



YTD as of 1/31/2021
Alpha Portfolio **+6.34%**

MARKETS

DOW JONES **-2.00%**
S&P 500 **-1.02%**
NASDAQ 100 **+0.26%**
REIT INDEX **-0.37%**
SMALL CAP **+4.85%**
HIGH YIELD **-0.00%**

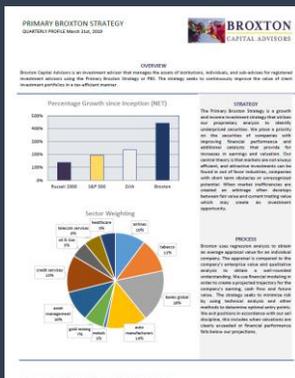
BOND YIELDS

10 YR TREAS **1.10%**
YTD CHANGE **+0.18%**
30 YR TREAS **1.86%**
YTD CHANGE **+0.21%**

SINCE INCEPTION THROUGH DEC 31, 2020

BROXTON **433.67%**
S&P 500 **302.78%**
DOW JONES **311.40%**

BROXTON PERFORMANCE



GameStop Aftermath Causes Congressional Hearings!!: Robinhood, the small broker who caters to smaller traders, caused a ruckus a few weeks ago when the company blocked purchases of GameStop temporarily. The stock had exploded higher, rising from the \$20 area to \$483 in 2 weeks. The House Financial Services Committee called a hearing to see if they could understand what had happened. As Broxton sees it the main problem was the removal of "uptick rule" more than a decade ago. The uptick rule was designed to reduce volatility associated with shorting and since it was removed the volatility has come roaring back, insanely. Examples are stocks down more than 95% in one day during the so-called flash crash and heavily shorted stocks dropping more than 85% during the Covid-19 crash. This never happened when uptick rule was in place. Uptick rule also kept some of the more careless players from overshorting, which was a contributing factor in GameStop blow up.



Market Tops Anyone?? With the Nasdaq 100 trading down 7% from its most recent high we began to wonder if the market was gearing up for a short term or longer correction. Since the Covid-19 lows almost a year ago the index shot up more than 100%, a rare move. It may be signaling a pull back for now. The most recent consolidating area is in the 270-295 range. This would signal an additional drop of about 6-13% from the high to the first consolidation area.

However, we still have many tech shares trading at extremely high prices versus their historical levels and most of them are overvalued by 100% or more. The next consolidation area is about 25% more down in the 230 area. The other less tech heavy indexes are only down about 2-5% from their recent highs.

Altogether, it seems that it is likely that we are due for a further 5-10% pull back but another 25% down on the tech shares would put the shares in normal territory.

Harmony Gold (HMY): Harmony Gold Mining Company Limited reported 59 cents per share in net income for the first 6 months of their fiscal year (32 cents adjusted). Importantly, HMY declared its first dividend (7.5 cents) in 3 years and reported that negotiations at Wafi Goldpu were back on track (one of the biggest mine projects in the world) . HMY is forecasting 1.6 million ounces of gold for 2021. President Peter Steenkamp: "The exceptional performance achieved during H1FY21 substantiates the growth strategy that we set out to pursue at the beginning of 2016." Go Harmony!!!!

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 310 208 2151