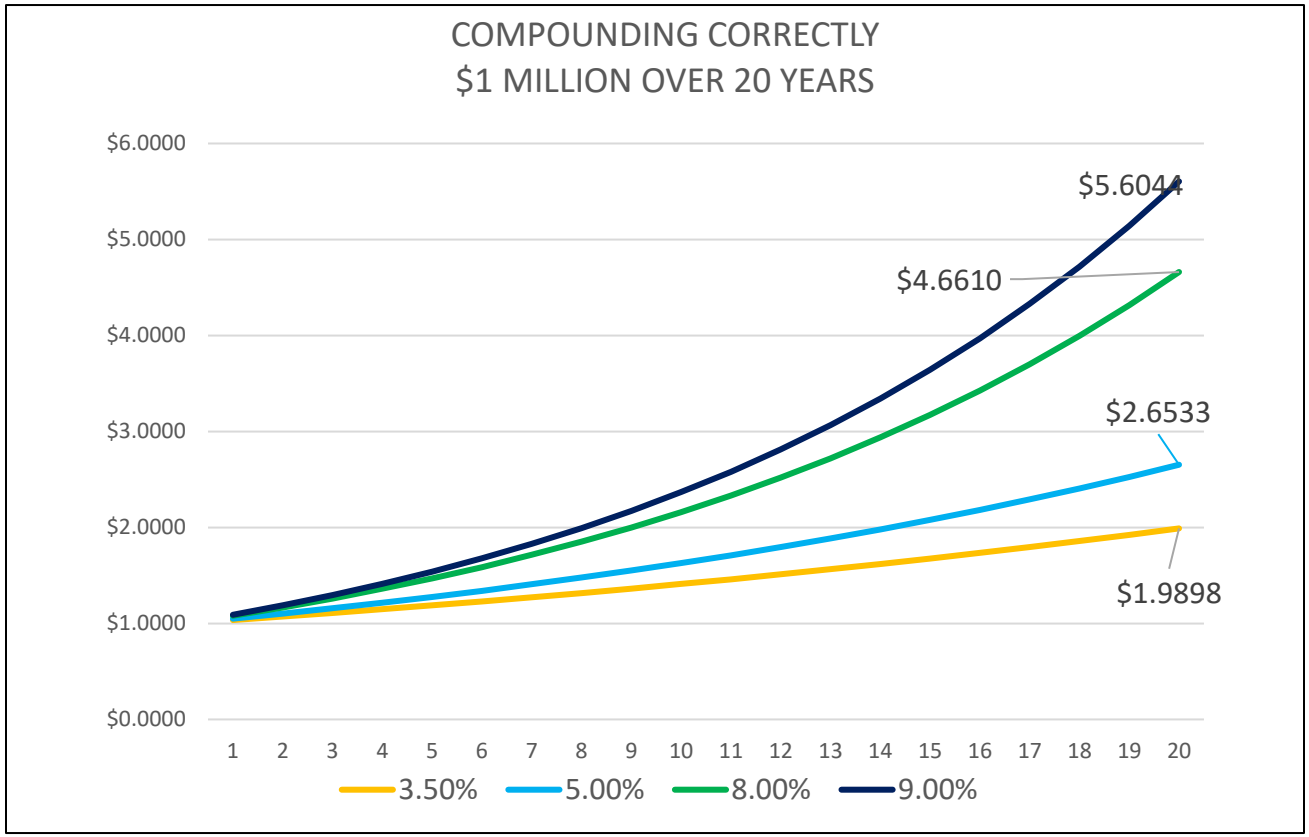
- Over time, the compounding rate is the most important variable for an income portfolio or allocation. The difference between efficient frontier income funds and regular income funds is millions of dollars



IMPORTANCE OF COMPOUNDING CORRECTLY 20 YEARS

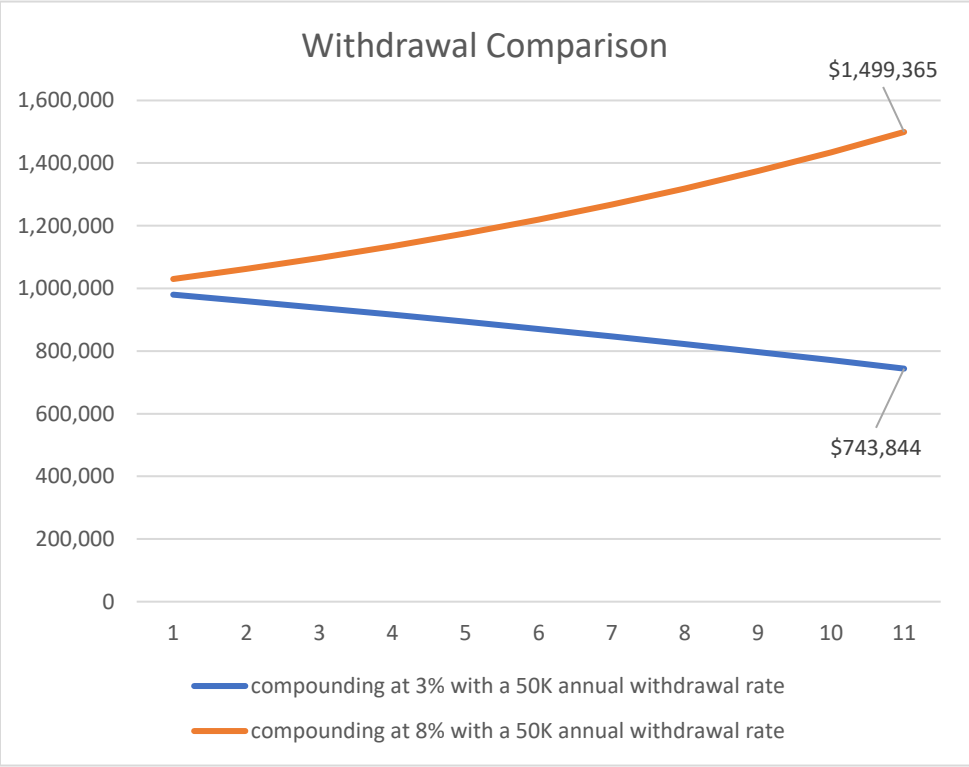
COMPOUNDING

- Over time, the compounding rate is the most important variable for an income portfolio or allocation. The difference between efficient frontier income funds and regular income funds is millions of dollars



IMPORTANCE OF COMPOUNDING CORRECTLY

- The difference is higher in portfolios meeting withdrawals
- Which types of accounts need income:



PERFORMANCE

9/30/2020-9/30/2026

Year	S&P U.S. Aggregate Bond Index	Smart Yield Net	Smart Yield Gross
2020	.75%	4.64%	5.00%
2021	-1.4%	14.38%	15.63%
2022	-12.03%	-5.85%	-4.44%
2023	5.77%	6.18%	7.82%
2024	1.82%	2.45%	3.80%
2025	7.07%	7.47%	8.89%
2026	-2.31%	-3.01	-2.09
Totals Since Inception	-1.56%	27.34%	38.44

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

IMPORTANCE OF THE INCOME ALLOCATION / ALL ACCOUNTS NEED SOME INCOME EXPOSURE

Diversification: As in the portfolio…..With indexes performing so well some households are overly concentrated in stocks

- S&P 500 ETF SPY went from 147 to 111 from December of 1999 through December of 2009
- Possible catastrophe for withdrawal accounts



- Through this period an S&P 500 only account loses 24% of principal (before dividends)
- a 50/50 account with S&P and the other 50% earning 8% increases by 45% through the same period

C H O I C E :

DOWN 24% UP 45%

CONCLUSION

Normal Income funds (single asset income funds) have:

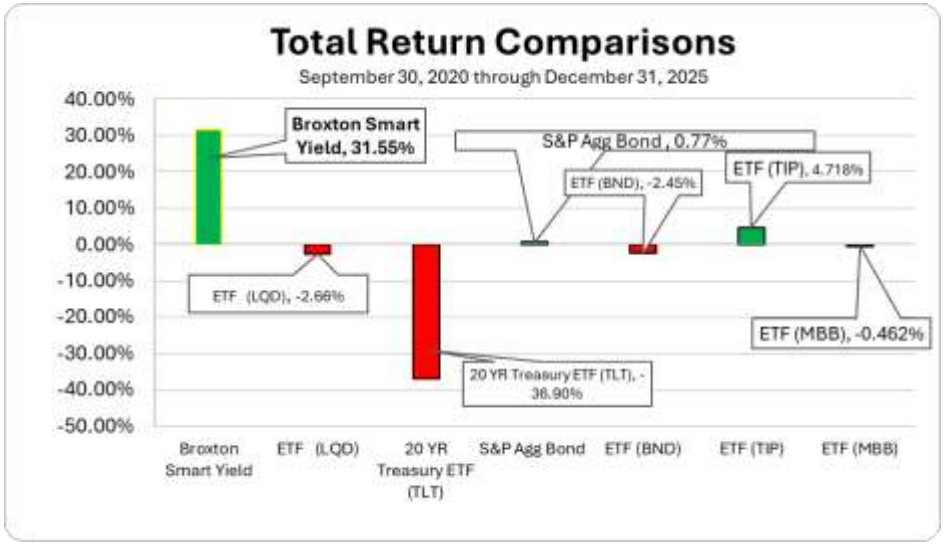
- NO DIVERSIFICATION
- LOWER YIELD
- LOWER COMPOUNDING RATE
- HIGHER VOLATILITY

Examples: VNQ, TLT, LQD, MBB. **Current yields 4% area subject to 20-40% drawdowns**. Does not work. Single asset income funds are subject to binary outcomes. Investment management companies lack products and incentives to create them (are they calling with solutions?)

Smart Yield & Efficient Frontier Income investing is superior

- HIGHER YIELD

- LOWEST VOLATILITY
- HIGHEST DIVERSIFICATION



MORE: COMPOUNDING

CONCLUSION

For the Manager, Smart Yield:

- Increases business at the basis point level and through income allocation growth, 30-60%. Adding 10 basis points and compounding at 3% higher (annualized for 10 years) increases revenue by 254K per $10 mm per 10 years. Total Return increase for the portfolio $5 mm. The same portfolio increases to $20 mm over 20 years. (Small increases in the compounding rate drive large increases over time)
- drive efficiency on the allocation and management front (less time managing the allocation more time for driving business)
- Robust allocation considering the diversification



Get Yield, Get Return. Get Broxton.

BROXTON BIOS

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

- R. Allen Cooke: Allen received his first corporate paycheck working for Bob at Drexel Burnham in the 1980s. He went on to become a research analyst, a head trader and portfolio manager. Recently he developed sophisticated algorithms that are deployed to forecast cash flows and defaults for publicly traded loan portfolios. Allen has over 30 years as a fixed income specialist. Allen founded Broxton Capital in 2005.
- 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.

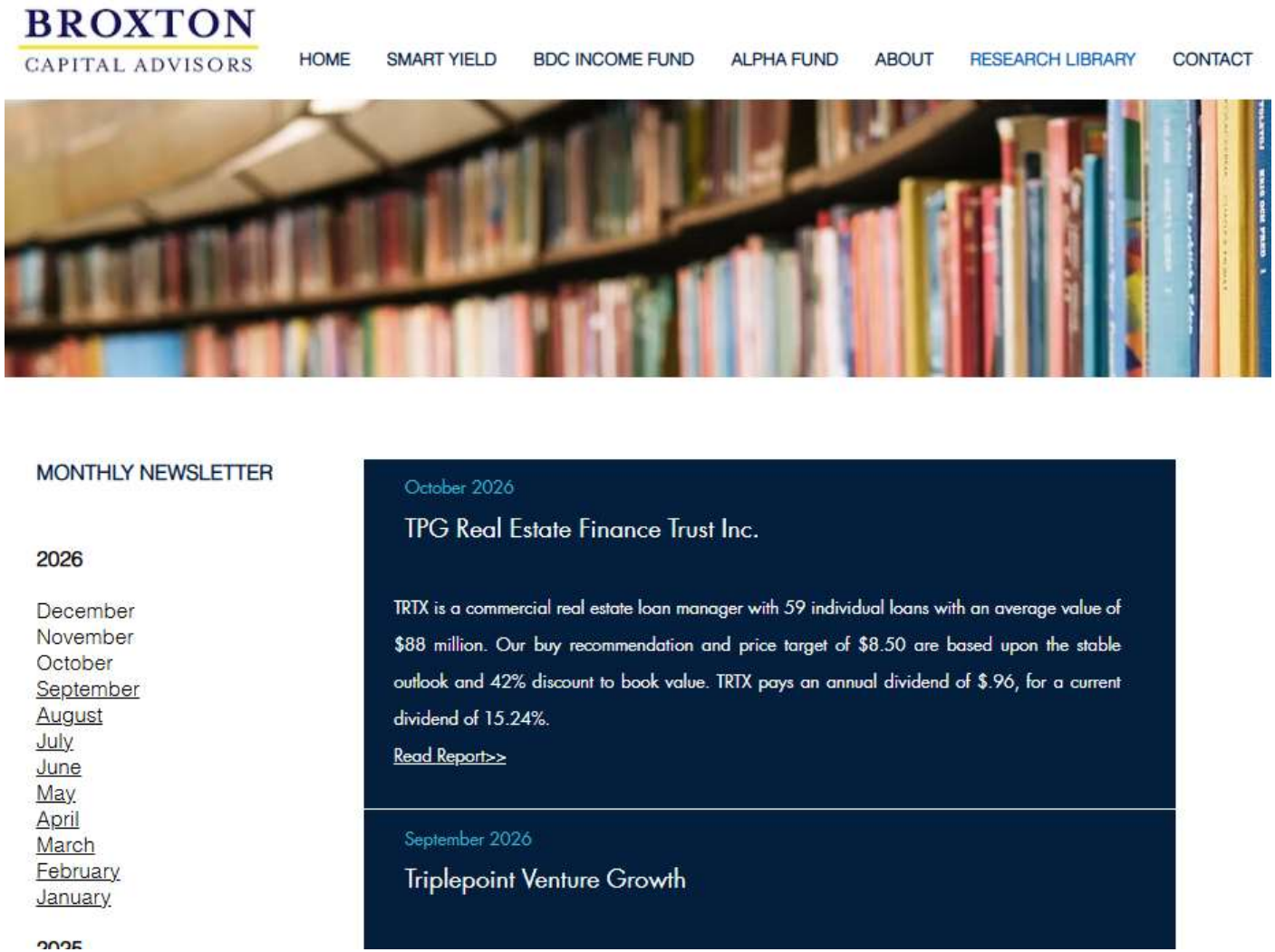
Broxton Capital Advisors began on Broxton Avenue in the UCLA-Westwood area of Los Angeles. Broxton Avenue is named after the civil parish in Cheshire, England. Broxton Capital is an investment manager located in San Juan, Memphis and Los Angeles.



ADDITIONAL INFORMATION

we maintain one of the most extensive research libraries of proprietary investment research

LINK



SMART YIELD

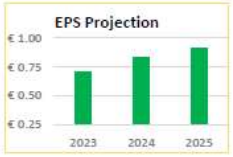
BROXTON CAPITAL ADVISORS Vodaphone as of 9/30/2022
Monday, January 30, 2023

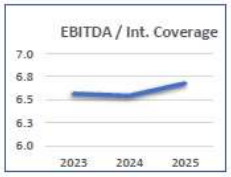
share price	$11.61		
PROJECTIONS IN MM fiscal yr €	2023	2024	2025
Income Statement			
Revenue	46,036	47,877	49,792
Gross Profit	14,731	15,560	16,183
Operating Income	5,427	6,029	6,355
Pre-Tax Income	400	400	400
Net Income	2,039	2,401	2,636
EPS	€ 0.71	€ 0.83	€ 0.91
Revenue growth		4%	4%
EBITDA (adj)	15,102	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.









Our proprietary algorithms provide superior and more accurate insight

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

ASSET CLASS OVERVIEWS

High Yield 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, Funds, 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

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 accounts
- Investors and managers may increase and decrease allocations easily on a per account basis
- Investors receive individual custodial statements
- Reduced expenses
- Daily pricing
- Clients view diversification
- All composite accounts receive the same allocation percentages
- Customization

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 1/21/2025

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 “Total Return Comparisons” chart contain the following: Broxton Smart Yield is calculated using total return (all distributions reinvested) net of management fees, S&P 500 Aggregate bond index is calculated using total return (all distributions reinvested) gross of management fees (without management fees applied). Returns for other ETFs or indexes in the “Total Return Comparisons” chart are calculated using total return gross of management fees (all distributions reinvested). Projected annual return target and beta targets are not guaranteed. Some metrics are calculated using software and some are calculated by Broxton. 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. Current Yield is the distribution yield and includes interest, income, dividends and premiums from covered option sales. Return of capital distributions may be included in the current yield if they are included in the publicly available quotes for the current yield. The fund calculates current yield by taking one representative account and then uses the market value of each position multiplied by either publicly available quotes for the current yield or Broxton’s own calculation. Thus, current yield is an estimate based on the market value of each position multiplied by the current yield. The most recent current yield calculation was computed on August 16, 2024. Duration is the sum of the reported duration of each bond fund multiplied by its percentage weighting. Duration is an indication and is not regularly computed. Investors should consider that each fund may use its own calculation for duration and some funds with bonds do not report duration. We include money market funds and do not include BDCs in this calculation. The most recent duration was computed on August 16, 2024. Securities in the fund that do not have reported duration are not included in this calculation. 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 and information are available upon request. Please contact us by visiting broxtoncapital.com for additional information including form ADV.