



YTD as of 3/31/2022

Alpha Portfolio **+4.9%**

MARKETS

DOW JONES **-4.56%**
 S&P 500 **-4.91%**
 NASDAQ 100 **-8.88%**
 REIT INDEX **-6.59%**
 SMALL CAP **-7.72%**
 HIGH YIELD **-5.42%**

BOND YIELDS

10 YR TREAS 2.33%
 YTD CHANGE **+81%**
 30 YR TREAS 2.45%
 YTD CHANGE **+55%**

SINCE INCEPTION

THROUGH March 31, 2022
 BROXTON **488.05%**
 S&P 500 **404.65%**
 DOW JONES **377.31%**



Are we heading for a recession? Lately the concern has been that the aggressive raising of interest rates by the federal reserve may cause one. However, as we said in a past newsletter: "Recessions may not be worth worrying about because it seems that no one has any track record of predicting them". As earnings have been rolling in we have received some encouraging feedback from the companies. Citibank management commented: " we continue to see signs of how healthy and resilient the consumer is". Scott Kirby from United Airlines: " demand is stronger than I've ever seen in my career, and that's even before business travel fully recovers". Management of Visa also gave a good outlook saying: "Global payments volume growth has remained strong and stable relative to pre-COVID levels". So, there are no early signs of recession. Two holdings Citibank and Deutsche bank (DB) reported good earnings. Both companies had healthy growth in book values and Deutsche bank will undertake a 300 million euro (\$339 million) share buyback and pay a 30 euro cent dividend per in 2022. DB came out with quarterly earnings of \$0.62 per share, beating Estimate of \$0.49 per share and posted the best profit since 2012. We are beginning to see some great bargains in many areas due to the market downturn. Some of the tech shares have even become oversold. Byron Stead commented: "Right now there's a tremendous number of opportunities across the board. Accidental yielders, closed end funds at a discount, great companies trading at 3-5x earnings. With this volatility or market sell offs you take on a characteristic that all the great famed investors of the last 100 years had: Patience".



In April, the tech-heavy Nasdaq Composite hit a fresh 52-week low and is now sitting about 23% off its high. For April, the S&P 500 is off 7.8%. The Nasdaq is down 12.2%, and the Dow has declined 4.2%. The World Bank says higher commodity prices from the war in Ukraine will remain through the end of 2024. The agency's commodity markets outlook report reports that energy prices, food and fertilizer have sustained the largest commodity shock since the 1970s.

We recently put out a report on D.R. Horton. (DHI) is the largest homebuilder in the U.S. The company constructs and sell homes under the of D.R. Horton, Emerald Homes, Express Homes, and Freedom Homes brands. DHI also operates mortgage, title insurance and a rental operations segment. Rental operations develop, construct, lease, own and ultimately sell multi-family and single-family rental properties. "New home demand remains very strong despite the recent rise in mortgage rates". And: "We also now expect our total rental platform inventories to grow by more than \$1.5 billion in fiscal 2022".



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 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.

www.broxtoncapital.com 310 208 2151