

Third Quarter, 2017 Insights

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Third Quarter, 2017 Insights

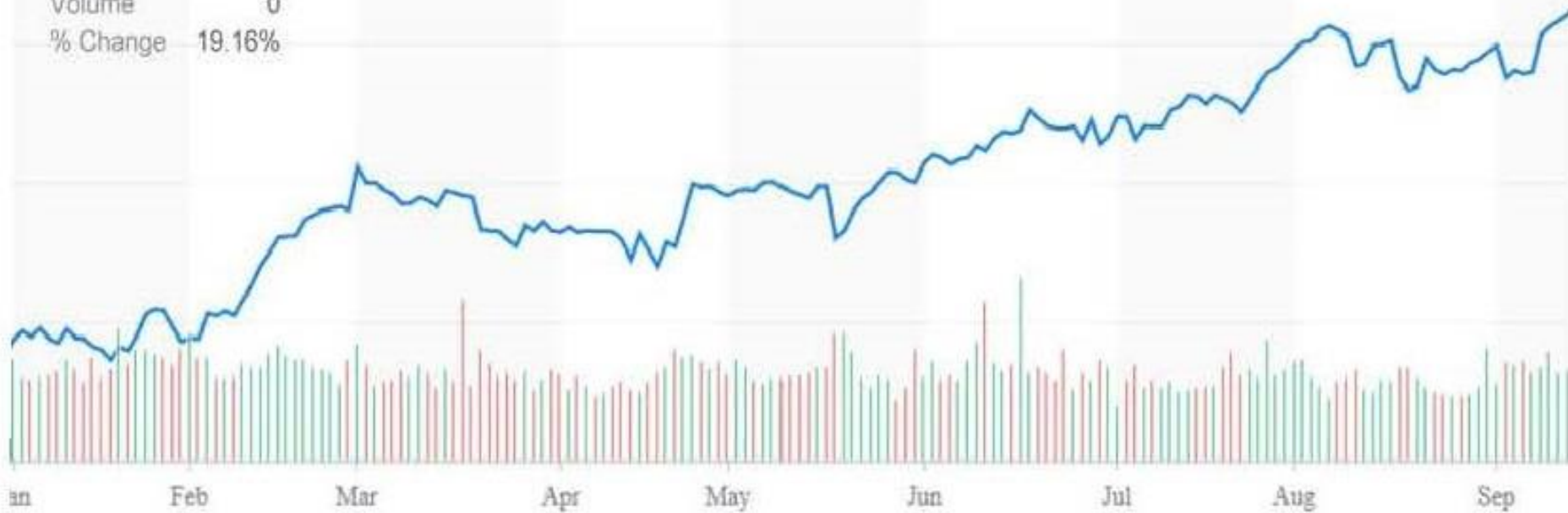
- The Current Stock Market Cycle
- The Importance of Stock Quality
- Leading Economic Indicators
- Shape of the Yield Curve
- *invest right, live right™*



The Dow Jones Industrial Average

^DJI 23548.42

Open	23548.42
High	23548.42
Low	23548.42
Close	23548.42
Volume	0
% Change	19.16%



The S&P 500

^GSPC 2591.13

Open	2587.47
High	2593.38
Low	2585.66
Close	2591.13
Volume	3.54B
% Change	14.76%



The Importance of Stock Quality

- Most Index Funds, Annuities, and Exchange Traded Funds hold hundreds or thousands of stocks
- Stock with high debt and slowing earnings tend to underperform
- Throw out the bad and ugly and focus on the good – little or no debt, good earnings growth and cash-flow

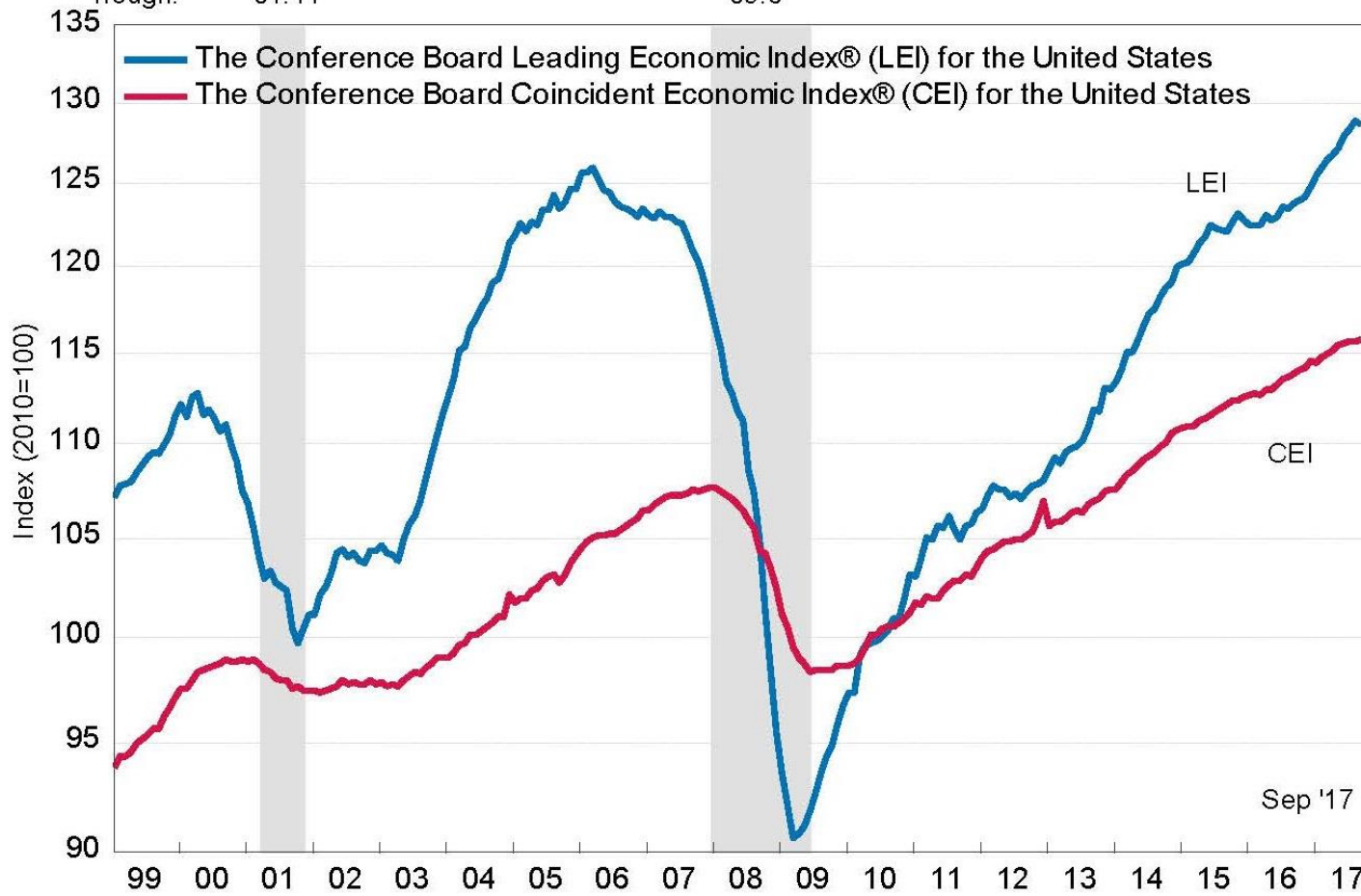


Leading Economic Index

The Conference Board Leading Economic Index® (LEI) for the U.S. Declined in September

Peak: 01:3 07:12

Trough: 01:11 09:6



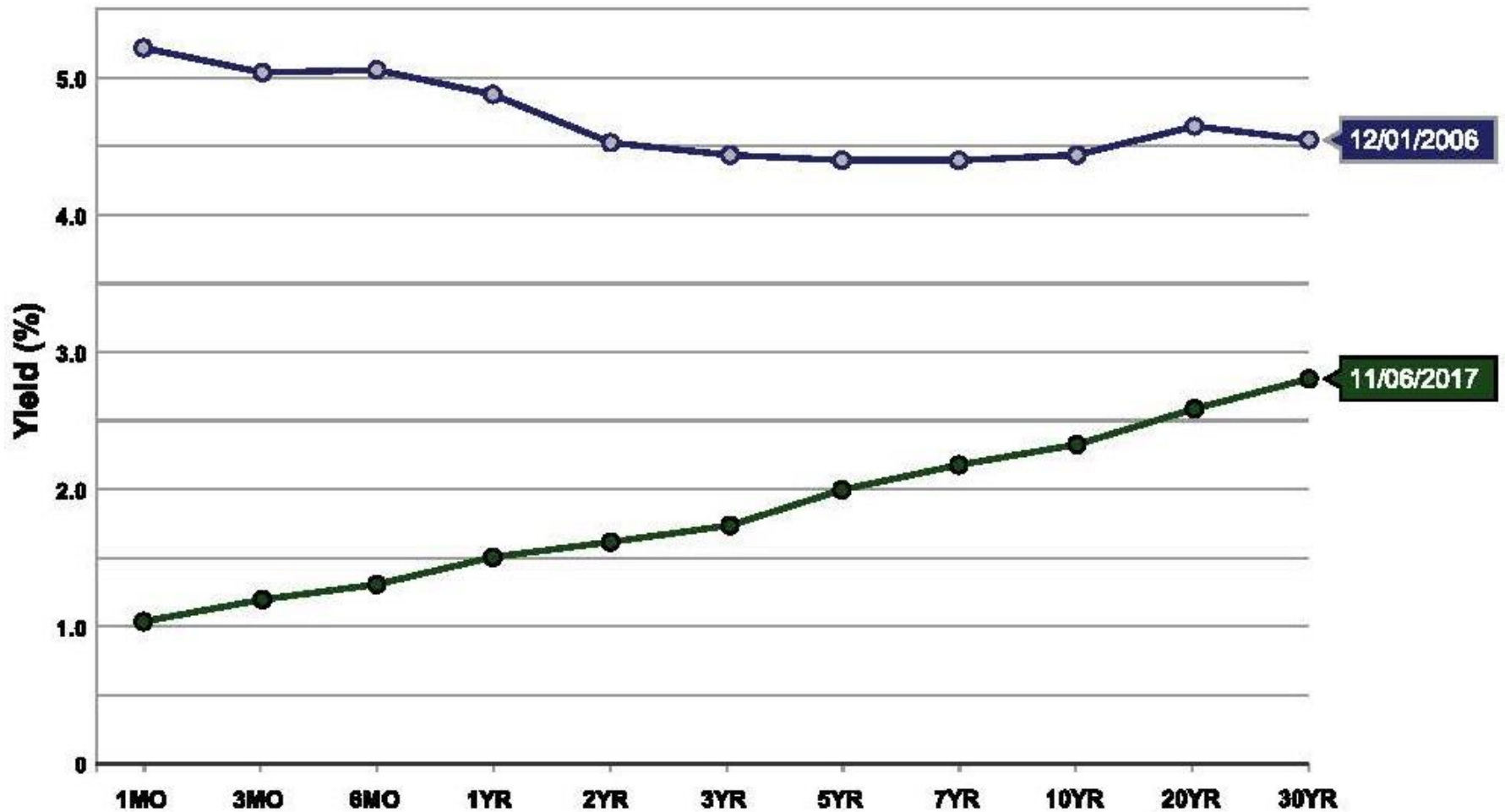
Latest LEI Trough March 2009, Latest CEI Trough June 2009

Shaded areas represent recessions as determined by the NBER Business Cycle Dating Committee.

Source: The Conference Board



U.S. Treasury Yield Curve



The quality of our research relies on the accuracy of data and information provided by companies and third parties. Pawleys does not guarantee completeness or accuracy. Future results cannot be guaranteed.



“Wide diversification is only required when investors do not understand what they are doing.”

- Warren Buffett



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