



YTD as of 3/31/2021

Alpha Portfolio **+17.38%**

MARKETS

DOW JONES **+7.98%**  
S&P 500 **+6.00%**  
NASDAQ 100 **+1.72%**  
REIT INDEX **+8.16%**  
SMALL CAP **+12.69%**  
HIGH YIELD **-1.4%**

BOND YIELDS

10 YR TREAS **1.75%**  
YTD CHANGE **+0.83%**  
30 YR TREAS **2.43%**  
YTD CHANGE **+0.78%**

SINCE INCEPTION

THROUGH March 31, 2021

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



**SMART YIELD**  
Income Fund

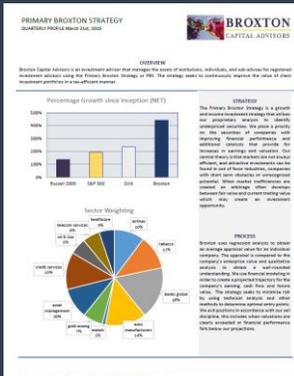
Recently, a number of commodities increased dramatically in price due to disruptions from Covid-19. Lumber has more than tripled from the November 2020 lows, while steel has jumped to over \$1500 per ton domestically, up from \$800 in December (chart right). Simultaneously, shipping rates for containers have more than doubled on some routes. China to U.S. and Europe rates are up 250% and 450% respectively since April of 2020. There is a question of whether these higher prices are short term or possibly the beginning of an inflationary period in the economy.



The federal reserve has called this "transitory inflation" and maintained its policies of 0% interest rates and the purchasing of \$120 billion in bonds per month. Fitch ratings-London gave their insights into the current disruption: "*A combination of rebounding demand for goods in 2H20, supply chain disruptions - such as container box shortages and port congestion - and more strategic capacity management drove container freight rates up; Trade volume recovery was fueled by a change in consumer spending habits during the pandemic - ordering more manufactured goods while saving by spending less on services, such as leisure and restaurants. It was further supported by inventory re-stocking by businesses that faced acute supply chain disruptions and increased demand for personal protective equipment*". Broxton would also add that many manufacturers, such as steel producers, immediately reduced production early on in the Pandemic and this led to acute reductions in the specific inventory channels when demand rebounded in unpredictable ways. Many of the channels were already being strategically managed to hold as little inventory as possible, using just in time inventory management techniques.

**What does Broxton think?** We are seeing evidence of labor inflation and although we have seen some commodity prices going down, it seems like housing, commodities used in production and certain agricultural commodities have risen sharply indicating: " a general increase in prices and fall in the purchasing value of money" (the definition of inflation). Two companies in the Broxton portfolio, Deutsche Bank and Harmony Gold, could be major benefactors of inflation.

**Macerich (MAC):** Macerich is one of the country's leading owners, operators and developers of major retail real estate (malls). We have owned MAC in the past and have been following it through the recent ups and downs. FFO a key measure has historically been around \$3.75 per share pre Covid. With the shares at \$13 there may be an opportunity at lower prices as we continue to monitor the company for strength.



## 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](http://www.broxtoncapital.com) 310 208 2151