



YTD as of 4/30/2020
Alpha Portfolio **-17.48%**

MARKETS

DOW JONES **-14.68%**
S&P 500 **-9.74%**
NASDAQ 100 **+2.97%**
REIT INDEX **-17.98%**
SMALL CAP **-21.34%**
HIGH YIELD **-8.53%**

BOND YIELDS

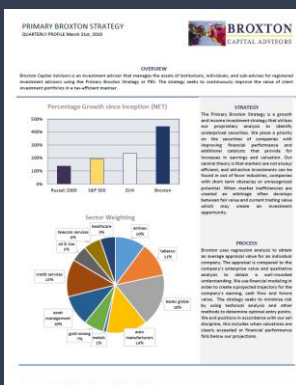
10 YR TREAS **.62%**
YTD CHANGE **-1.30%**
30 YR TREAS **1.27%**
YTD CHANGE **-1.12%**

SINCE INCEPTION

THROUGH DEC 31, 2019

BROXTON **460.73%**
S&P 500 **240.02%**
DOW JONES **274.63%**

BROXTON PERFORMANCE



In May stock indexes continued the questionable rebound although economic activity continued the sharp plunge which accelerated later in the month. In March, Goldman Sachs had predicted a 24% decrease in U.S. GDP for second quarter, but this was updated to a 39% decline in May. However, the decline was predicted to be quickening throughout the month by the Atlanta Federal Reserve [GDPNow computer model](#). (GDPNow is a running estimate of real GDP growth based on available data for the current measured quarter. The estimate is based solely on the mathematical results of the model.) At the beginning of May, the GDPNow model predicted a 16% downturn and is now predicting a 51% downturn. Atlanta Fed statement on May 29: "The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2020 is **-51.2 percent on May 29**, down from **-40.4 percent on May 28**. After this morning's Advance Economic Indicators report from the U.S." If we get a recovery in June, the downturn for 2nd quarter will be around 30%. This will be at least 3 X bigger than any decline in history. [\(more info\)](#). At this point we believe that investors are being overly optimistic on the recovery which has yet to materialize. We are still in a downturn and have yet to demonstrate stabilization and the beginning of a rebound.

Airline industry update: The IATA is the largest and most well-regarded airline industry analyst. Remarks of Alexandre de Juniac (CEO) at the IATA Media Briefing on COVID-19, 26 May: "First, the industry is struggling through the crisis. Airlines have received over \$120 billion in financial assistance from governments...One development is of particular concern. That is the politicization of quarantine measures. In response to the UK government's announced 14-day quarantine measures for all arrivals, France announced that it would do the same for arrivals from the UK...The good news is that the technology for COVID-19 testing at scale is advancing quickly. We still don't have a perfect solution. But there are hopeful signs that this could eventually play an important role for travel!" Airport security data shows that travelers passing daily through TSA checkpoint increased by almost 100% in May to around 300,000. Although still down almost 85%, air travel is starting to recover.

Quadian, QD: QD announced that they saw stabilization in borrower defaults in May and repurchased more than 50% of their convertible debt at sizeable discounts. We purchased a small amount at about 50% of the pre-covid earnings, after the report.

Spirit Airlines, SAVE: Spirit is by far the lowest cost carrier with costs 50-60% lower than Delta, American and United. SAVE should be able to continue to gain market share as travel returns. The company has about \$1.7 billion in liquidity with plans to add another \$900 million. Spirit should be the first airline to break even in 2020. We entered a small position in May.

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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