

# BROXTON CAPITAL ADVISORS ALPHA PORTFOLIO FOURTH QUARTER PRESENTATION

Broxton Alpha Portfolio

12/16/2021

# HAPPY HOLIDAYS



## Broxton Capital Advisors

Broxton Capital Advisors began on Broxton Avenue in the UCLA-Westwood area of Los Angeles. located in San Juan, Memphis, Los Angeles, and Palm Desert.

Research and analysis are at the core of our values. Our objective is stable growth and long-term wealth building.

Investment strategies are based on our proprietary algorithms, sophisticated analysis and our investment experience.





## Finding Efficient Frontiers

*The Efficient Frontier is an investment term synonymous with long term wealth building through rational investing.*

THE MANAGERS HAVE OVER 90 YEARS OF COLLECTIVE EXPERIENCE:

R. Allen Cooke: With over 25 years as an investment specialist, Allen worked at Imperial Capital and later headed the corporate bond research desk at Western International Securities. He founded Broxton Capital with Byron Stead in 2005.

Brian (Byron) Stead: Over a 25-year career, beginning at Merrill Lynch and Morgan Stanley, Byron headed corporate bond trading at Western International Securities, co-founding Broxton Capital with Allen Cooke in 2005.

Bob Cooke: Over 40 years, Bob has been a municipal and corporate bond specialist, running the municipal desks at Drexel Burnham Lambert and later, Imperial Capital. Bob joined Broxton in 2008.



How do we select securities: Value Oriented Selection Process



Quantitatively select individual securities in multiple asset classes and industry sectors based on proprietary algorithms, statistical analysis, industry & business trajectories, coverage ratios and cash flows



Qualitatively, selections are based on normal valuations, strong fundamentals, yield, and issuer financial stability.



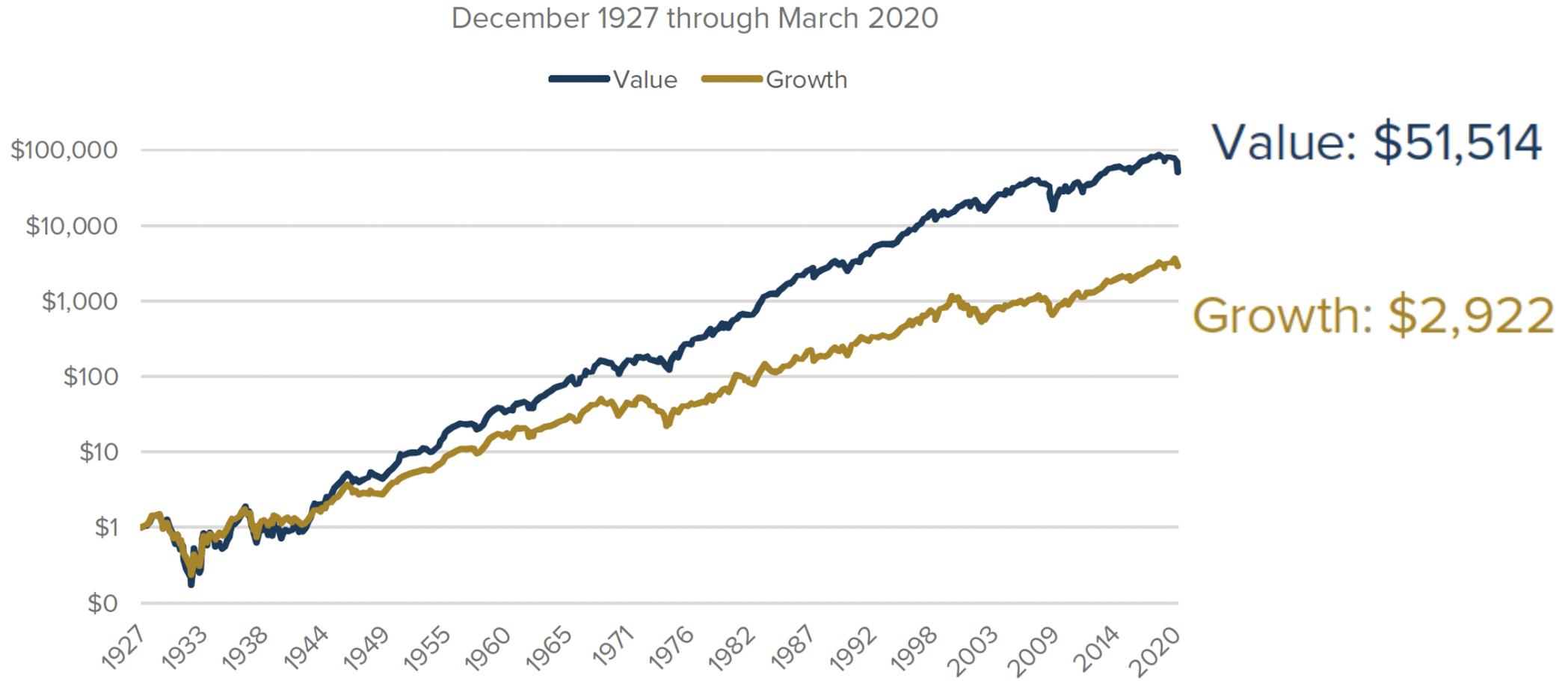
Broader selection mandate



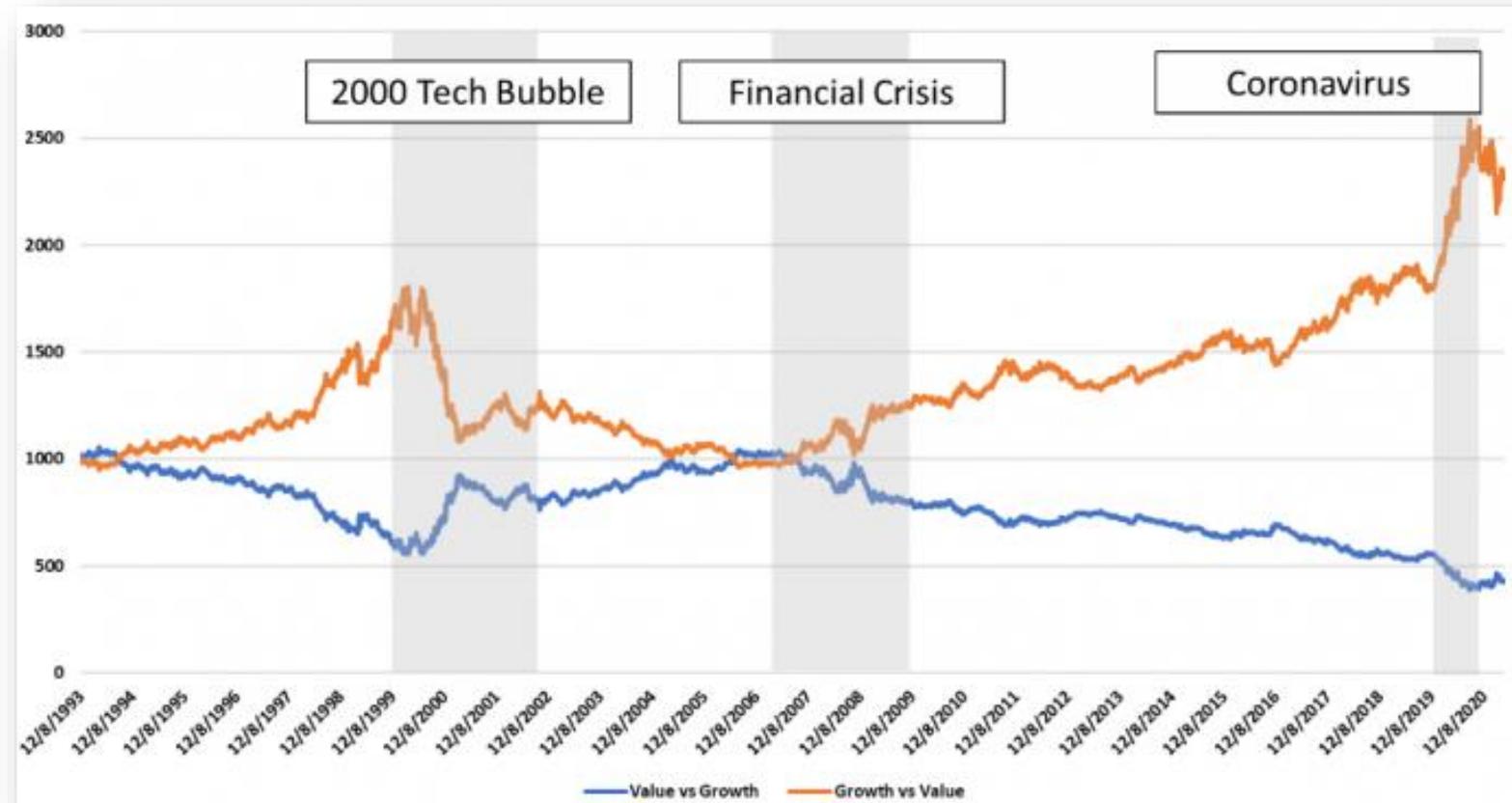
# Why Broxton? Why Value?

- Concentrated Value
- High Conviction, Deep Research
- The forward 12-month P/E ratio for the S&P 500 is 21.4 (Non-GAAP)
- The forward 12-month P/E ratio for the Broxton Portfolio Core Holdings is estimated to be 7.66
- If every position in the Broxton Alpha Portfolio was trading at 15x earnings, Our portfolio positions would be up 100%, simultaneously the S&P 500 would be down 28%

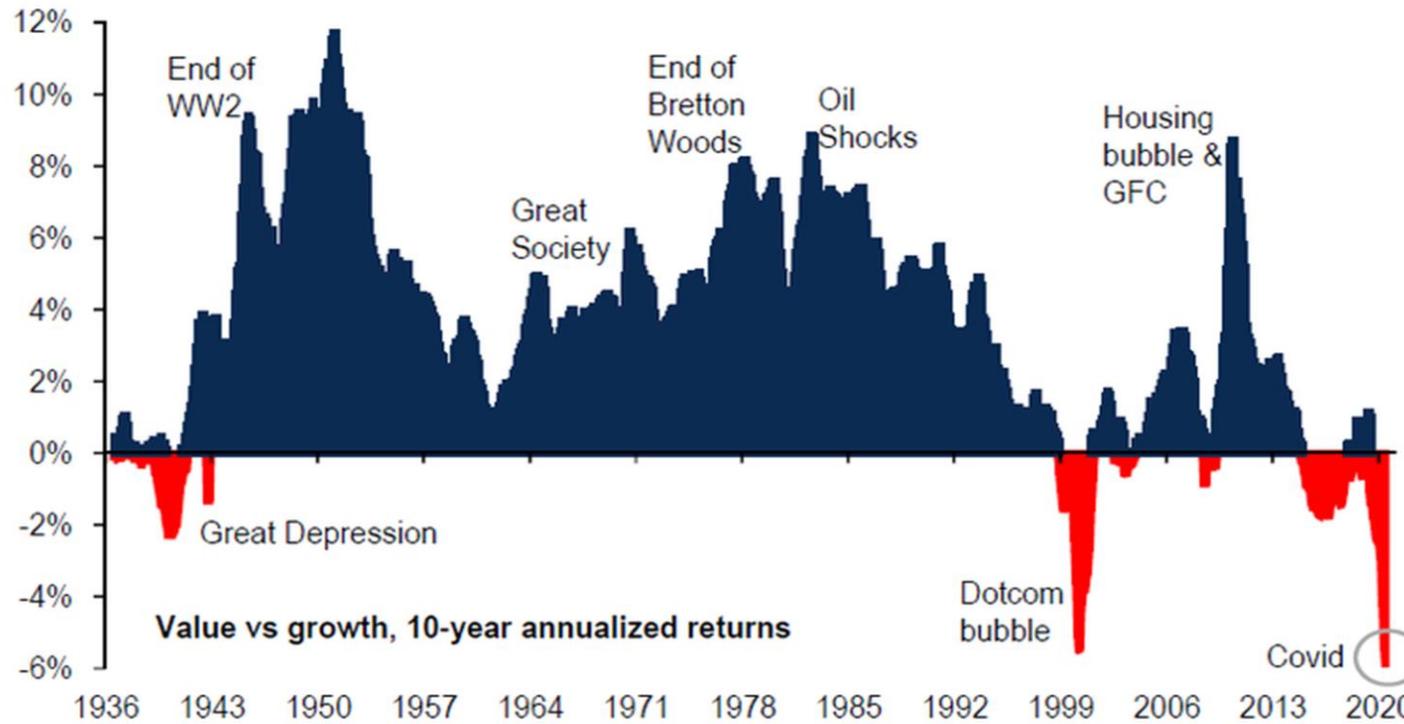
Long term Growth versus Value over the last 100 years .....One is much more lucrative



More Recently..... Note: Berkshire in 2000



**Chart 1: The worst ever returns to value stocks**



Source: BofA Research Investment Committee, Fama & French.

Last 84 Years

BLUE = Value  
Outperformance

RED = Growth  
Outperformance

82% of the time Value  
outperforms Growth

Channel Indicator for value



# Bubbles Aren't Built in a Day

- The thinking is, if you're not a unicorn, you're a dinosaur.
- Focus on intrinsic value, value of expected future cash flows, and ignore the clever rhetoric.



Broxton: 14.97% Annualized  
Return Since 2006\*

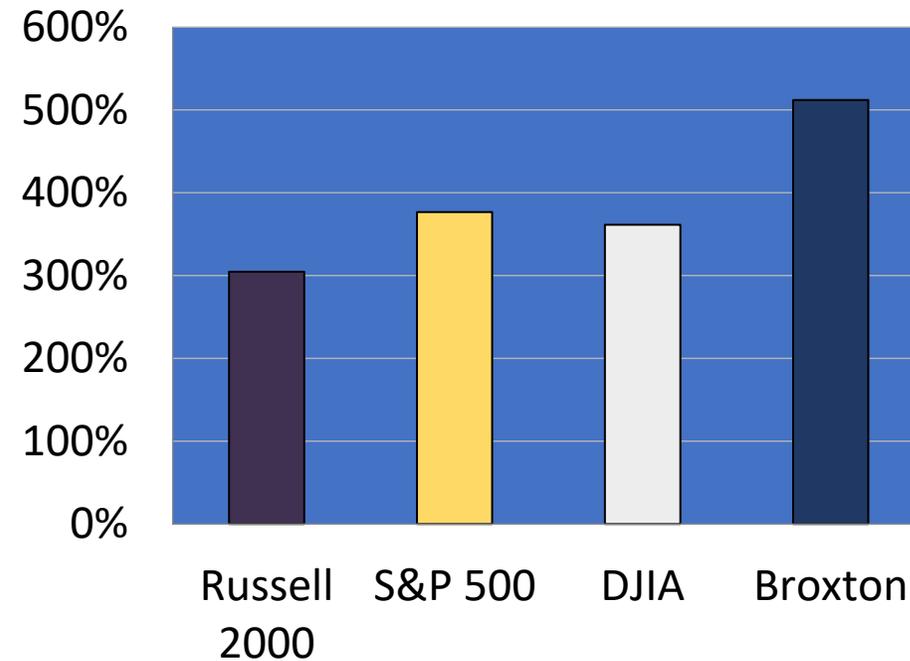
Broxton: 14.97% Annualized  
Return Since 2006

S&P 500: 9.81% Annualized  
Return Since 2006

- Broxton: 14.97% Annualized Return Since 2006

- S&P 500: 9.81% Annualized Return Since 2006

Percentage Growth Since Inception (NET) (12/31/2006-9/30/2021)



# Highlights of Broxton Positions



We Publish Research to support our names and managers  
[LIBRARY](#)

WEALTH MANAGEMENT   ADVISORS & MANAGERS   SMART YIELD   OUR FIRM   RESEARCH   SJI   **LIBRARY**



MONTHLY NEWSLETTER

2021

- [October](#)
- [September](#)
- [August](#)
- [July](#)
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2020

- [December](#)
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November 2021

**ViacomCBS**

In the third quarter total advertising and subscription streaming subscribers surpassed 100 million with 6.4 million additions exceeding the rate of Disney +, Netflix and Roku. [Read Report>>](#)

November 2021

**Unisys Corporation Update**

Unisys reports third quarter results slightly behind estimates and reaffirms full year guidance. [Read Report>>](#)

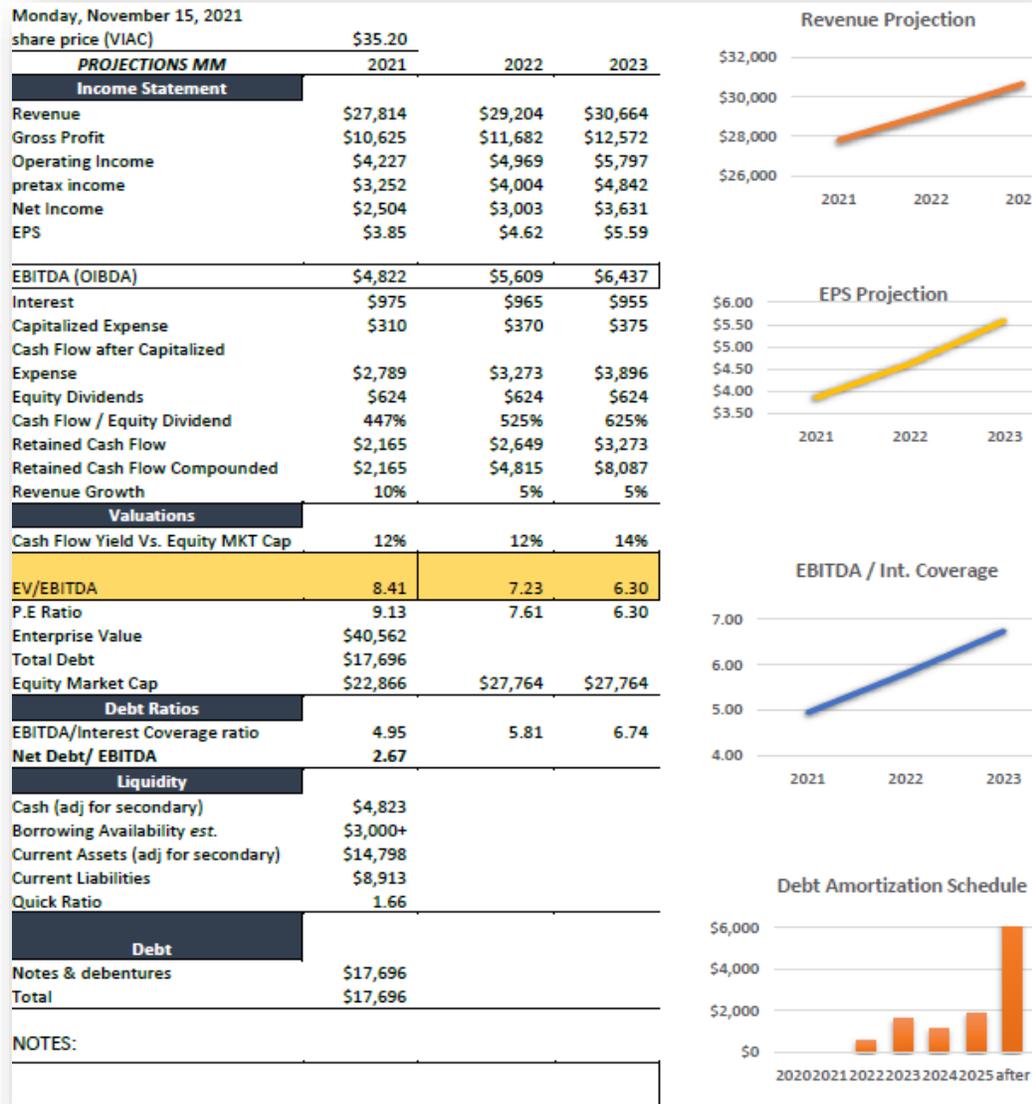
October 2021

**Bloomin' Brands, Inc.**

Bloomin' Brands, Inc. one of the world's largest casual dining companies with approximately 77,000 Team Members and more than 1,450 restaurants worldwide. [Read Report>>](#)

September 2021

# Part of the Research Process: Algorithms Output to Structured Reports





Viacom CBS (VIAC) shares offer a strong value with a large discount to their index peers. VIAC, 8 X 2022, NFLX, 50 X and ROKU, 150 X

Company is experiencing business stability and strong growth in streaming subscribers.

Total advertising and subscription streaming subscribers surpassed 100 million exceeding the rate of Disney +, Netflix and Roku.

Fastest growing streaming company passing Roku, Hulu and probably Disney + in 2nd quarter of 2022.

In Market sports and news, high level of content

November 17: ViacomCBS inc. experienced its most successful week ever, adding more than one million new subscribers and setting a new record for most hours streamed and highest level of subscriber engagement.

Price target: \$ 74 or 16 X 2022 eps

[REPORT](#)



Thor is the largest manufacturer of RVs in North America, and one of the largest manufacturers of RVs in Europe as well as related parts and accessories.

30 individual brand names in the U.S. and Europe with the most well-known being Airstream and Thor Motor Coach.

Backlog up 800% since 19 to 16.8 billion.

Forward PE 8.25, strong brand, don't own looking for a lower price or catalyst. [REPORT](#)

Bloomin' Brands



Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill and Fleming's Steakhouse 1,484 restaurants including 321 franchised locations.

Stronger than average recovery in 21 due to strategies initiated in 2019 to support off-premise, digital ordering, and loyalty programs. Additional boost coming out of the Pandemic. off-premises sales :28% of total revenue. Digital sales: 318% increase over 2019 levels.

U.S. same-store sales were up 12.1% on a two-year basis versus 2019. This was 890 basis points ahead of the industry. Shares reduced by the sell-off in the reopening trade falling from a high of \$32 in April to \$18.81 today. Unit growth coming in 2022, also dark kitchens.

PE: 7 x 2022, ENTERPRISE VALUE 4.72 x 2022 EBITDA

[REPORT](#)

## DISCLOSURES

Broxton Capital Management is an investment management firm which was established in 2005. Broxton's returns are shown net of actual fees and expenses. Composite returns are weighted monthly. Broxton measures composite internal dispersion using Size-Weighted Standard Deviation. Past performance is not a guarantee of future results. Returns for periods exceeding 12 months are annualized. Broxton maintains on composite. The definition of the firm includes the total firm assets and we practice firm-wide compliance. Composite Description: The Alpha Portfolio (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. Benchmark Description: The firm uses the S&P 500 Total Return Index as a benchmark. The firm does not seek to mirror the returns of the index. The S&P 500, or the Standard & Poor's 500, is a stock market index based on the market capitalizations of 500 leading companies publicly traded in the U.S. stock market, as determined by Standard & Poor's. Benchmark dividends are reinvested in the benchmark. The S&P 500, DOW and Russell 2000 Indexes are unmanaged. The S&P 500 is comprised of 500 widely held securities considered to be representative of the stock market in general. Investors should understand that the S&P 500 varies greatly from the composite and the volatility of the composite may be higher or lower than that of the S&P 500 and other indexes. The Alpha Portfolio allocates to bonds, equities, cash and other instruments. Broxton may use leverage, options, convertible bonds, or other derivatives, including leveraged ETFs, and short positions and these are considered immaterial but may be material in the future. Broxton's returns are presented "net of fees". These are the management fees of the advisor or advisors. The composite returns are presented net of broker expenses which include commission, margin, and other expenses of the custodian. Broxton does not charge performance fees. The composite is based in U.S. dollars.