



## YTD as of 6/30/2021

Alpha Portfolio **+18.03%**

### MARKETS

DOW JONES **+12.81%**  
 S&P 500 **+14.49%**  
 NASDAQ 100 **+12.97%**  
 REIT INDEX **+19.85%**  
 SMALL CAP **+16.99%**  
 HIGH YIELD **+8.5%**

### BOND YIELDS

10 YR TREAS **1.44%**  
 YTD CHANGE **+0.52%**  
 30 YR TREAS **2.06%**  
 YTD CHANGE **+0.41%**

### SINCE INCEPTION

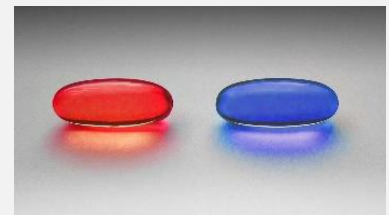
THROUGH March 31, 2021

BROXTON **526.37%**  
 S&P 500 **336.37%**  
 DOW JONES **345.50%**

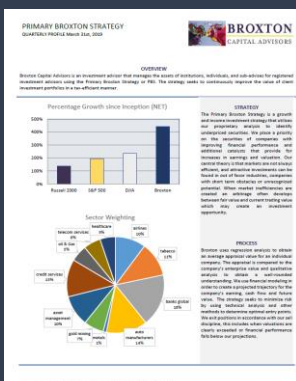


## What is the current financial reality?

In the famous movie *The Matrix* there are two realities. One can take the blue pill to remain in the fake reality or choose to enter the true harsh reality by taking the red pill. At the beginning of the pandemic, we had a choice of pills. In order to avoid a downturn, the government chose blue pill by handing out over \$5 trillion in Covid-19 relief. In addition, the Federal Reserve bought \$4 trillion dollars of financial securities and lowered interest rate to 0%. **And it worked.** Ben Casselman (NYT): "...vaccinations and federal aid fueled a surge in consumer spending at restaurants, resorts and retail stores. The revival brought gross domestic product back to its prepandemic level in the second quarter (2021)...a remarkable achievement, exactly a year after the economy's worst quarterly contraction on record". The fastest growth may be behind us with some slowing going into the second half of 2021. As we return to normal, how are we going to do on the transition to a normal economy without the powerful stimulus? Some economists are predicting economic growth that will be dependent on vaccines and continued stimulus. The truth is that the economy is in a good position, and this may provide a springboard for higher-than-normal growth. At the same time, we expect that the governments of the world will continue to hand out blue pills if economies slow too rapidly. However, could we be permanently dependent on blue pills? The answer is yes. Until that is, there is a reason to stop. Governments would lose the ability to stimulate the economies of the world if problems such as strong permanent inflation emerge. Thus far we have not seen any serious economic "side effects" or repercussions from these unprecedented government interventions so there isn't much of a reason to stop taking the blue pills!



**Unisys Corporation (UIS):** Unisys is a global information technology company that provides IT services, software, and technology. Unisys clients typically include large well-known corporations and governments, such as Dell/EMC, Lloyds Bank, Spain, Columbia, Australia and U.S. state governments. Continuing operational and balance sheet improvements have allowed Unisys to produce its first revenue growth in four years. Our price target of \$44 per share is based on 16 X our 2022 adjusted EPS of \$2.73 per share, 6.5 X our 2022 EBITDA estimate of \$459 million as well as the improving balance sheet which is on target to be net debt free by the end of 2021. Bravo Unisys! [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 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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