



YTD as of 4/30/2021

Alpha Portfolio **+18.39%**

**MARKETS**

DOW JONES **+10.84%**  
 S&P 500 **+11.61%**  
 NASDAQ 100 **+7.73%**  
 REIT INDEX **+16.66%**  
 SMALL CAP **+14.70%**  
 HIGH YIELD **+1.16%**

**BOND YIELDS**

10 YR TREAS **1.63%**  
 YTD CHANGE **+0.71%**  
 30 YR TREAS **2.30%**  
 YTD CHANGE **+0.65%**

**SINCE INCEPTION**

THROUGH March 31, 2021

BROXTON **526.37%**  
 S&P 500 **336.37%**  
 DOW JONES **345.50%**



"Value investing is an investment paradigm that involves buying securities that appear underpriced by some form of fundamental analysis. The various forms of value investing derive from the investment philosophy first taught by Benjamin Graham and David Dodd at Columbia Business School in 1928. Value opportunities identified by Graham and Dodd included stock at discounts to book value or tangible book value, those with high dividend yields, and those having low price-to-earnings multiples, or low price-to-book ratios. High-profile proponents of value investing include Berkshire Hathaway chairman Warren Buffett. [\(source\)](#)"

What is somewhat remarkable is the drubbing that value shares have taken in relation to their momentum peers. Momentum stocks are often times not profitable, and trade based on the hope of large future profits. The chart to the right shows that value shares traded as much as 33% lower than the momentum shares before staging a sharp recovery in late 2020 as shown to the left.



**1<sup>st</sup> quarter earnings for the S&P 500:** Most of the S&P 500 companies have reported earnings and according to FactSet: 86% of S&P 500 companies have reported a positive revenue surprise. This is the highest level since FactSet began tracking this metric in 2008. Leading the pack were financials and banks like Goldman Sachs, which reported Q1 earnings of \$18.60 vs. an expectation of around \$10.00. Part of the reason is the increase in the size of the securities markets which has caused a bump in investment banking income. Analysts had also underestimated the post Covid economic strength.

**Amarin (AMRN):** Amarin had a bruising 2020 losing a patent fight it initiated. Amarin delivered one of the biggest break through drugs by developing and testing Vascepa. Vascepa reduces heart attack and stroke by 25% when combined with a statin (IE: Lipitor). However, bluer skies could be on the horizon. The board has appointed Karim Mikhail, 50, Amarin's senior vice president and head of commercial for Europe as the new president and Amarin did not lose exclusivity in Europe. Recently Amarin re upped its U.S. advertising campaign for Vascepa. The drug still has multibillion-dollar potential worldwide.

**PRIMARY BROXTON STRATEGY**  
DISCRETIONARY PORTFOLIO MANAGED SINCE 2010

**BROXTON**  
CAPITAL ADVISORS

Broxton Capital Advisors is an investment advisor that manages the assets of institutional, individual, and retail clients for registered investment advisors using the Primary Broker Strategy. © 2021. The strategy seeks to consistently improve the value of client investment portfolios in an efficient manner.

**PERFORMANCE**  
 Percentage Growth Since Inception (NET)

Strategy	YTD	1 Yr	3 Yr	5 Yr
Broxton	18.39%	10.84%	11.61%	7.73%
S&P 500	11.61%	10.84%	11.61%	7.73%
DOW JONES	10.84%	10.84%	11.61%	7.73%

**SECTOR WEIGHTING**

Sector	Weight
Technology	15%
Healthcare	15%
Financials	15%
Consumer Discretionary	15%
Industrials	15%
Consumer Staples	15%
Energy	15%
Utilities	15%
Real Estate	15%

**INVESTMENT**  
 The Primary Broker Strategy is a growth and income investment strategy that utilizes a diversified portfolio of stocks, bonds, and other securities. The strategy is managed by the Primary Broker Strategy and is designed to provide long-term capital appreciation and income. The strategy seeks to consistently improve the value of client investment portfolios in an efficient manner.

**RISKS**  
 Broxton uses rigorous analysis to identify and manage investment risks for its primary strategy. The strategy is managed by the Primary Broker Strategy and is designed to provide long-term capital appreciation and income. The strategy seeks to consistently improve the value of client investment portfolios in an efficient manner.

## 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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