



Finding Efficient Frontiers

**SMART YIELD**  
INCOME STRATEGY

2024 Q 3

## A Broxton Capital Strategy

Manager

R. ALLEN COOKE



## **Get Yield, Get Return. Get Smart Yield.**

*We created Smart Yield to give managers an income allocation tool that works.*

Smart Yield is a customized investment strategy designed to provide investors with higher returns on income accounts

## SMART YIELD FUND

### Objective:

- The objective of the strategy is to improve investors' income portfolios.

### Strategy Facts

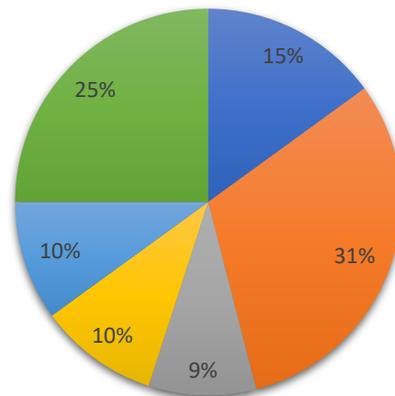
- We improve the return by selecting multiple different types of income securities AND Managers for each individual account
- Projected low correlation to single asset income funds and equity indexes
- Designed to achieve income with lower risk
- Broxton Managers have over 50 years of combined experience

### Process

- Managers select securities in multiple asset classes and industry sectors based on proprietary algorithms and technical indicators, statistical indicators, industry & business trajectories, coverage ratios and cash flows

### Asset Mix Example

- High Yield Corporates
- Dividend Equities
- Convertible Securities
- Pass Through Securities
- Growth Equities
- Cash/Hedge



## SMART YIELD IS AN EFFICIENT FRONTIER STRATEGY

---

Efficient frontier income funds have:

- DIVERSIFICATION
- HIGHER YIELD
- HIGHER COMPOUNDING RATE
- LOWER VOLATILITY

# CRUCIAL

*adjective*

1. decisive or critical, especially in the success or failure of something. We will get back to this later

## DIVERSIFICATION

---

Diversification: Arguably the most important tool in creating the efficient frontier

- Smart Yield contains usually between 5 and 15 well-known managers at any given time through funds and ETFs with access to 100s more. Examples: Blackrock, Pimco, KKR, Schwab etc. We are most likely to deploy a specific type of allocation through a vendor: examples: floating rate notes, real estate, index option writing strategies

# CRUCIAL

*adjective*

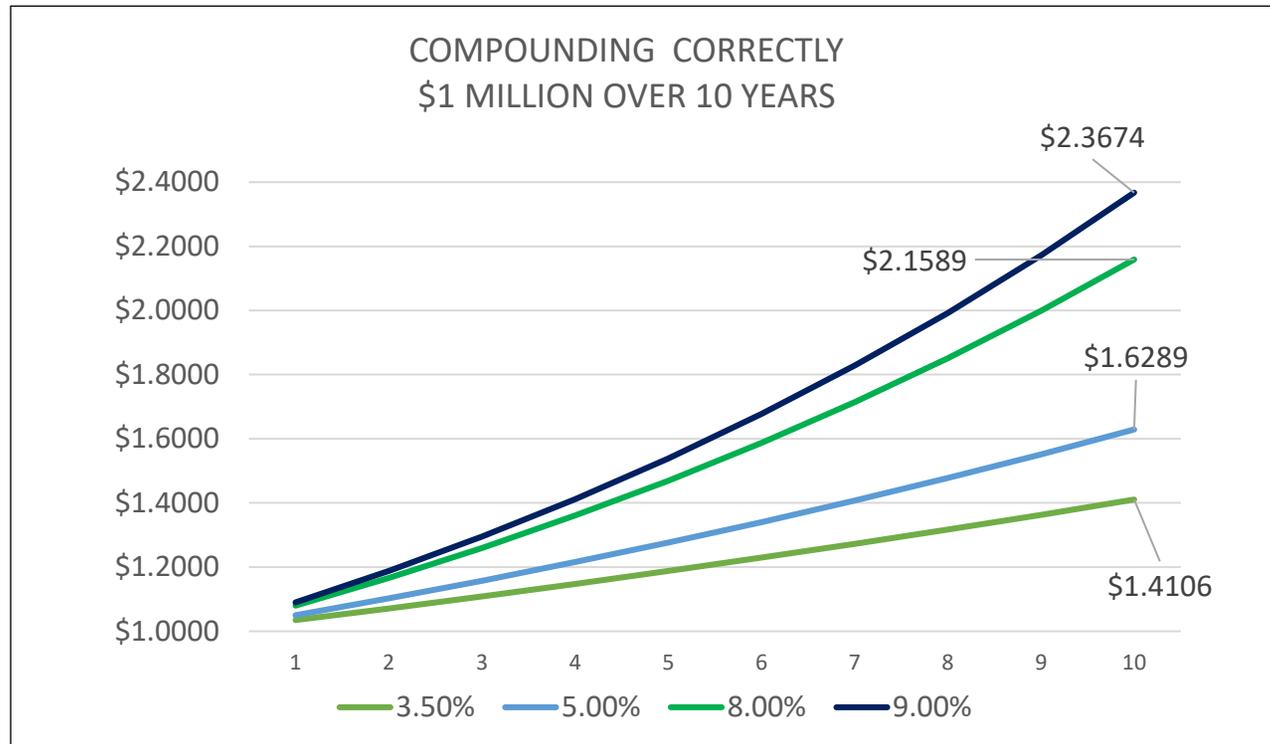
1. decisive or critical, especially in the success or failure of something. Why are these attributes crucial?

Efficient frontier income funds have:

- DIVERSIFICATION
- HIGHER YIELD
- HIGHER COMPOUNDING RATE
- LOWER VOLATILITY
- WHY IS THIS CRUCIAL?

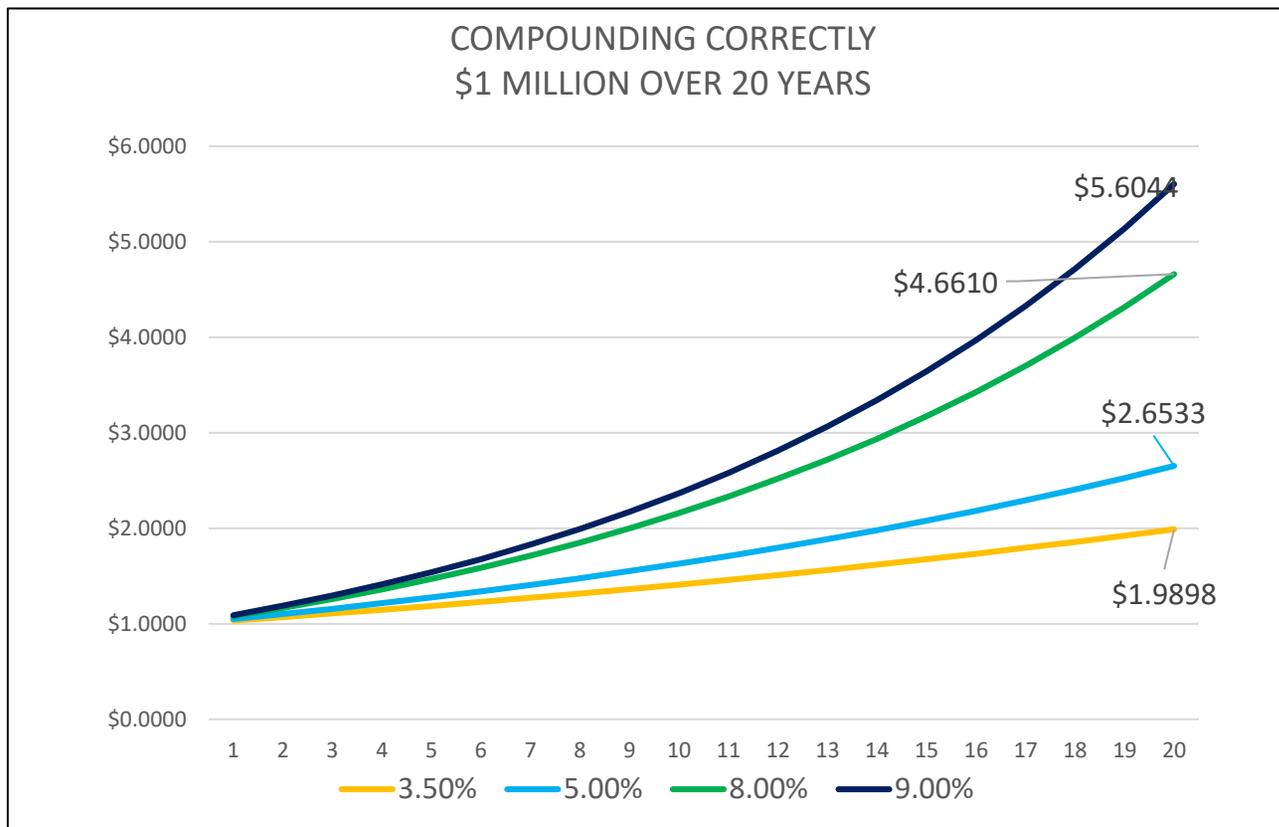
# COMPOUNDING

- Over time, the compounding rate is the most important variable for an income portfolio or allocation. The difference between efficient frontier income funds and regular income funds is millions of dollars



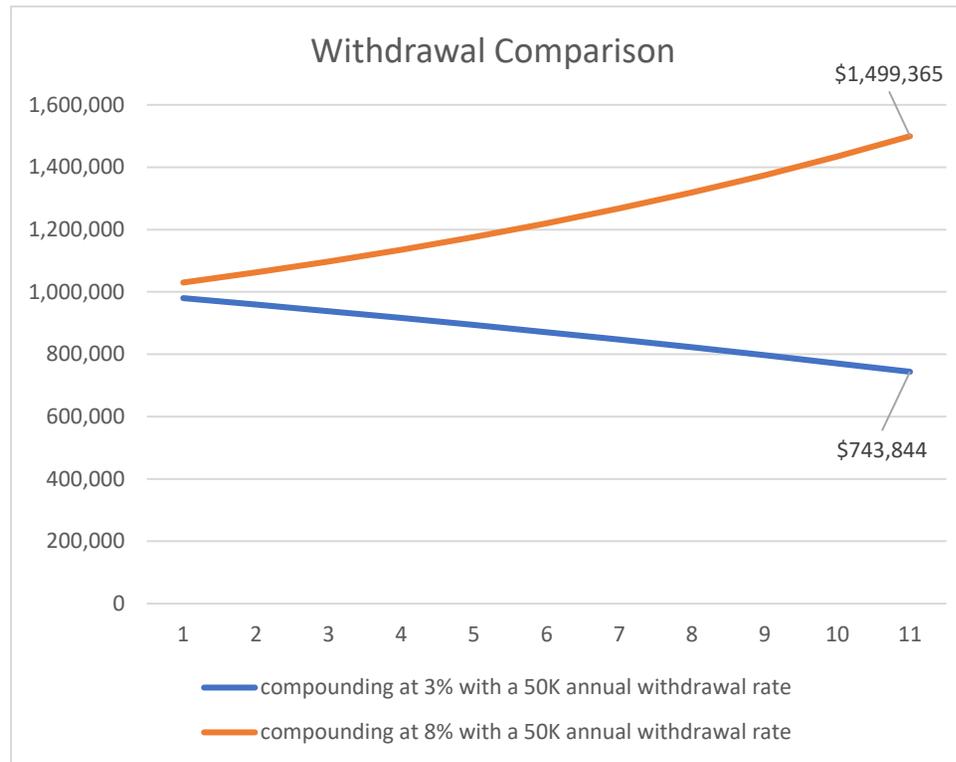
# COMPOUNDING

- Over time, the compounding rate is the most important variable for an income portfolio or allocation. The difference between efficient frontier income funds and regular income funds is millions of dollars



## IMPORTANCE OF COMPOUNDING CORRECTLY

- The difference is higher in portfolios meeting withdrawals
- Which types of accounts need income:



## IMPORTANCE OF THE INCOME ALLOCATION / ALL ACCOUNTS NEED SOME INCOME EXPOSURE

Diversification: As in the portfolio.....With indexes performing so well some households are overly concentrated in stocks

- S&P 500 etf SPY went from 147 to 111 from December of 1999 through December of 2009
- Possible catastrophe for withdrawal accounts



- Through this period an S&P 500 only account loses 24% of principal
- a 50/50 account with S&P and the other 50% earning 8% increases by 45% through the same period

CHOICE :

DOWN 24%

UP 45%

## CONCLUSION

---

Normal Income funds (single asset income funds) have:

- NO DIVERSIFICATION
- LOWER YIELD
- LOWER COMPOUNDING RATE
- HIGHER VOLATILITY

Examples: VNQ, TLT, LQD, MBB. **Current yields 4% area subject to 20-40% drawdowns.** Does not work. Single asset income funds are subject to binary outcomes. Investment management companies lack products and incentives to create them (are they calling with solutions?)

Smart Yield & Efficient Frontier Income investing is superior

- HIGHER YIELD
- LOWEST VOLATILITY
- HIGHEST DIVERSIFICATION



## **Get Yield, Get Return. Get Smart Yield.**

Smart Yield is a customized investment strategy designed to provide investors with higher returns on income accounts

## ADDITIONAL INFORMATION

we maintain one of the most extensive research libraries of proprietary investment research

[LINK](#)

**BROXTON**  
CAPITAL ADVISORS



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



### MONTHLY NEWSLETTER

2023

- December
- November
- October
- September
- August

February 2024

#### Arbor Realty Trust Inc.

Arbor Realty Trust (ABR). ABR is a 40-billion-dollar originator, owner and manager in the multifamily loan market. We initiated coverage due to the changing environment and the various opportunities in the capital structure. This report contemplates the effects of rising defaults on ABR and provides insight into commercial loan portfolios.

[Read Report>>](#)

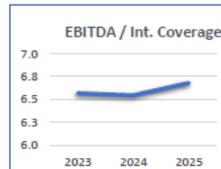
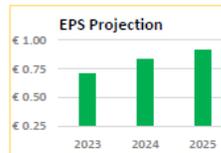
## SMART YIELD

Income Field

**BROXTON CAPITAL ADVISORS** Vodaphone as of 9/30/2022  
Monday, January 30, 2023

share price	\$11.61		
<b>PROJECTIONS IN MM fiscal yr €</b>	2023	2024	2025
<b>Income Statement</b>			
Revenue	46,036	47,877	49,792
Gross Profit	14,731	15,560	16,183
Operating Income	5,427	6,029	6,355
Pre-Tax Income	400	400	400
Net Income	2,039	2,401	2,636
EPS	€ 0.71	€ 0.83	€ 0.91
Revenue growth	4%	4%	4%
EBITDA (adj)	15,102	15,704	16,030
Interest	-2,300	-2,400	-2,400
Capitalized Expense	8,000	8,000	8,000
Cash Flow	5,014	5,176	5,411
Equity Dividends	2,533	2,533	2,533
Cash Flow Dividend Coverage	198%	204%	214%
Retained Cash Flow	2,482	2,644	2,878
Retained Cash Flow Sum	2,482	5,125	8,003
<b>Valuations</b>			
Cash Flow Yield Vs. Equity	15.3%	15.8%	16.6%
EV/EBITDA	5.3	5.1	5.0
P.E Ratio	16.4	13.9	12.7
Enterprise Value	79,379		
Net Total Debt (Broxtton)	46,708		
Equity Market Cap	32,671	32,671	32,671
<b>Debt Ratios</b>			
EBITDA/Interest Coverage ratio	6.6	6.5	6.7
Net Debt/EBITDA	3.1	3.0	2.9
<b>Liquidity</b> Sep. 30 2022			
Cash	7,072		
Borrowing Availability est.	2,000+		
Total Current Assets	27,786		
Total Current Liabilities	34,219		
Current Ratio	81%		
<b>Debt (VOD Reported)</b>			
Borrowings	53,780		
Borrowings Net	45,523		

Debt amortization schedule (right): 2027 or later = 43.1 billion. Projections do not include the planned sale of Vodafone's Hungarian assets or the contemplated Vantage Towers transaction. Debt above includes bonds, bank loans and other borrowings and does not include lease and other liabilities.



Our proprietary algorithms provide superior and more accurate insight

- Algorithms output to structured reports
- Controls allow unlimited forecast scenarios

## Disclosures

### SMART YIELD DISCLOSURES Sep 2024

Broxton Capital Management is an investment management firm which was established in 2005. Smart Yield Strategy targets a mix of investments in different asset classes and strategies that contain the risk of loss. Investors should carefully consider the Strategy's investment objectives and risk factors before investing. Investing involves risk, including possible loss of principal. Investors should consider the loss of principle and the fact that Smart Yield targeted returns are not guaranteed. Smart Yield intends to attain an 8% annual return through capital gains, interest, dividends, and other strategies including short term and long-term holding periods. Investors should consider that the majority of returns or possibly all of the returns will be considered ordinary income and investors could experience a higher tax rate compared to other strategies. Smart Yield attempts to continuously improve the value of investment portfolios by investing in equities 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, reverse ETFs for hedging and other securities. Smart Yield intends to engage in covered call writing. This strategy involves risk of loss. 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 security types mentioned in this brochure have the risk of loss. 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 and most likely will have large allocations during certain periods. Asset class allocation examples or percentages will be materially different from projections and or examples and may change without notice. Shorting is considered higher risk and shorting (selling and then buying) of securities can be used for hedging and as a long term or short-term strategy. The fund may allocate to leveraged ETFs as a hedge or for short term capital gain. These securities have the possibility of loss. Broxton offers Smart Yield for investment managers. Depending on the advisor, platform restrictions and other factors the average account will not match the composite return and the return could be higher or lower. Any commentary on individual securities is solely the opinion of Broxton Capital Advisors. It refers to securities we May or may not hold in our portfolio and does not represent a complete list of positions 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 and past performance do not guarantee future results. Additional disclosures are available upon request. Please contact us or visit [broxtoncapital.com](http://broxtoncapital.com) for additional information including form ADV.