



YTD as of 5/31/2023

Alpha Portfolio **2.16%**  
Smart Yield **2.41%**

MARKETS

DOW JONES **-0.55%**  
S&P 500 **9.26%**  
NASDAQ 100 **30.69%**  
REIT INDEX **-3.01%**  
SMALL CAP **-0.34%**  
HIGH YIELD **.65%**

BOND YIELDS

10 YR TREAS **3.45%**  
YTD CHANGE **-11.01%**  
30 YR TREAS **3.68%**  
YTD CHANGE **-7.59%**

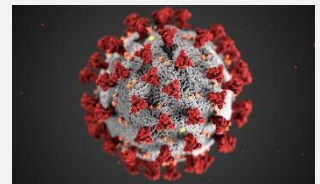
SINCE INCEPTION

Through December 31, 2022

BROXTON **424.77%**  
S&P 500 **333.17%**  
DOW JONES **363.43%**



**Stocks:** (Factset) So far second quarter earnings have declined 6.5% making 1st quarter 2023 the worst quarter since 2020. However, analysts remain positive predicting a recovery in the second half leading to small growth in earnings and revenue versus 2022. One of the poorest performing sectors for 2023 was healthcare. The primary reason for this was that pandemic benefits are mostly disappearing. This helped lead to a 16% area drop in earnings for the sector. United health care expected additional costs from insureds as they underwent surgeries delayed during the pandemic and Walgreens and CVS drug stores reported declines in vaccine sales as a headwinds. The highest earnings increases were also related to the pandemic fading. The consumer discretionary sector is the best performing sector due to the massive rebound in Hotels and Restaurants. An example: MGM Resorts reported \$1.24 per share in earnings for the 1<sup>st</sup> quarter versus a loss for last year.



**Recession update: Still no recession or sign of one.**



**War in Ukraine:** The general area of eastern Ukraine was the site of some of the biggest battles in world war 2, such as Stalingrad. The current conflict has now resulted in world war 1 style trench warfare. After failed offensives, the Russians have set up defensive positions that are 30 miles deep and Ukrainian offensive maneuvers have resulted in nothing. So the war has officially grinded to a halt for now. At this point neither side has any realistically obtainable tangible objectives and casualties for all sides may have exceeded 300,000. The effect on financial markets has also abated but there is no effort to negotiate an end to the fighting.

**Albertsons (ACI)** is the fourth largest food retailer in the United States operating 2,271 stores in 34 states under 24 different banners, including Safeway and Vons. The largest 3 food retailers are Walmart, Kroger and then Costco. The company was sold to Kroger for \$34.10 in October of 2022. But there are questions about the approval process. Albertsons is a solid company at an attractive valuation of 4.8 X EBITDA and 9 X our 2023 earnings. The company also has large real estate holdings. Although investors will get a small benefit if the merger is completed, we view this as more of a distraction with an unpredictable outcome and advise investors to observe from the sidelines for a possible entry point. [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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