



YTD as of 8/31/2021

Alpha Portfolio **+14.24%**

**MARKETS**

DOW JONES **+15.74%**  
 S&P 500 **+20.78%**  
 NASDAQ 100 **+21.10%**  
 REIT INDEX **+27.85%**  
 SMALL CAP **+15.23%**  
 HIGH YIELD **+90%**

**BOND YIELDS**

10 YR TREAS 1.30%  
 YTD CHANGE **+38%**  
 30 YR TREAS 1.90%  
 YTD CHANGE **+28%**

**SINCE INCEPTION**

THROUGH June 30, 2021  
 BROXTON **540.83%**  
 S&P 500 **373.68%**  
 DOW JONES **368.11%**



Chinese property development company **Evergrande** grabbed headlines in September with news of a possible default on Interest payments, which temporarily roiled financial markets. Evergrande could be the largest bankruptcy ever, so we decided to take a look. (They have PWC audited financial [reports](#).) **Above:** an Evergrande



project in Jiangsu province. Evergrande has a little over \$100 billion in debt and troubles have been known for quite a few months now. The bonds have been collapsing since late May (above: Evergrande 9.5% bonds traded in Frankfurt). The mystery is not so hard to unravel, the company has over 1300 projects currently in some form of development and it Looks like the overly aggressive project slate also gave rise to almost \$150 billion in construction in progress liabilities. So, this looks like a working capital implosion. Evergrande has about \$250 billion in various projects and property investments, and this probably means that creditors will get 50-80% of their investment back.

Three of Broxtton's holdings had their best year or beginning of year in 5 or so years. Deutsche Bank reported \$1.80 per share in adjusted pretax income for the first six months of 2021 (the best in five years). Harmony Gold reported an adjusted 80 cents of earnings for the year ended in June and a net debt free balance sheet (Also over \$400 per share in mineral reserves). Unisys also produced the highest adjusted net income in over five years for the first six months of 2021. Also, Viacom added twice as many streaming subscribers than Netflix, Roku, Hulu and domestic Disney combined for 2<sup>nd</sup> Q!

We initiated a report on Qurate Retail (QRTEA) in order to start tracking the company. The shares trade at a relatively low 4.6 X 2021 consensus earnings, with a 23% projected free cash flow to equity yield. QRTEA has a strong existing infrastructure profile, high cash flow and an excellent customer base. The company is continuing a successful transition to digital platforms, which could lead to growth and a strong future.

[Broxtton Report](#)

**PRIMARY BROXTTON STRATEGY**  
 QUARTERLY REVIEW MARCH 2021

**OVERVIEW**  
 Broxtton Capital Advisors is an investment advisor that manages the assets of individuals, institutions, and other clients for registered investment advisors using the Primary Broxtton Strategy (or PBS). The strategy seeks to consistently improve the value of their investment portfolios in a risk-adjusted manner.

**PERFORMANCE**  
 The Primary Broxtton Strategy is a growth and income focused strategy that utilizes a diversified portfolio of public and private investments. The strategy is designed to provide long-term capital appreciation and income. The strategy is designed to provide long-term capital appreciation and income. The strategy is designed to provide long-term capital appreciation and income.

**PROVIDE**  
 Broxtton uses registered services to assist in the management of the assets of its clients. The strategy is designed to provide long-term capital appreciation and income. The strategy is designed to provide long-term capital appreciation and income. The strategy is designed to provide long-term capital appreciation and income.

**Percentage Growth since Inception (QRT)**

Year	QRT
2015	100%
2016	110%
2017	120%
2018	130%
2019	140%
2020	150%
2021	160%

**Sector Weighting**

Sector	Weighting
Technology	30%
Healthcare	20%
Financial	15%
Consumer	10%
Energy	10%
Real Estate	10%
Other	5%

## 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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