



YTD as of 2/29/2020
Alpha Portfolio **-10.21%**

MARKETS

DOW JONES **-10.71%**
S&P 500 **-7.95%**
NASDAQ 100 **-3.20%**
REIT INDEX **-5.88%**
SMALL CAP **-11.67%**
HIGH YIELD **-2.16%**

BOND YIELDS

10 YR TREAS **1.92%**
YTD CHANGE **-0.77%**
30 YR TREAS **2.39%**
YTD CHANGE **-0.63%**

SINCE INCEPTION

THROUGH DEC 31, 2019
BROXTON **460.73%**
S&P 500 **240.02%**
DOW JONES **274.63%**

BROXTON PERFORMANCE

PRIMARY BROXTON STRATEGY
QUARTERLY PERFORM. MONTH JULY 2019

OVERVIEW
Broxton Capital Advisors is an investment advisor that manages the assets of individuals, institutions, and risk-tolerant registered investment advisors using the Primary Broxton Strategy or PBI. The strategy seeks to consistently realize the value of their investment portfolio in a long-term manner.

OBJECTIVE
The Primary Broxton Strategy is a growth and income oriented strategy that seeks to provide long-term capital appreciation, with a primary focus on the growth of companies with strong financial performance and a focus on companies with strong financial performance and a focus on companies with strong financial performance.

STRATEGY
The Primary Broxton Strategy is a growth and income oriented strategy that seeks to provide long-term capital appreciation, with a primary focus on the growth of companies with strong financial performance and a focus on companies with strong financial performance.

PROCESSES
Broxton uses a research driven approach to identify investment opportunities. The research is conducted in a systematic and consistent manner and is based on a combination of quantitative and qualitative factors. The research is conducted in a systematic and consistent manner and is based on a combination of quantitative and qualitative factors.

Percentage Growth Since Inception (BET)

Period	Percentage Growth
Since Inception	460.73%
S&P 500	240.02%
DOW JONES	274.63%

Sector Weighting

Sector	Weighting
Technology	15%
Healthcare	15%
Financial	15%
Consumer	15%
Energy	15%
Industrials	15%
Real Estate	15%
Utilities	15%



In January we took steps to reposition most of the portfolio into cash and reinvest about 14% into income producing securities. Currently the portfolio is over 70% cash and this allocation is conservative. About 28% of the portfolios are invested, with 14% in income securities yielding an average of 9-10%, 4% gold and roughly 10% stocks. The average yield on the new income positions is 9%. We also took the opportunity to add back a small position in Citibank at roughly 15% lower than where we sold it. We will continue to direct funds into income securities as we gauge the markets and should see some excellent opportunities. At this time, we believe the worst effect would be a further 30% drop in indexes over time, but we are prepared with our 70% cash position, some hedges on the sidelines and are looking for opportunities.

At the beginning of the year through January we witnessed a strong upward move in Tech shares that drove prices up over 20% from the December 2019 lows. Broxton began to see some signs out of China that industrial production had slowed considerably. In addition, there was evidence that other parts of the economy had reversed. U.S. companies that reported earnings in January and February began to give us some insight into what was actually happening. Taco Bell China (YUMC) and Adidas both reported that their China business was less than 50% of normal. Some companies such as Apple, G.M. and Procter & Gamble have a large reliance on China for their supply chains. At the same time value shares began to fall which prompted us to reduce exposure to absolute value and increase exposure to income. As we have said many times, we believe that most of the tech shares which have been roaring upward are worth much less than where they are trading. So, two questions are asked: What will be the actual effect of the Corona Virus and how will this affect the psychology of the securities markets?

It seems that the overall effect of the virus on the human population will most likely be small. However, the economic effect is definitely going to hurt the earnings of most companies, at least for the first and second quarters of 2020. This reality is killing the stock indexes which dropped 15-20% from high to low in late February. The drop is the quickest and largest drop on record! It is widely accepted that the market was aggressively priced in early 2020. The psychology is a little harder to gauge, but at this time we are seeing that a further drop of 20-30% would be the worst-case scenario for most indexes, which should be over a number of months or quarters. Excepting the Technology laden Nasdaq index which is the most vulnerable. We note that in the 2000 market the Nasdaq fell more than the normal indexes. A drop of 20 to 30% for regular stocks would correspond with the 2015 highs and provide a technical support around the consolidation in this area. As we said above: we believe the worst effect would be a further 30% drop in indexes over time.

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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