



Broxton Portfolio

In March Broxton was up 3.2% bringing the returns up to 3.7% for the year. March bought in another volatile month as stock indexes sank an average of 8% from their mid-month highs before recovering slightly and taking the S&P500 to negative 1% for the year. Investors were patiently waiting for the improved 2nd quarter earnings but instead were confronted with a rate hike from the federal reserve and possible trade wars after the president moved to apply tariffs to Chinese imports. Leading the charge down were many of the overpriced tech shares in the Nasdaq. Presidential tweets helped lower Amazon.com shares by \$200 and negative comments on Tesla automotive drove the shares down over 20%. Overview of Broxton holdings:

Viacom: (VIAB) The company made forward progress on the possible “re-merger” with CBS in March. CBS bid around \$27 and Viacom countered with a \$35 area offer (in CBS shares). One analyst sees: “a likely 15% accretion to EPS driving a 30% stock appreciation” (He has a \$71 price target, implying 35% upside on the combined company). The company would save on costs. Additionally, it was reported that the majority owner of both companies (Sheri Redstone) is getting this deal done!

RadNet (RDNT) RadNet was a major contributor to performance as the earnings pushed the shares to new highs. RDNT is the largest operator of diagnostic imaging facilities in the U.S. The company posted an over 100% gain in pre-tax net income for 2017 vs. 2016.

Genworth: (GNW) Genworth had a strong move in early March taking the shares as high as \$3.28 before slowly sinking again into the \$2.80 area. GNW still has a \$5.43 per share cash take over offer from China Oceanwide that is waiting approval. GNW increased pre-tax net income by over 100% to \$729 million in 2017 from 2016.

Qudian: (QD) Qudian posted good earnings before sinking 20% for the month on China-U.S. trade war fears. QD trades at 6 X next years earnings estimates.

Energy Transfer Partners: (ETP) ETP sank around 10 % for the month on fears regarding tax changes in MLPs but soon began regaining strength. The company reported record earnings in February.

SQQQ, Micron and Orange Telecom: (SQQQ, MU, ORAN) We reduced Orange Telecom in March and bought and sold MU and SQQQ at a loss, as these short-term trading strategies slightly reduced portfolio returns.

BOFI Holdings: (BOFI) BOFI contributed to positive returns during March and was up roughly 50% from its December 2017 lows. BOFI Bofl Holding, Inc. engages in the provision of banking and financing services for single and multifamily residential properties.

YEAR TO DATE

As of March 31, 2018

BROXTON **3.71%**

MARKETS

DOW JONES **-2.41%**

S&P 500 **-1.39%**

NASDAQ100 **2.81%**

HIGH YIELD **-1.23%**

REIT INDEX **-11.60%**

BOND YIELDS

10 YR TREAS **2.74%**

YTD CHANGE **.33%**

30 YR TREAS **2.97%**

YTD CHANGE **.20%**

SINCE INCEPTION

BROXTON **488.15%**

S&P 500 **170.59%**

DOW JONES **209.91%**

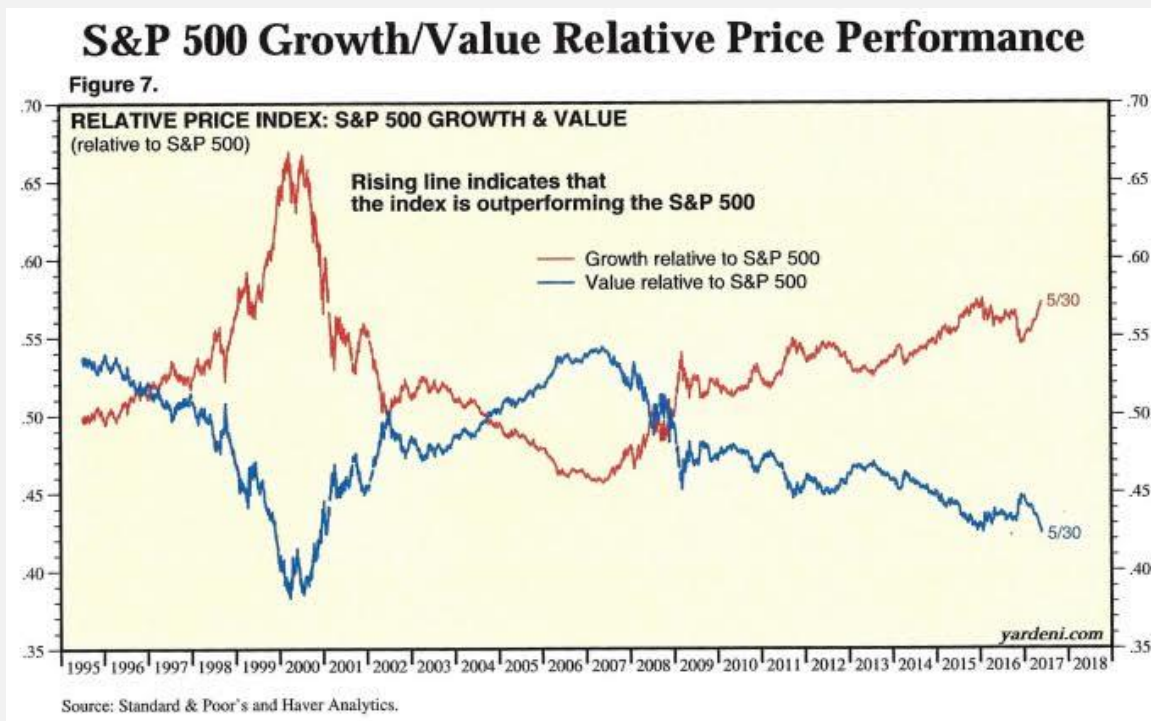
BROXTON PERFORMANCE



General Market

In March Stock Indexes saw draw-downs of close to -8.8% before recovering. The Primary Broxton Strategy ended up +3.2%. While many market participants are rushing into over-priced ETFs and Indexes, Broxton has been scooping up some of the most under-valued securities we've ever owned.

The chart below shows the performance of value stocks relative to growth stocks. It is a very exciting time for value stocks and should be over the next 3-5 years. Notice from the graph when there is such disparity between value and growth stocks, the relative price eventually reverts and value outperforms growth. One of the larger disparities was in 2000 which led to a strong outperformance for value through 2007.



We'll continue picking up the out of favor, incredible value stocks. We believe it will be the key return driver of return over the next 3-5 years.

Broxton Capital Advisors

www.broxtoncapital.com

Broxton Capital is an investment manager located in Los Angeles and employs The Primary Broxton Strategy or "PBS." The Primary Broxton Strategy or "PBS" for managed accounts. The PBS 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) with an average holding period of 18 to 36 months. The strategy invests in high yield, fixed income, and equities but does not have any allocation mandates.

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