

“When the rotation started to go back the other way, sort of reversion to the mean, value went on to outperform growth for several years. It was a longstanding reversion-to-the-mean kind of a trade,” -Phil Orlando, Federated Investors

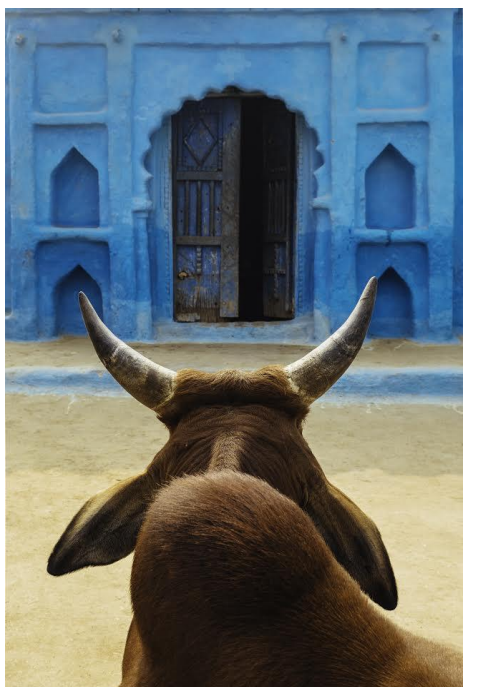


SKATE TO WHERE THE PUCK IS GOING



OCTOBER 2020

**BYRON STEAD
MANAGING PARTNER
BROXTON CAPITAL ADVISORS**



CURRENT MARKETS

In mature and euphoric markets we get asked about a lot of high flying stocks.

With any investment strategy it's important to look how the strategy has performed over a complete investment cycle

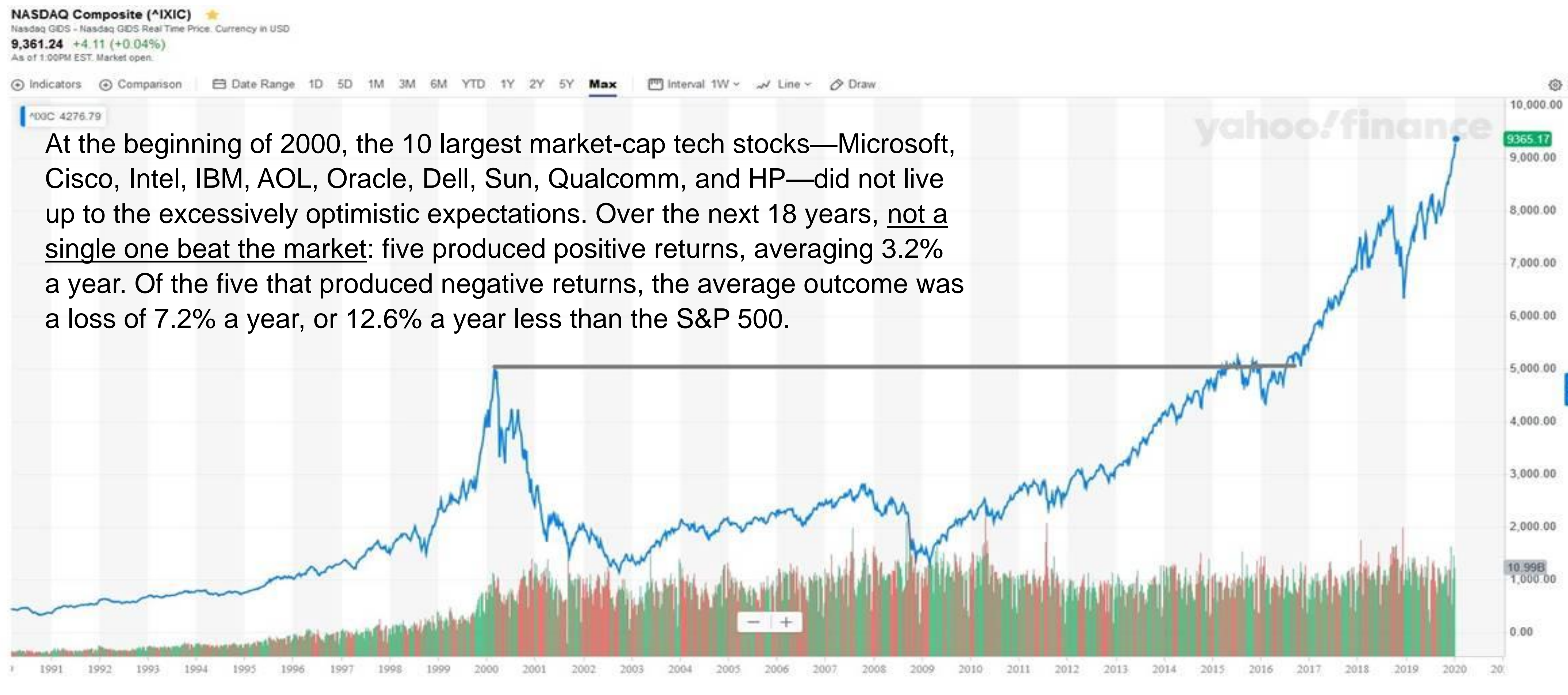
Let's look at a few . . .

HERE'S WHAT BUYING AT OVER 20X E GETS YOU



In the markets 130 history, buying stocks over 20x earnings, investors don't break even for 12-15 years. You have to keep cash and employ as conservative strategy in this environment

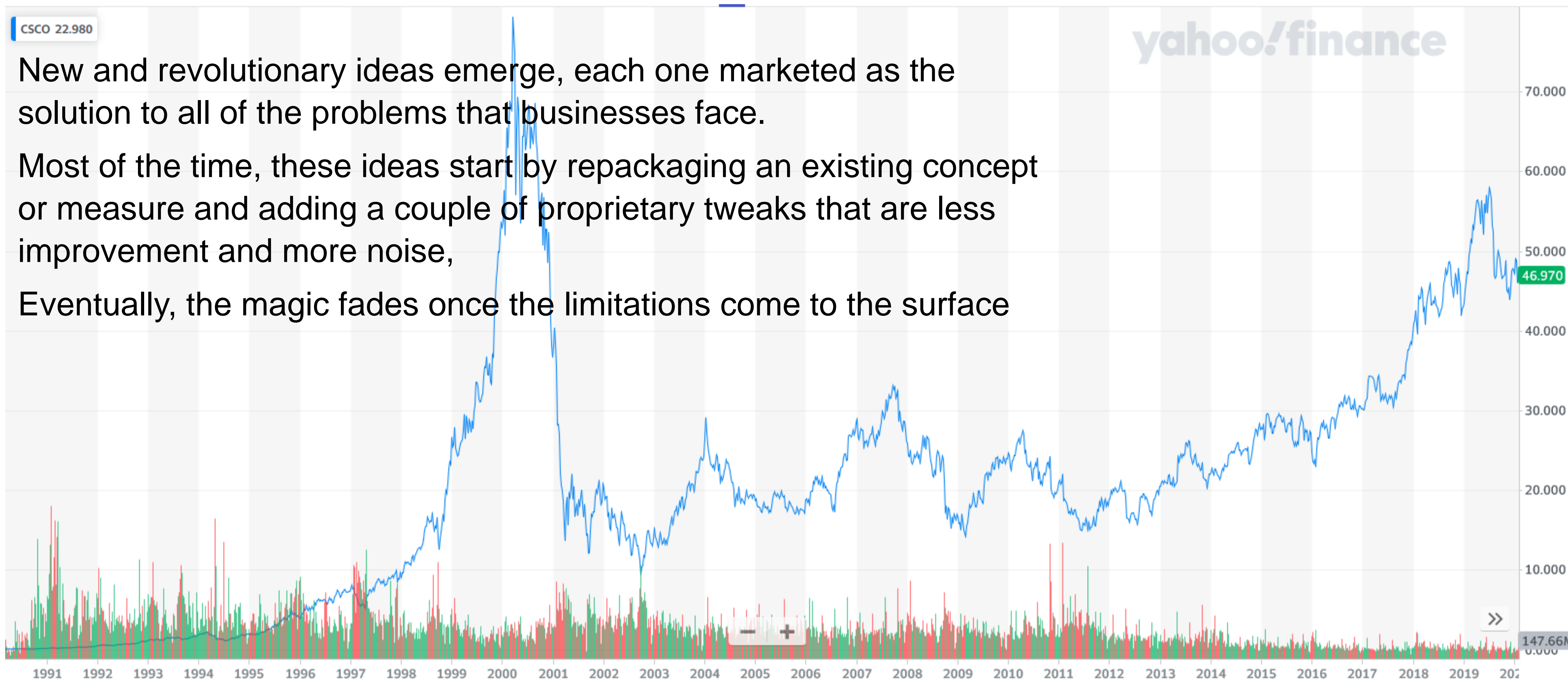
A NOTE ON GROWTH STOCKS . . .



2000

2016

A NOTE ON GROWTH STOCKS . . .

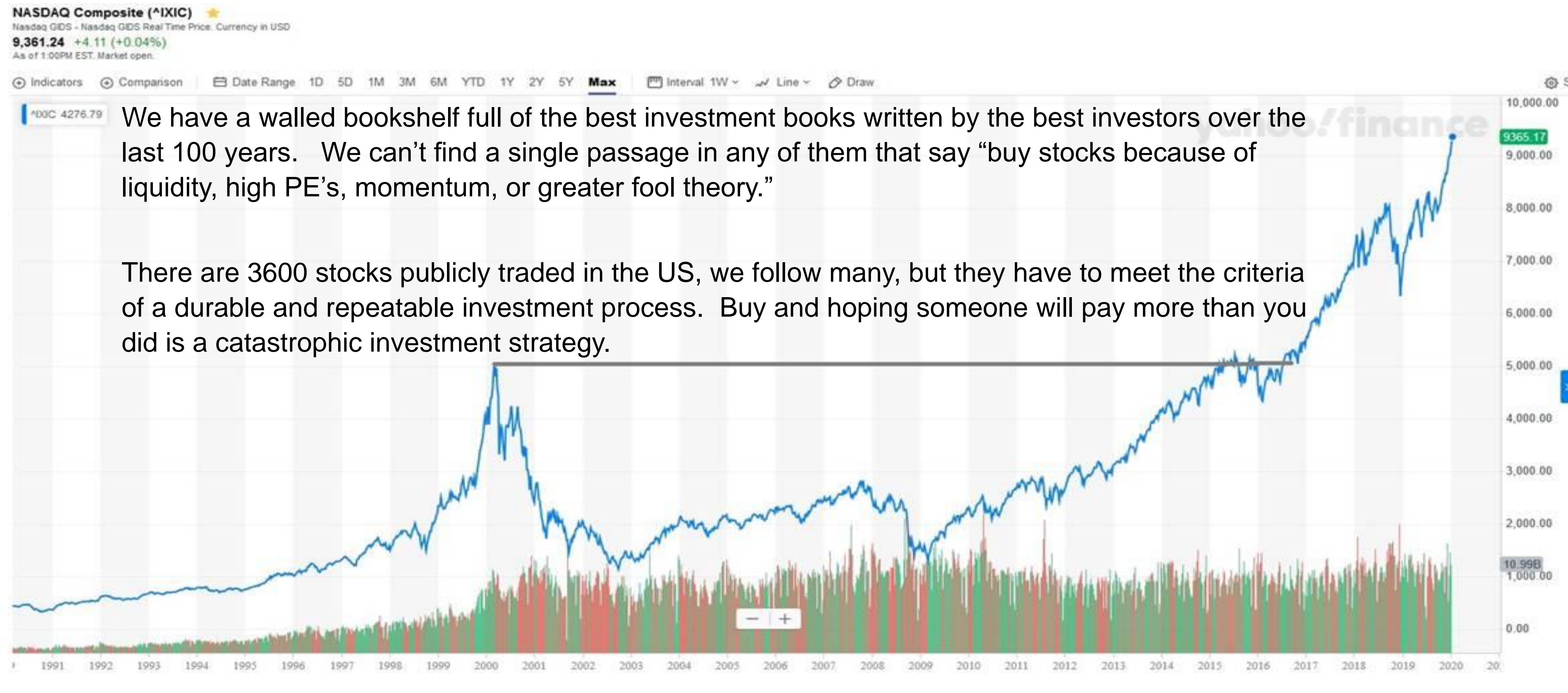


New and revolutionary ideas emerge, each one marketed as the solution to all of the problems that businesses face.

Most of the time, these ideas start by repackaging an existing concept or measure and adding a couple of proprietary tweaks that are less improvement and more noise,

Eventually, the magic fades once the limitations come to the surface

A NOTE ON GROWTH STOCKS . . .



BUFFETT VS THE S&P 500



Rather than heed Buffett's legendary advice, investors are making fun of him. Just like they did in the late 90s.



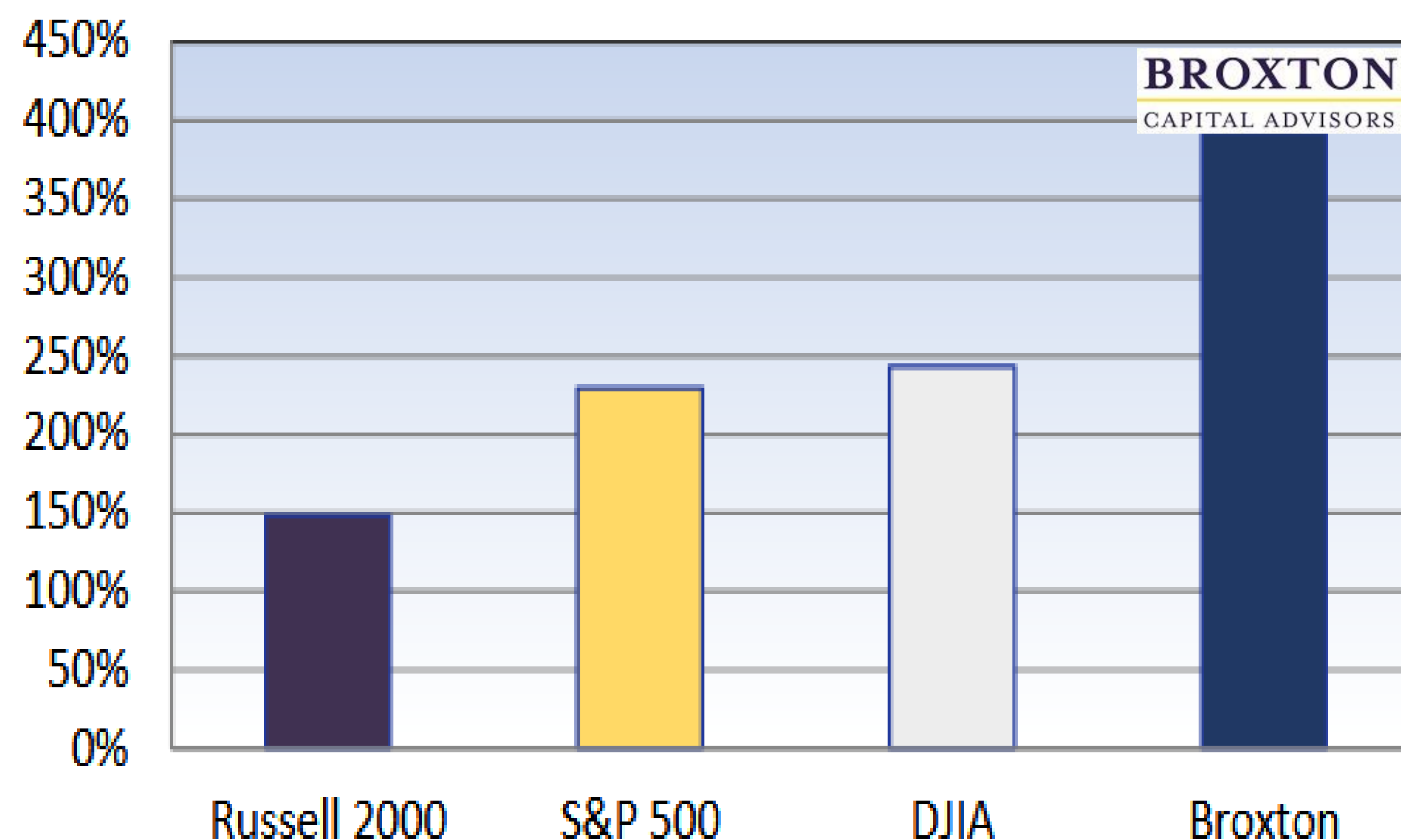
BUFFETT VS THE S&P 500

Well known value investor Warren Buffett was actually down 50% during 1998 and 1999 while the Nasdaq 100 was up 278%. From 2000 to 2003 Buffett was up 79% while the Nasdaq 100 lost 82% of its value. Some of those Nasdaq stocks are not in business today.



VALUE INVESTING OUTPERFORMS OVER THE COMPLETE CYCLE

Percentage Growth Since Inception (NET)



**SEE DISCLOSURES AT END OF DOCUMENT*

Last 6 Months-

AAPL 74.50%

Broxton Positions-

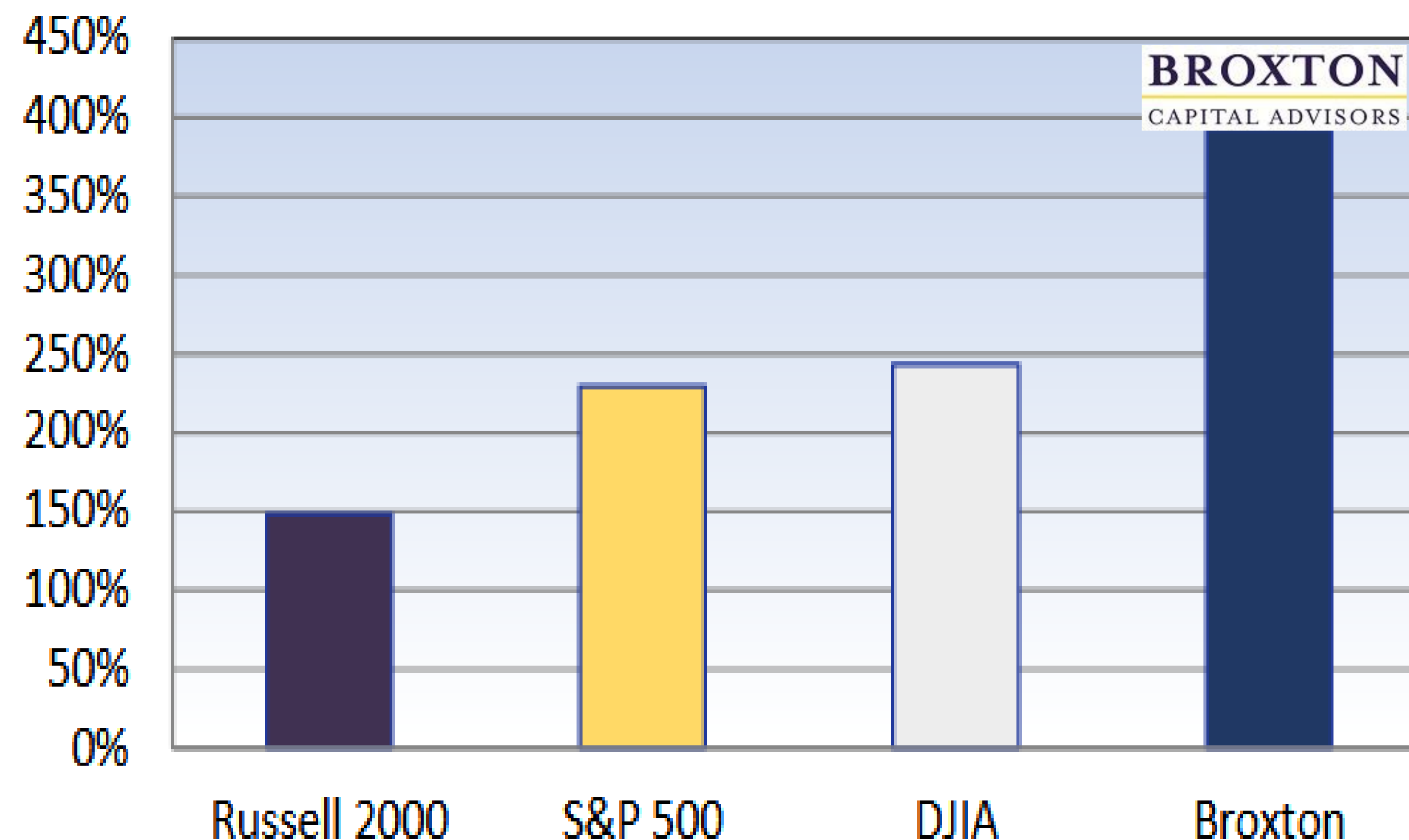
VIAC 74.60%

TTM 86.38%

HMY 123.22%

VALUE INVESTING OUTPERFORMS OVER THE COMPLETE CYCLE

Percentage Growth Since Inception (NET)



**SEE DISCLOSURES AT END OF DOCUMENT*

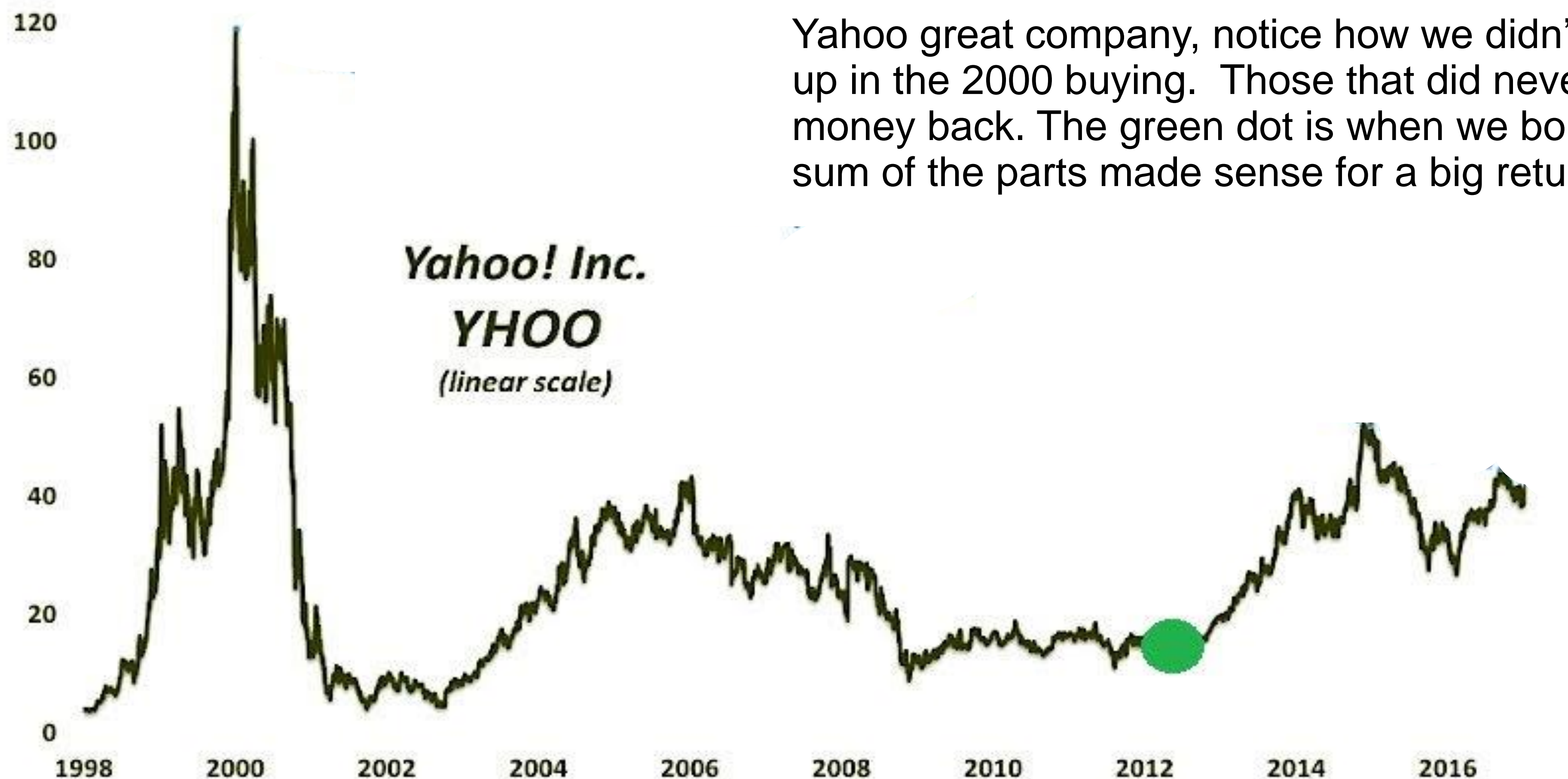
Keep cash, be patient.

The late 90s and the last few years were lousy for value investors

Value investing still outperforms over the complete investment cycle

BUY THE STEAK AND NOT THE SIZZLE PART

Yahoo Testing Post-2000 Down Trendline (linear scale)



Yahoo great company, notice how we didn't get caught up in the 2000 buying. Those that did never made their money back. The green dot is when we bought and the sum of the parts made sense for a big return.

* J. Lyons Fund Management, Inc. / My401kPro.com

CURRENT ENVIRONMENT

“Actions are taken by governments and central banks to extend business cycles and prevent recessions lead to more severe recessions in the end.”

The unsustainable credit-sourced boom leads to artificially stimulated borrowing, seeking out diminishing investment opportunities.

Think- Malinvestment

Or essentially- Trying to delay the inevitable only makes the inevitable that much worse in the end

WHICH WORKED OUT WELL . . .



BROXTON
CAPITAL ADVISORS

\$NIKK Tokyo Nikkei Average - Nikkei 225 (EOD) TSTYO
27-Apr-2020

© StockCharts.com

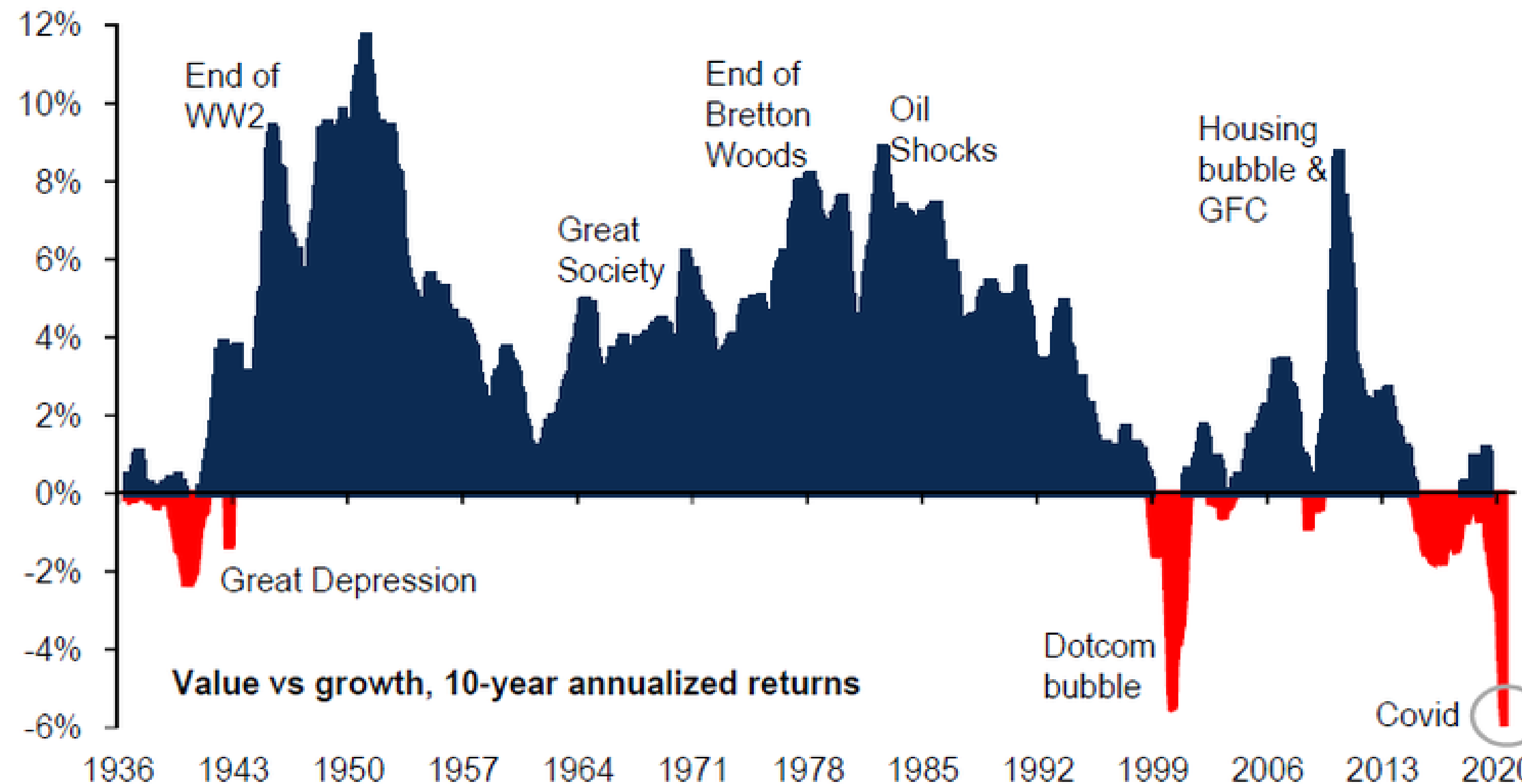
Open 19410.84 High 19819.06 Low 19410.18 Close 19783.22 Chg +521.22 (+2.71%) ▲

— Tokyo Nikkei Average - Nikkei 225 (EOD) (Daily) 19783.22 (27 Apr)



WHY VALUE?

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

WHY VALUE?



Just like the late 90s we're getting a high margin of safety in value stocks. It is also notable that periods of value underperformance are followed by periods of strong outperformance.

CURRENT POSITIONS AND INVESTING IDEAS

*HOW TO YOU POSITION YOUR PORTFOLIO IN THE WORLDS
MOST EXPENSIVE MARKET?*

*WHERE DO YOU ALLOCATE TO ENSURE A DUARABILITY AND
PIECE OF MIND?*

SKATE TO WHERE THE PUCK IS GOING

*

UNFI

United Foods (UNFI) —

Grocery wholesaler doing about \$25b in revenue.

Trading at around 4X EBITDA with large improvements due to Covid

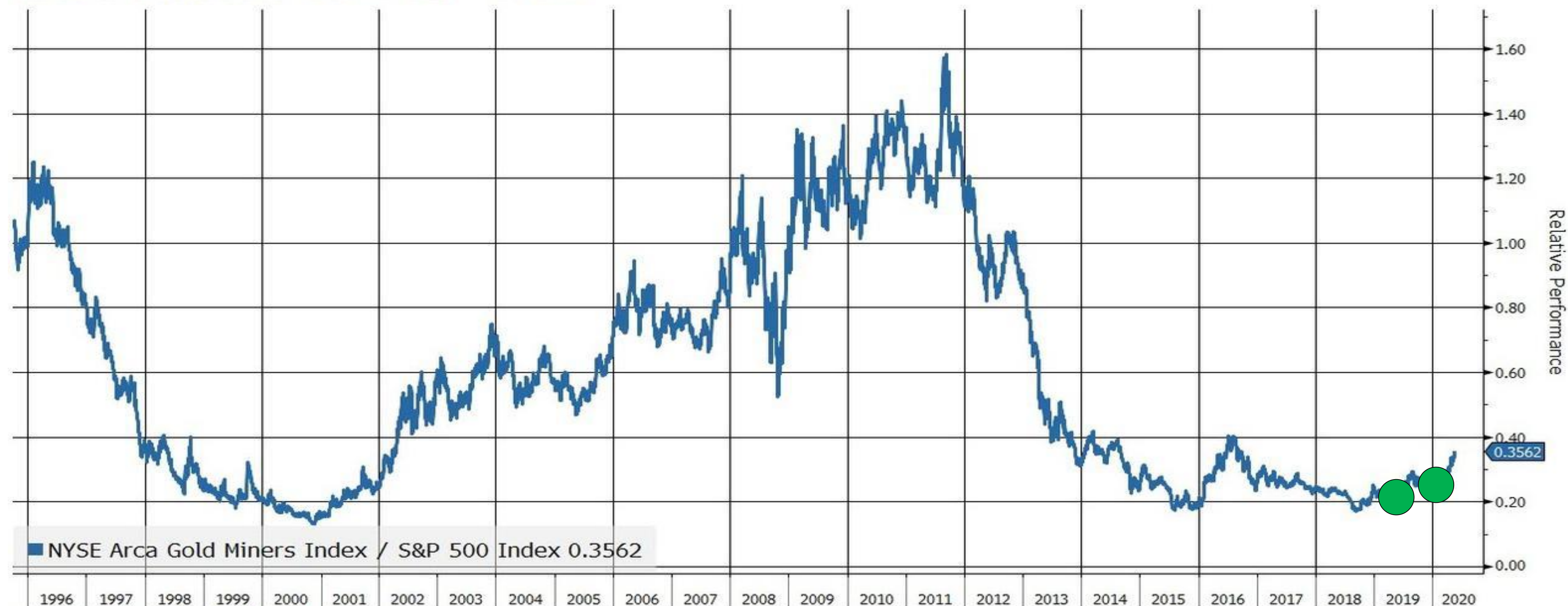
Trading at around 7X in 2021 would put the shares around \$50-55

25% of revenue from Whole Foods



GOOD VALUES TO BE HAD

Gold Miners vs S&P 500



Source: Knowledge Leaders Capital

GDM Index (NYSE Arca Gold Miners Index) Gold Miners vs SPX Daily 02OCT1995-15MA

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GOOD VALUES TO BE HAD

UIS 11.77

UNISYS CORP (UIS)

UIS update: sold 25% of company for 20X EBITDA

Remainder company trading at 3X EBITDA...possible 200% gain here

CEO has history of selling for great multiples



BROXTON: HIGHER YIELD, LOWER PE, HIGHER EARNINGS YIELD



Equity Ratios

Equity Ratios	Broxton	S&P 500
Yield	2.94%	1.71%
Forward PE	9.74 X	19.21 X
Earnings Yield	10.27%	5.21%

As of Dec 31, 2019.

June 2020: "Focusing on companies with significant price dislocation that have normalized earnings and free cash flow yields that are significantly higher than the overall market."

WHICH ONE DO YOU WANT TO OWN?

COMPANY A

COMPANY B

REVENUE

\$27 Billion

\$21 Billion

NET INCOME

\$3.20 Billion

\$2.20 Billion

PE

4x

83x

Market Cap

\$14 Billion

\$183 Billion

As of June 2020

WHICH ONE DO YOU WANT TO OWN?

VIACOMCBS

NETFLIX

REVENUE

\$27 Billion

\$21 Billion

NET INCOME

\$3.20 Billion

\$2.20 Billion

PE

4x

83x

Market Cap

\$14 Billion

\$183 Billion

BUY THE STEAK AND NOT THE SIZZLE

VIACOMCBS

NETFLIX

Investment Grade Debt

Non-Investment Grade Debt

Debt Paydown

Debt Growing

Positive Free Cash Flow

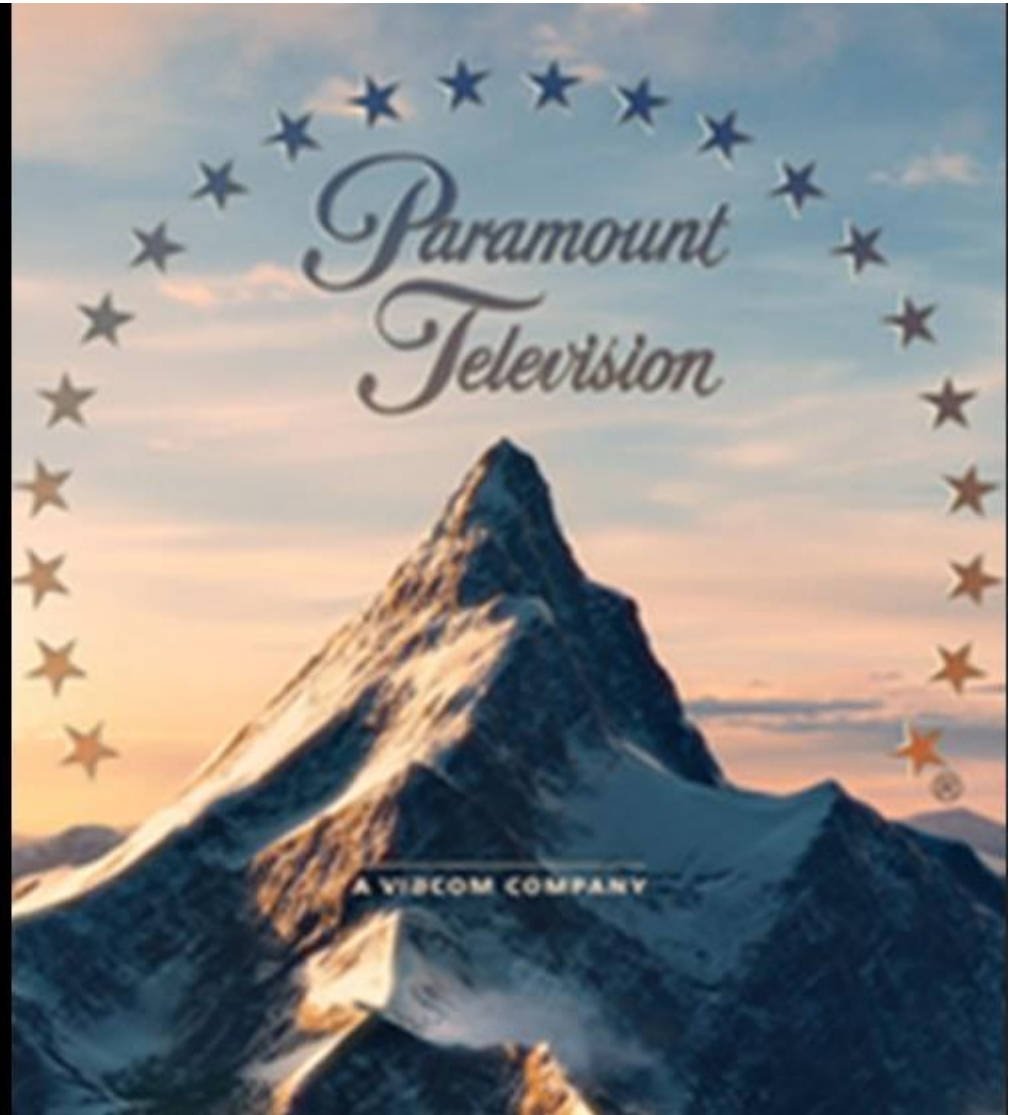
Negative Free Cash Flow

Dividend

No Dividend

**-First Mover Advantage Gone
(Like AOL or Yahoo Search)**

VIACOM POWERHOUSE



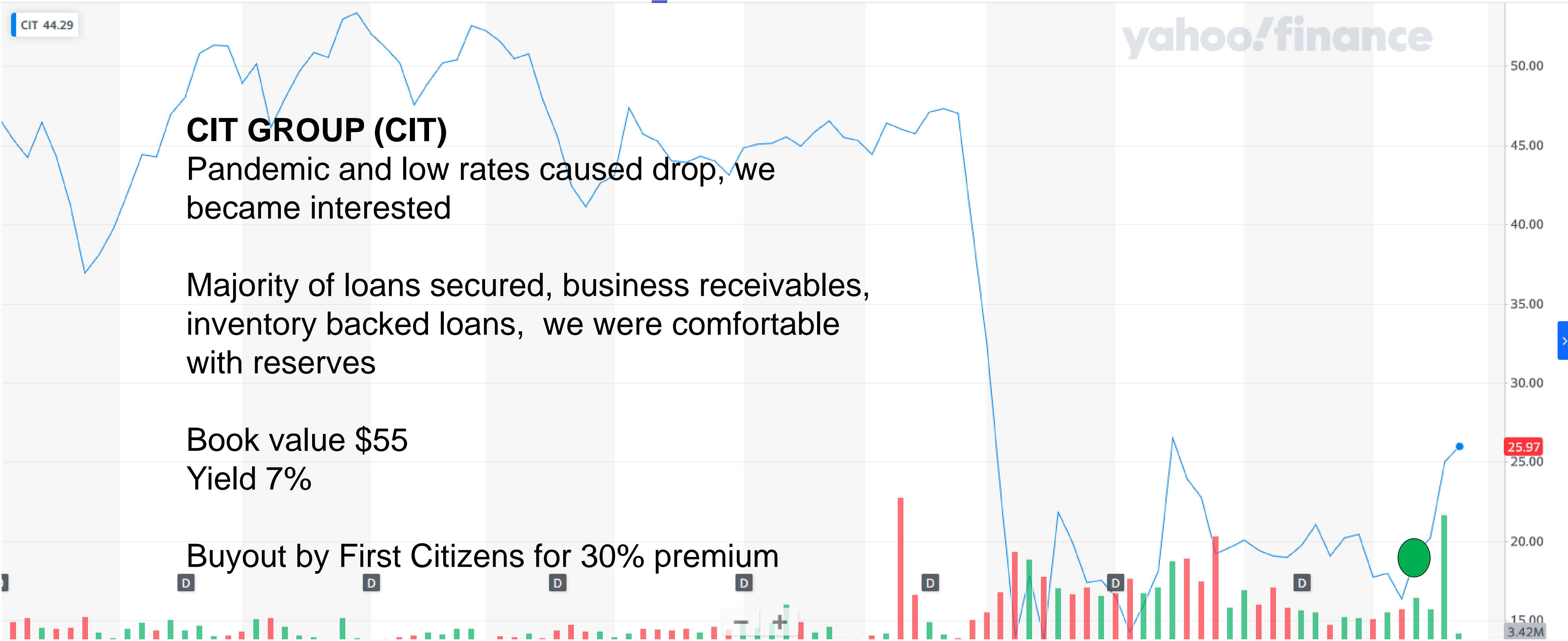
VIACOM POWERHOUSE

STREAMING	TELEVISION				FILM
         	ENTERTAINMENT       	KIDS    	AFRICAN AMERICAN    	SPORTS / NEWS    	       

\$13B+ IN ANNUAL CONTENT SPEND

**3600 FILM TITLES, 140,000 TV EPISODES, 170 NETWORKS, 700 MILLION SUBS,
160 COUNTRIES, 4.3 BILLION MONTHLY VIEWERS**

CIT GROUP



TYSON FOODS (TSN)

TYSON FOODS (TSN)

Stock went from \$94 to \$44, we got interested

Stable YOY operating income

Alternative plant based nuggets

People will continue to eat chicken

Tyson Foods Brands



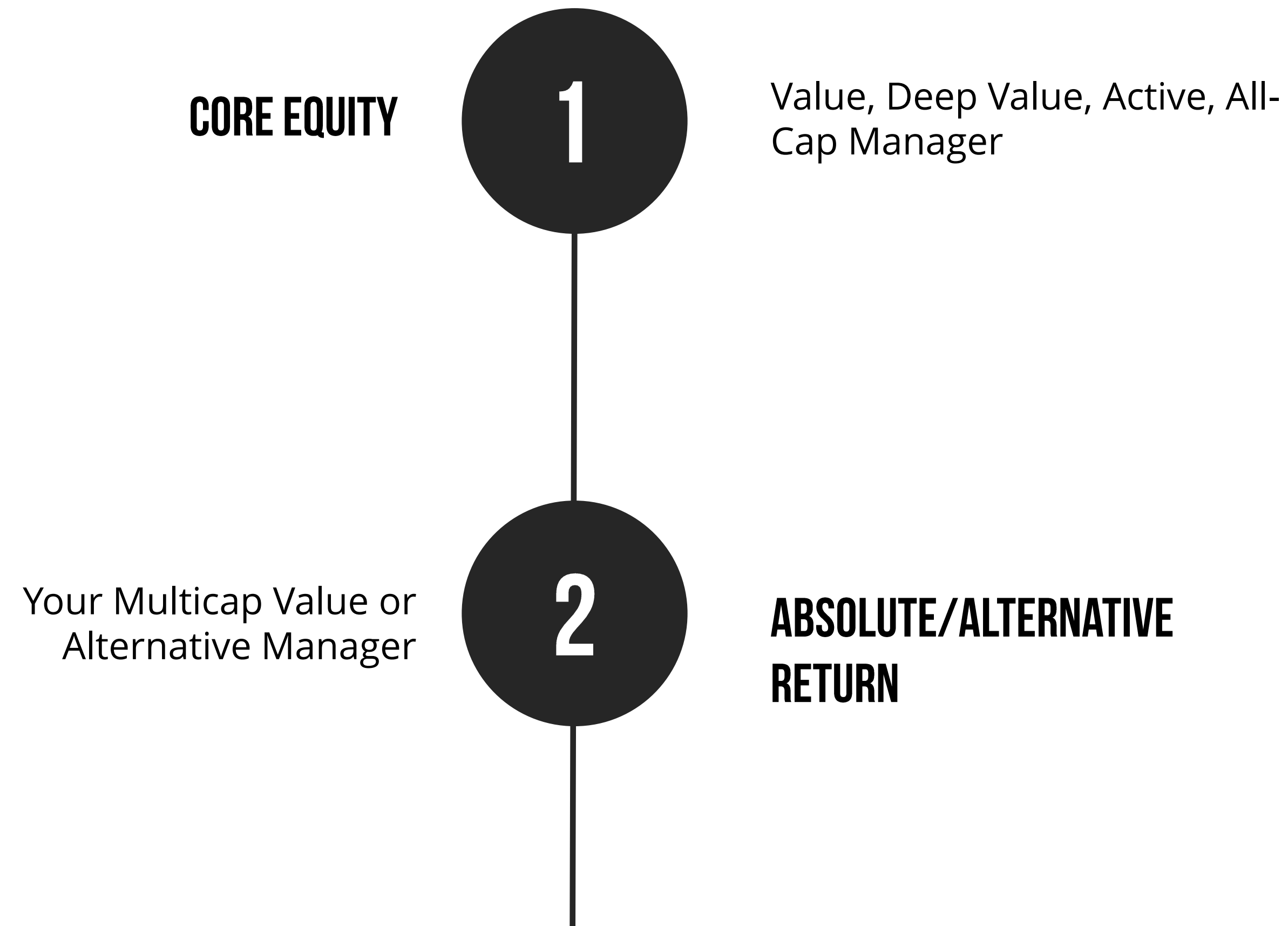
Market Realist

Source: Company Presentation

WHERE DOES BROXTON FIT IN?

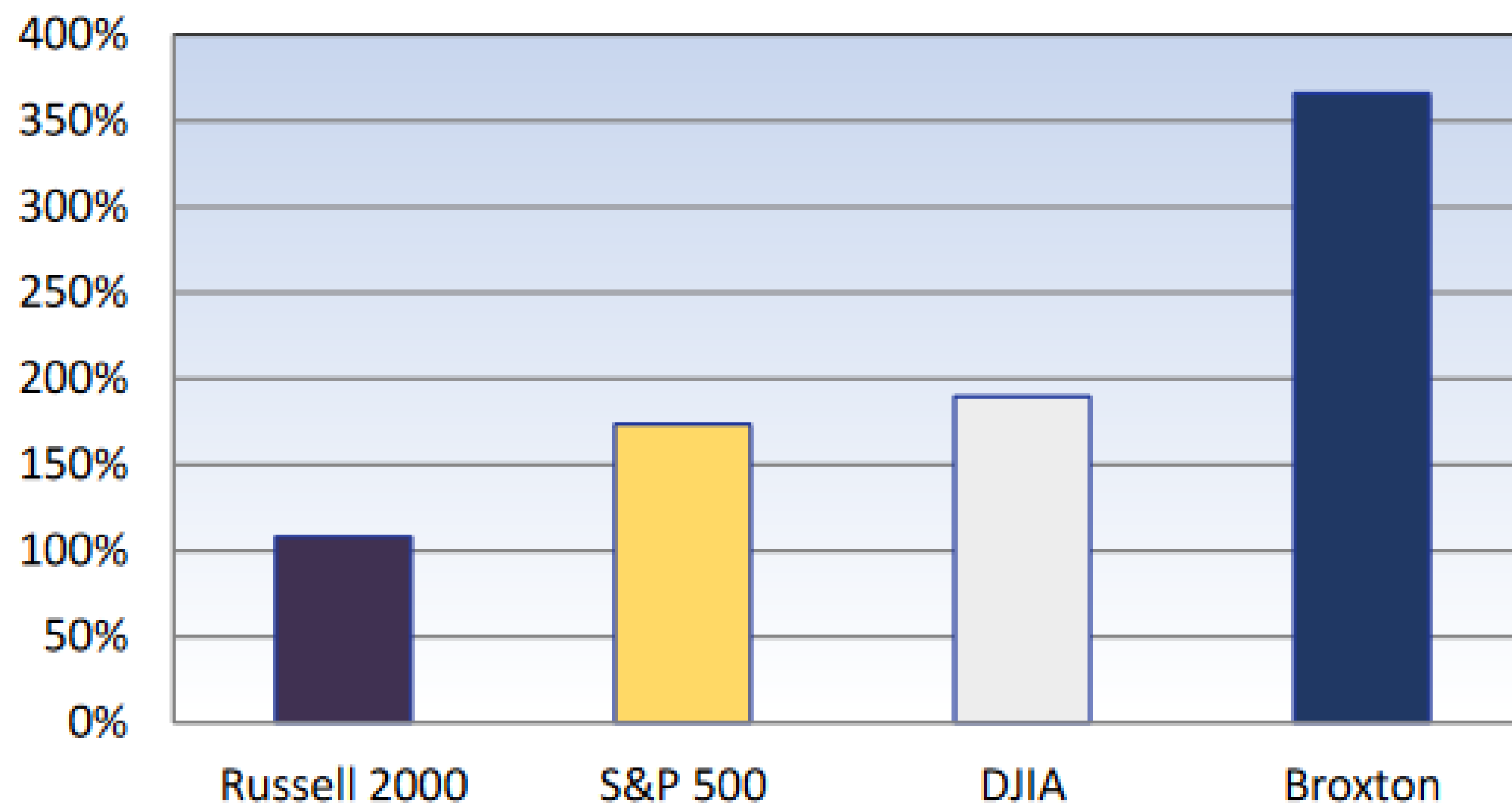


WAYS TO USE BROXTON IN YOUR PORTFOLIO ALLOCATION:



LONG TERM OUR PROCESS SERVES US WELL

Percentage Growth Since Inception (NET)



As of Dec 31, 2019.

SINCE INCEPTION 2006

BROXTON UP 365%
S&P 173%

2008
BROXTON DOWN -8.38%
S&P DOWN -37.24%

CONCLUSION

We've been here before.

Many investors are in passive strategies or momentum stocks, we're able to pick off the best ideas at the cheapest prices.

We're here to build durable portfolios with a successful long term strategy

Our style of concentrated investing, we're always one stock away from serious outperformance

A couple of 30% quarters we could surpass the S&P the last few years. And the S&P will probably languish for the next 10 years.

Home cooking in a world of quasi passive management

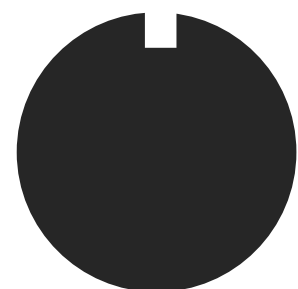
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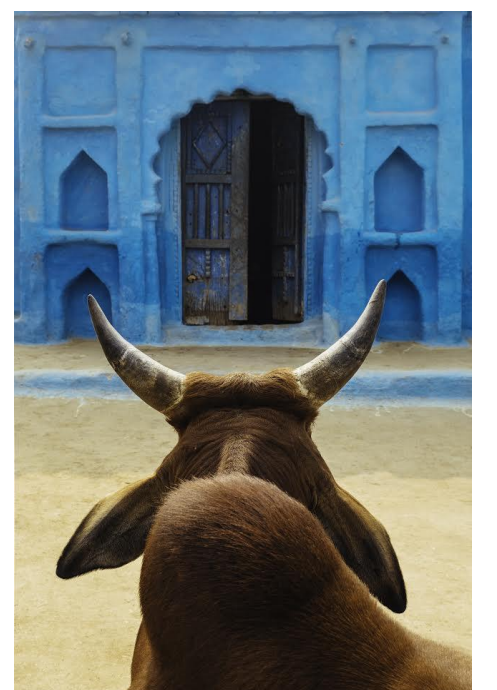


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Disclosures



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. Returns for periods exceeding 12 months are annualized.

The Primary Broxton Strategy is an investment strategy that seeks to continuously improve the value of client investment portfolios in a tax-efficient manner by using equities, fixed-income and other securities. The strategy seeks to attain capital gains and income. The composite contains all fee-paying discretionary portfolios over \$5,000.00 managed by the Firm.

The firm uses the S&P 500 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 is continuously 100% invested in stocks and is more volatile than the composite. The Primary Broxton Strategy allocates to bonds, equities, cash and other instruments. 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. Broxton measures the internal dispersion of the composite by using Size-Weighted Standard Deviation. Broxton's fees for advisory management services are 2% per year, subject to negotiation, based on a percentage of assets under management. Broxton Capital Advisors (BCA) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards and has been independently verified for the periods 12/31/2005 to 12/31/2011. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Primary Broxton Strategy (PBS) has been examined for the periods 12/31/2005 to 12/31/2011. The verification and performance examination reports are available upon request. Broxton Capital Advisors (BCA) is a California Registered Investment Advisor. BCA holds itself out as an investment advisor that manages separate accounts. Total Firm Assets consists of the aggregate fair value of all discretionary and non-discretionary assets managed by the firm. The PBS Composite creation date is 12/31/2005. Additional information is available upon request including: Broxton Capital's Global Investment Performance Compliance Manual and information regarding composite calculation and methodology, list of composites policies for valuing portfolios, calculating performance and preparing compliant presentations. Currently Broxton has one Composite, the Primary Broxton Strategy (PBS). A second strategy, the Conservative Strategy Composite, was discontinued as of 12/31/2011.

Disclosures



List of Composites: Primary Broxton Strategy & the Conservative Strategy: The conservative strategy has been discontinued as of 12/31/2011. The PBS Composite includes the use of derivatives and or equity options. The strategy is not limited in the use of derivatives or options. The derivatives that have been used historically have included convertible bonds and equity puts and call options. Equity options have been utilized between one and two times a year on average. Equity options are the most common type of equity derivative. They provide the right, but not the obligation, to buy or sell a quantity of stock. Convertible bonds have a frequency in the composite of between two and three times annually. Convertible bonds are bonds that can be converted into shares of stock in the issuing company, usually at some pre-announced ratio. The PBS strategy is not limited in the use of derivatives, so other types may appear in the future of the portfolio. Due to the possibility of being confused with other financial entities named “Westwood” the firm’s name was changed from Westwood Asset Management LLC to Broxton Capital Advisors LLC, effective September 9, 2010. Portfolios, below the amount of \$5,000, are not included in the composites. The returns are net of foreign withholding taxes. There are no known differences between exchange rates or valuation sources. The portfolio does not contain carve outs. Since Broxton sub-advises other accounts, fees may be charged separately by other advisors. Broxton does not use sub-advisors. Broxton defines a large external cash flow as being a cash flow of 10% or more of an account or portfolios value. The periods are divided into sub-periods when a capital addition or withdrawal exceeds 10% of the portfolio. Three year annualized ex-post standard deviation is not presented for the first two years of the returns because it is not available. Composite returns weighted monthly.

Information on tables in the presentation: Table 1 shows the total returns of the PBS composite, Dow industrial, S&P 500 and Russell 2000 index. The data for the indexes is from financial data service provider Y Charts. The second table shows the quarterly total returns for the composite and the S&P 500. The data is also from Y Charts. The third table which shows portfolio weighting is provided as a general indication of year end weightings in the composite. The information is from a single account in the composite which we feel is a fair representation of the composites weightings. Actual weightings for the composite or individual accounts may vary. Equity is defined as stocks, ETFs and investments which are not fixed income. Fixed income is described as debt instruments that are owned directly or funds or ETFs that primarily hold debt instruments. Cash is cash or money markets.

Disclosures



Additional Information Concerning Broxton's Composites: Actual returns for individual client portfolios managed by Broxton Capital Advisors vary and do not necessarily coincide with the returns for the composite. Dividends, interest, mutual fund capital gains distributions and other earnings are reinvested. All client accounts that met the composite inclusion criteria during the reporting period are included. The composite does not include non-discretionary accounts, accounts less than \$5,000 or accounts that contain positions in excess of 10% that are non-discretionary. Past performance of benchmark indexes, mutual funds, actual portfolios, or composites of actual portfolios does not guarantee future results. Investing in securities involves a risk of partial loss or entire loss of principal, which clients should be prepared to bear. Investors should consider material market or economic conditions when evaluating the results of Broxton. For comparison purposes, the PBS composite is measured against the S&P 500 index. Returns are shown net of fees and brokerage expenses. From time-to-time individual clients may utilize margin in their individual portfolios. Broxton uses the Time-Weighted Rate of Return, using geometrically linked periods and reweighted monthly. Broxton offers investment management services for a 2% fee. The information below shows the effect of the 2% fee compounded over 6 years on an account that begins with \$100,000 without adjustment for market gains or losses. See Broxton's ADV Part 2A Disclosure for details. Please consider the effect of an annual 2% fee on an account with no returns: Year 1: \$98,000.00, Year 2: \$96,040.00, Year 3: \$94,119.00, Year 4: \$92,237.00, Year 5: \$90,392.00, Year 6: \$88,584.16.

Additional Disclosures: The Primary Broxton Strategy is a bottom-up, fundamental strategy that seeks higher total returns with lower risk. The focus is on low risk investments with attractive return (LRAR Securities). The average holding period is 18 to 36 months. Broxton uses the same Strategy to directly manage internal accounts and when providing models to other advisors. The model utilized internally is implemented on an account by account basis and is referred to as the Primary Broxton Strategy. The model that is provided to other advisors is referred to as the Primary Broxton Strategy (Advisor Model) UMA/WRAP or PBS for Advisors. The Primary Broxton Strategy (Advisor Model) UMA/WRAP is customized and optimized to the requirements of the outside advisors. The PBS for Advisors does not hold bonds, buy or sell options and does not short securities. In addition, Broxton makes a determination regarding liquidity and trading volume when placing a position in the PBS for Advisors model portfolio. In general, Broxton would not place a position if the trading volume was considered insufficient. The total return for each model and the accounts that Broxton manages directly will differ. The PBS returns which are advertised or submitted to various databases are calculated using the accounts that are managed by the internal model. The PBS for Advisors returns which are advertised or submitted to various databases are calculated using just the model itself and do not represent any return from any account. Broxton uses a rotation strategy which transmits changes in the PBS for Advisors to each advisor in order of first to last with the first name being rotated to the last after each trade is completed.