

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



THOR

Go Everywhere. Stay Anywhere.™

6/28/2021 | Common Shares THO: \$ 111.56 Recommendation: Covered Call Write PT \$125

Thor is the largest manufacturer of RVs in North America, and one of the largest manufacturers of RVs in Europe as well as related parts and accessories. The Company has three reportable segments: North American Towables (51% of 2020 sales) North American Motorized Recreational Vehicles (17%) and European Recreational Vehicles (32%). The company operates over 19 manufacturing plants in the U.S. and Europe. Thor's market share in North America is approximately 40% and in Europe it is roughly 23%. The company sold 219,776 units for its fiscal 2020 year which ended on July 31, 2020 compared to 220,485 in 2019. The company has over 30 individual brand names in the U.S. and Europe with the most well-known being [Airstream](#) and [Thor Motor Coach](#).

The Covid outbreak had a very positive effect on the industry and the [RVIA](#) is reporting that the industry "has set a new RV shipment record for each of the past seven months as RV manufacturers continue to sustain high production levels to replenish dealer inventories amid peak consumer demand." Although the virus may get a lot of the credit, the North American RV industry was experiencing a contraction in dealer inventories previous to the outbreak. The outbreak, two-month production shutdown and an increase in popularity for RVing has led to an over 500% increase in Thor's backlog to over \$14 billion (Y over Y). This has also increased analyst's revenue estimates for 2021 to the \$12 billion area versus roughly \$8 billion in 18,19 and 20. Management continues to see robust demand but has mentioned supply chain issues as a headwind. The recent price drop from the \$150 area per share in to the low 100s (\$101.79 low) offers a buying opportunity for investors. Investors can earn over 20% annualized on a share purchase with a January 2022 110 call write and a current dividend yield of 1.5%. From a trading standpoint, it may also be prudent to wait for a successful retest of the \$101.79 low. Due to our cash build projection of over \$1.6 billion, 2021 PE ratio of 11, EV/EBITDA ratio of 7.65 X, and Thor's unique industry we believe the shares offer a good value at these levels.

THO Chart 2018 through June 2021

Recent Presentation

THO Company Description: THOR Industries was founded in 1980 by Wade Thompson and Peter Orthwein with the purchase of Airstream. THOR Industries went public in 1984, and since that time, THOR has grown both organically and through strategic acquisitions. Today, THOR is the sole owner of operating companies which, combined, represent the world's largest manufacturer of RVs.

DATA

Thor Industries	2020	2019	2018
Thor Unit Sales	219,7776	220,485	266,220
Europe Rev	\$2,485	\$1,486	\$0
U.S. Rev	\$5,530	\$6,207	8,155
Revenue mm	\$ 8,167	\$7,864	\$8,328
Total Industry U.S. Unit Sales	430,412	406,000	483,700
2021 Total Industry U.S. Unit Projection: 565,000-586,000			



BROXTON CAPITAL ADVISORS

Monday, June 28, 2021

share price (THO)

\$111.56

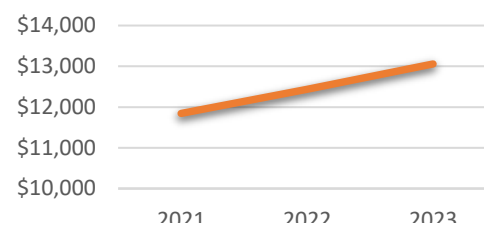
THOR INDUSTRIES AS OF 4/30/2021

PROJECTIONS MM	2021	2022	2023
Income Statement			
Revenue	\$11,843	\$12,436	\$13,057
Gross Profit	\$1,717	\$1,741	\$1,828
Operating Income	\$802	\$801	\$855
Pre Tax Income	\$695	\$701	\$755
Net Income	\$563	\$568	\$611
EPS	\$10.16	\$10.25	\$11.03
Non Gaap EPS	\$11.91	\$12.01	\$12.79
EBITDA	\$1,033	\$1,033	\$1,088
Interest	\$107	\$100	\$100
Capitalized Expense	\$150	\$175	\$175
Cash Flow after Capitalized Expense	\$644	\$625	\$669
Equity Dividends	\$91	\$91	\$91
Cash Flow Equity Dividend Coverage	709%	688%	737%
Retained Cash Flow	\$553	\$534	\$578
Retained Cash Flow Compounded	\$553	\$1,087	\$1,665
Revenue Growth	45%	5%	5%
Valuations			
Cash Flow Yield Vs. Equity Mkt Cap	10.4%	10.1%	10.8%
EV/EBITDA	7.65	7.65	7.27
P.E Ratio	10.98	10.88	10.11
Enterprise Value	\$7,904		
Total Debt	\$1,724		
Equity Market Cap	\$6,180	\$6,180	\$6,180
Debt Ratios			
EBITDA/Interest Coverage ratio	9.63	10.33	10.88
Debt/EBITDA	1.67		
Liquidity			
Cash	\$295		
Borrowing Availability est.	\$660		
Current Assets	\$2,845		
Current Liabilities	\$1,951		
Quick Ratio	1.46		
Debt			
Borrowings	\$1,724		
Total	\$1,724		

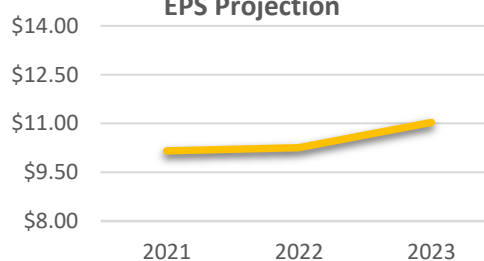
NOTES:

SMART YIELD

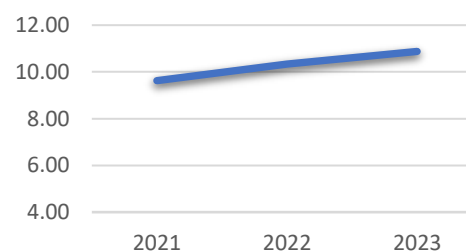
Revenue Projection



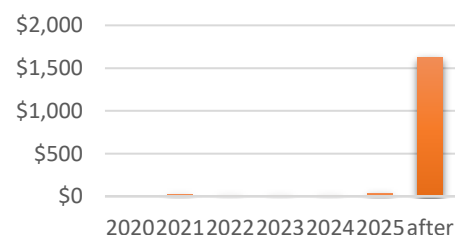
EPS Projection



EBITDA / Int. Coverage



Debt Amortization Schedule



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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Also, from time-to-time we may also discuss and display, charts, graphs, formulas which are not intended to be used by themselves to determine which securities to buy or sell, or when to buy or sell them. Such charts and graphs offer limited information and should not be used on their own to make investment decisions.

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