

SMART YIELD

INCOME FUND

Finding Efficient Frontiers

WIX

INVEST/STAY CONNECTED

INITIAL REPORT May 20, 2023

LAST UPDATED May 20, 2023

WIX.COM LTD

Common Shares; Recommendation: BUY, target \$90.00

Wix.com Ltd. (WIX) is an Israeli software company that offers a user friendly website building tool through Wix Editor and an advanced tool through Editor X in 22 languages and over 190 countries. As of March 2023, the company has 248 million users* worldwide and as of December 2022, the company had slightly over 6 million paying users. Wix offers its' software through a freemium model that allows access to the basic product and users can upgrade to a paying product for additional features and services. Wix is regularly rated as the number 1 or best website builder by the media. (NYT: [Wix is once again our top pick](#)) ([Forbes](#)).

Several recent developments have led to financial improvements at WIX. Due to new marketing strategies and cost cutting initiatives the company has quickly improved profitability over the last 2 quarters. Wix has shifted focus to the higher end customer through their partnership program which includes agencies, independent design professionals, and other third parties. On the Q1 conference call, CEO Abrahami commented: "Scaling our business with Partners [is] a key strategic focus. Partners revenue growth accelerated this quarter, up 27% year-over-year."

Another notable development for Wix revolves around AI (artificial intelligence) integration. Wix management has a background in advanced computing including AI and the company has deployed earlier versions of AI such as ADI since 2016. Currently, Wix has 200 AI and Gen AI models deployed on their platform for Users and the company. Abrahami: "Furthermore, we have integrated AI into our internal workflows, significantly improving our ... efficiency. Given our many years of domain expertise we are at a significant industry advantage."

Our buy and price target of \$90 is based on the repositioning of the company's product into the more lucrative higher end market, financial improvements, and promising developments in AI. We believe that these initiatives will create market share & additional ARPU gains. We caution investors on the high volatility. The shares gained 300% and then declined 80% from 2020 to 2022.

COMPANY STATS \$

Shares Out	56.4 mm
Equity Market Cap	4,405 mm
Total Debt	930 mm
Cash & Marketable Sec	1,301 mm
2023 Revenues Est.	1,533 mm
2023 Cash Flow Est.	221 mm
Current EV.	4,034 mm
2023 EBITDA Est.	309 mm
EV/EBITDA (2023 Est.)	13.1 X
2023 GAAP EPS Est.	1.04
2023 NON-GAAP EPS Est	3.89
2024 NON-GAAP EPS Est	5.10
2025 NON-GAAP EPS Est	6.38

Total Users	248 mm
Premium Users	6 mm
ARPU 1 st Q 2023 Est.	20.77 / Month

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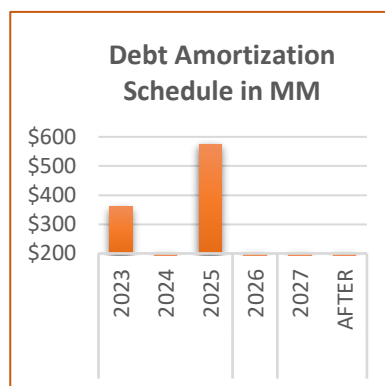
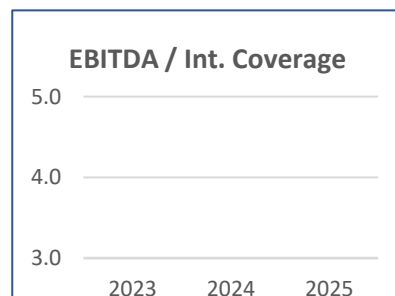
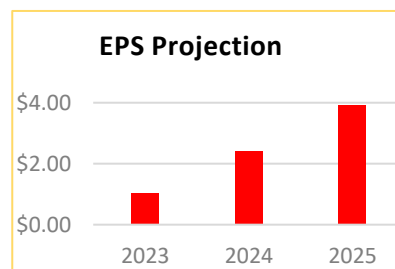
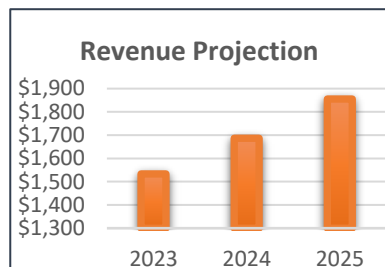
BROXTON CAPITAL ADVISORS WIX as of 3/31/2023

Saturday, May 20, 2023

share price	\$78.09		
PROJECTIONS IN MMs	2023	2024	2025
Income Statement			
Revenue	\$1,533	\$1,687	\$1,855
Gross Profit	1,004	1,105	1,215
Operating Income	76	176	287
Pre-Tax Income	76	176	287
Net Income	58	136	221
EPS	\$1.04	\$2.41	\$3.92
Non-GAAP EPS	\$3.89	\$5.10	\$6.38
Revenue growth	10.50%	10%	10%
EBITDA	\$309	\$397	\$490
Interest Exp	0	0	0
Capitalized Expense	70	70	70
Cash Flow	221	286	354
Equity Dividends	NA	NA	NA
Cash Flow Dividend Coverage	NA	NA	NA
Retained Cash Flow	160	225	294
Retained Cash Flow Sum	160	386	679
Valuations			
Cash Flow Yield Vs. Equity	5.0%	6.5%	8.0%
EV/EBITDA	13.1	10.2	8.2
P.E Ratio	75.4	32.4	19.9
Enterprise Value	4,034		
Net Total Debt	-371		
Equity Market Cap	4,405	4,405	4,405
Debt Ratios			
EBITDA/Interest Coverage ratio	NA	NA	NA
Net Debt/EBITDA	NA	NA	NA
Liquidity Mar. 31 2022			
Cash & Marketable Sec	1,301		
Borrowing Availability est.	100 +		
Total Current Assets	1,261		
Total Current Liabilities	1,211		
Current Ratio	104%		
Debt			
Borrowings (converts)	\$930		
Borrowings Net	-\$371		

NOTES:

*: "Users," "users," "Registered Users," or "registered users" means all individuals or entities that have registered with Wix, as identified by a unique email address provided by such individual or entity. The convertible bonds are 0% coupon.



Disclosures

Previous reports are available upon request. 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. 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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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