

SMART YIELD

Income Fund



Finding Efficient Frontiers



INVEST/STAY CONNECTED

INITIAL REPORT June 29, 2022

LAST UPDATED June 29, 2022

Stellantis N.V.

Common shares \$12.84 No Recommendation At This Time

Stellantis N.V. (STLA) is a multinational automotive manufacturer formed in the 2021 merger between Fiat Chrysler and Peugeot S.A. STLA designs, manufactures, and sells automobiles under 16 different brands: Abarth, Alfa Romeo, Chrysler, Citroën, Dodge, DS, Fiat, Fiat Professional, Jeep, Lancia, Maserati, Mopar, Opel, Peugeot, Ram, and Vauxhall. Headquartered in Amsterdam, and with unit sales of 6.5 million autos, the company is the world's fifth largest automaker behind Toyota, Volkswagen, Hyundai, and GM. The company has approximately 300,000 employees, operations in more than 130 countries and manufacturing facilities in 30 countries.

Primary reasons for the merger include cost reduction synergies of €5 billion and an accelerated push into electric vehicles. 2021 should be considered a success with €3.2 billion of the synergies achieved and earnings of over 4 euro per share. CEO Carlos Tavares commented: "As you know, the results for 2021 were very encouraging, with a [100% increase in operating income and the tripling of net income] which says a lot about the initiatives that were taken in the company." The company reported revenue improvement in the first quarter of 2022 of 12% as well. Guidance for 2022 is stable but supply chain problems are expected to linger. Pockets of strength include the Jeep Wrangler 4xe and the Citroen brand.

Stellantis has an incredible 51 billion euro of cash and net cash of around 18 billion euro. The company is trading at around 3 X 2021 earnings with an enterprise value of 3 X EBITDA and the shares boast a current yield of 8.4%. In addition, STLA is showing good performance so far in 2022. This has failed to spark investor interest. There may be concern on the transition to EV. STLA targets 50% EV sales in the U.S. and 100% in Europe by 2030. Overall, we believe that the company is on the right track, but the shares are not showing stability. Year to date the shares are down 33% despite two good reports and the strong dividend. So, at this point we do not have a recommendation until we see stability in the shares.

See important information on STLA dividends on page 2

2022 PROJECTIONS MM	2022
Revenue	€ 155,396
Gross Profit	€ 31,079
Operating Income	€ 16,781
EPS	€ 4.17
EBITDA	€ 23,136
Capitalized Expense	€ 9,000
Cash Flow After Capex	€ 10,401
Equity Dividends	€ 3,257
Dividends per share	€ 1.04
Dividend Yield	8.40%
Enterprise Value	€ 73,797
EV/EBITDA	3.2 X
Revenue Growth	14%
Cash Flow Yield Vs. Equity	25.86%
EV/EBITDA	3.2 X
P.E Ratio	3.1
Enterprise Value	€ 73,797

[Recent STLA Presentation](#)

[STLA Long Term Strategic Plan](#)



BROXTON CAPITAL ADVISORS Stellantis N.V. as of 12/31/2021

Wednesday, June 29, 2022

share price **USD** \$12.84

PROJECTIONS IN MM € 2022 2023 2024

Income Statement

	€	€	€
Revenue	155,396	166,273	177,913
Gross Profit	31,079	33,255	35,583
Operating Income	16,781	18,006	19,313
Pre-Tax Income	15,981	17,006	18,313
Net Income	13,046	13,835	14,841
EPS	€ 4.17	€ 4.42	€ 4.74
Revenue growth	4%	7%	7%
EBITDA	€ 23,136	€ 24,361	€ 25,668
Interest*	800	1,000	1,000
Capitalized Expense	9,000	10,000	10,000
Cash Flow	10,401	10,190	11,196
Equity Dividends	3,257	3,257	3,257
Cash Flow Dividend Coverage	319%	313%	344%
Retained Cash Flow	7,143	6,933	7,938
Retained Cash Flow Sum	7,143	14,076	22,014

Valuations €

Cash Flow Yield Vs. Equity	26%	25%	28%
EV/EBITDA	3.2	3.0	2.9
P.E Ratio	3.1	2.9	2.7
Enterprise Value	73,797		
Total Debt	33,582		
Equity Market Cap	40,215	40,215	40,215

Debt Ratios

EBITDA/Interest Coverage ratio	29	24	26
Debt/EBITDA	1.5	1.4	1.3

Liquidity €

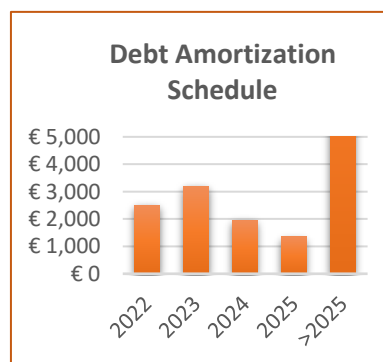
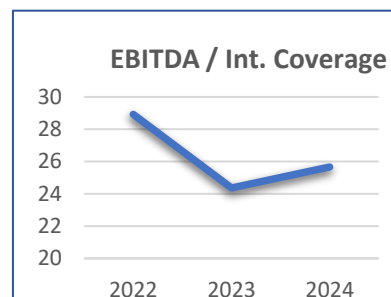
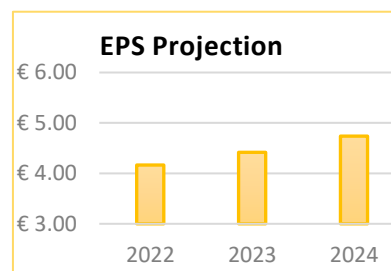
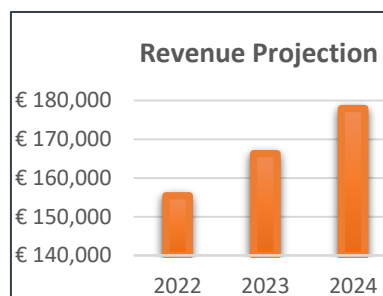
Cash	51,500		
Borrowing Availability est.	10,000		
Total Current Assets	74,795		
Total Current Liabilities	64,857		
Current Ratio	115%		

Debt €

Borrowings	33,582
Total	33,582

NOTES:

STLA dividends are subject to Netherlands withholding tax.



Disclosures

Previous reports are available upon request. Smart Yield Fund targets a mix of different security classes that contain the risk of loss. Investors should carefully consider the Fund's investment objectives and risk factors before investing. Investing involves risk, including possible loss of principal. Investors should consider the loss of principle and targeted returns are not guaranteed. Individual investors in Smart Yield are generally required to be accredited investors. Smart Yield is a fund operated through individual accounts creating the composite. Smart Yield Fund is a new product with an inception date of September 30, 2020, and as such does not have historical data. Asset Mix Projections on page 2 and 6, Smart Yield Portfolio Metrics on page 5 are estimated or targets of the fund. Asset class mix and targets may change based on the direction of the managers. Portfolio allocation projected annual return and beta assumption for each asset class on pages 7-10 are estimated. Beta for the fund and each asset class is estimated versus the S&P 500. The average beta for the entire fund is projected to be .32. Beta is a measure of the fund's volatility in relation to S&P 500 Index. This index has a beta of 1.0. The fund targets a total gross return before fees and expenses of 9.24%. The fund projects a blended return based on income securities and capital gains. Smart Yield attempts to continuously improve the value of investment portfolios by investing in corporate bonds, convertible bonds, other types of bonds (investment grade and sub-investment grade, [which may also have limited liquidity]), dividend paying equities, non-dividend paying equities, ETFs, including leveraged ETFs, and other securities. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. All securities types mentioned in this brochure have the risk of loss. 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, technical analysis, proprietary and third-party research. Smart Yield does not have any capitalization (market size), sector or industry allocation mandates. Asset class allocation percentages may be changed without notice. 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 for hedging and 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 Smart Yield returns will be calculated using a composite of accounts, the average account will not match the composite return and the return could be higher or lower. Broxton offers Smart Yield for other investment managers. 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. Targeted performance does not guarantee future results. Additional disclosures are included on broxtoncapital.com including in form ADV. SEC Rule 206(4)-1 disclosure: this report is approved by the CCO of Broxton Capital. Individuals should consider the inherent risks before investing and this report should not be construed as advice tailored to an individual's investment criteria or objectives. Important Disclosure: In the normal course of our communications or reports, we analyze, review and discuss current, past and possible future securities holdings. In the case of any security reviewed by us, it should not be assumed that recommendations made in the future will be profitable or will equal the performance of any profitable security that is reviewed or discussed. On request we provide a list of all investment recommendations made by the firm over the last twelve months. Also, from time-to-time we may also discuss and display, charts, graphs, formulas which are not intended to be used by themselves to determine which securities to buy or sell, or when to buy or sell them. Such charts and graphs offer limited information and should not be used on their own to make investment decisions.

Broxton Capital Advisors 151 Calle San Francisco
San Juan PR, 00901 broxtoncapital.com
310-208-2191

Allen Cooke Portfolio Manager 310-208-2151
Cell 310-279-3338 allen@broxtoncapital.com

Brian Stead Manager 310-208-2151
byron@broxtoncapital.com

BROXTON
CAPITAL ADVISORS
C A P I T A L A D V I S O R S