



YTD as of 3/31/2023

Alpha Portfolio **4.55%**  
Smart Yield **4.59%**

MARKETS

DOW JONES **.39%**  
S&P 500 **7.05%**  
NASDAQ 100 **20.53%**  
REIT INDEX **.68%**  
SMALL CAP **2.32%**  
HIGH YIELD **2.61%**

BOND YIELDS

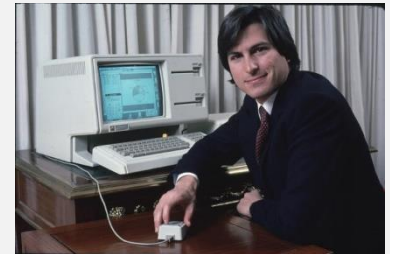
10 YR TREAS **3.49%**  
YTD CHANGE **-9.93%**  
30 YR TREAS **3.69%**  
YTD CHANGE **-7.31%**

SINCE INCEPTION

Through December 31, 2022  
BROXTON **424.77%**  
S&P 500 **333.17%**  
DOW JONES **363.43%**



**Stocks:** So far first quarter earnings are coming in down about 6% from 2022. The quarter kicked off with the financial companies mostly providing better than feared earnings with investors relieved that the March downturn associated with Silicon Valley and Signature bank showed little effect on the overall sector. Citibank beat estimates by almost 30% as fixed income trading added to profitability. Although investors were relieved, there was still some trepidation related to the shares which mostly proved good, with Microsoft and Facebook (META) beating expectations. Simultaneously, the most predicted recession ever continued to not show up. Tech shares are the strongest performing shares in 2023 despite declines in computer sales. Worldwide shipments of personal computers (PCs) such as desktops, notebooks, and workstations decreased by 29% year-on-year in Q1 dropping from 80m computers to 57m this year. However this excited investors with thoughts of a strong recovery in late 2023. In addition, investors suddenly became enamored with emerging publicly available AI platform ChatGPT. Bill Gates commented that ChatGPT will 'change the world,' and make jobs more efficient. It appears that ChatGPT could be used to develop advanced search engines that are more accurate than current search engines (Google). Also, Google shares lost over \$100 billion in one day when the company's AI, named Bard, made a factually wrong response! Mark Zuckerberg reported that: AI boosted monetization by 30% on Instagram, 40% on Facebook. So look for more AI news!



**Still no recession...but:** consumer delinquency rates in the 1<sup>st</sup> quarter, improved slightly from Q4 2022 in some areas and increased slightly in other areas. This is a slowdown on the post Covid normalization rise in delinquencies. Restaurant sales grew very slightly month over month for March. Atlanta Fed GDPNow has dropped to a prediction of 1.1% growth for the current quarter versus over 2% earlier in the month. This slight slowdown could be attributed to the \$20 billion reduction in tax refunds so far this year.

**Danaos (DAC)** is an international owner and lessor of containerships. The company owns 68 Container Vessels ranging from 2,200 TEU to 13,100 TEU. In general, the shipping stocks trade at a large discount to the market due to the volatility in shipping prices (DAC trades at 2.16 PE ratio). But, as a lessor, DAC is insulated from the day to day container shipping price volatility. [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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