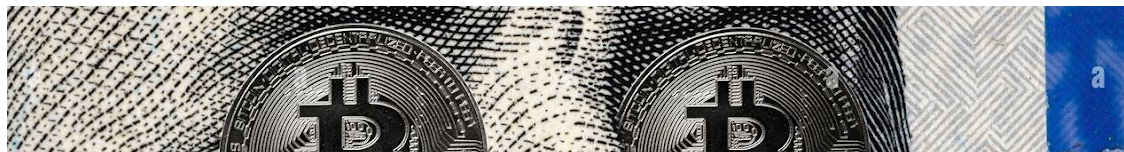

November newsletter..Bitcoin and Trump, The Gap and Holdiay Spend Outlook

1 message

Allen Cooke <allen@broxtoncapital.com>
To: Allen Cooke <allen@broxtoncapital.com>

Sat, Jan 25, 2025 at 5:30 PM

NOVEMBER 2024



Trump Victory and Bitcoin?



- To the left we see that bitcoin began a massive rise that coincided with Donald Trump's support and his win at the polls.
- Cryptocurrency investors are pushing President-elect Donald Trump to create a national stockpile of bitcoin

Brookings Institute (Eswar Prasad): Bitcoin, the original cryptocurrency, has been on a wild ride since its creation in 2009. Bitcoin was created (by a person or group that remains unidentified to this day) as a way to conduct transactions without the intervention of a trusted third party, such as a central bank or financial institution. While Bitcoin has failed in its stated objectives, it has become a speculative investment. This is puzzling. It has no intrinsic value and is not backed by anything. Bitcoin devotees will tell you that, like gold, its value comes from its scarcity—Bitcoin's computer algorithm mandates a fixed cap of 21 million digital coins (nearly 19 million have been created so far).

Part of the reason for the explosive price move is that Trump has promised to establish a "bitcoin strategic reserve." However this may not be able to pass congress. But, Wyoming Senator Cynthia Lummis put out a blueprint for what it would look like. Senator Lummis's BITCOIN Act, would have the U.S. accumulate 1 million bitcoins over 20 years, ultimately growing to 5% of the total supply. Although this seems outlandish, Trump named hedge fund manager Scott Bessent, a cryptocurrency supporter, as his pick for Treasury Secretary. So if the senate confirms him we may be on to new highs in bitcoin.



THE GAP, INC.

The Gap, Inc. (GAP) Gap is a well-known global clothing retailer operating under the Old Navy, Gap, Banana Republic, and Athleta brands. The company manages 2,562 company-operated stores and has 998 franchise locations spanning Asia, Europe, Latin America, the Middle East, and Africa. In 2023, Gap reported sales of \$14.9 billion and is currently trading at a cheap 5.3x our 2024 EBITDA estimate. Historically regarded as a mediocre performer, Gap began a significant turnaround in August 2023 with the appointment of CEO Richard Dickson. Formerly at Mattel, Dickson is credited with revitalizing iconic brands such as Barbie, Hot Wheels, and Fisher-Price while steering Mattel back to growth. As of 3rd quarter 2023 net sales, margins, and market share all demonstrated growth. Cash and cash investments surged 64% year-over-year to \$2.2 billion, positioning the company with a net cash surplus. Gap beat earnings expectations in the third quarter and raised its guidance for the full 2024 year. Gap also recently introduced a \$0.60 annual dividend, signaling confidence in the business trajectory.

We initiated a Buy rating with a price target of \$31, reflecting the growing strength and revitalized potential of Gap's brands under Dickson's leadership. We are projecting an 80% increase in earnings to \$3.60 per share and a 50% growth in EBITDA to \$2.4 billion by 2026. We believe that Gap's transformation, driven by CEO Dickson, positions the company for further revenue growth and margin expansion.

[Read The Full Report](#)

Any sign of recession? Holiday Spend looks strong...so no

Deloitte (Sabrina Pietryga) Holiday retail sales are likely to increase between 2.3% and 3.3% in 2024, according to Deloitte's annual holiday retail forecast. Overall, Deloitte's retail and consumer products practice projects holiday sales will total \$1.58 trillion to \$1.59 trillion during the November to January timeframe. In 2023, holiday sales grew by 4.3% in the same period. A key driver of overall retail sales growth in the upcoming season is expected to be e-commerce. Deloitte forecasts e-commerce will likely grow between 7% and 9%, year-over-year, during the 2024-2025 holiday season to between \$289 billion and \$294 billion this season.

Adobe is echoing the online prediction of Deloitte: Adobe expects U.S. online sales to hit \$240.8 billion this holiday shopping season (Nov. 1 to Dec. 31), representing 8.4% growth year-over-year (YoY). In the 2023 season, shoppers spent \$221.8 billion online at 4.9% growth YoY. Shopping on mobile devices is expected to hit a new milestone, contributing a record \$128.1 billion and growing 12.8% YoY.

So GDPNow is also at 2.7% growth so overall looks fine



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R. Allen Cooke
Portfolio Manager
Broxton Capital Advisors

www.broxtoncapital.com

310 208 2151 (W)
310 208 2228 (F)
310 279 3338 (C)

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R. Allen Cooke
Portfolio Manager
Broxton Capital Advisors

www.broxtoncapital.com

310 208 2151 (W)
310 208 2228 (F)
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