

2023 Outlook

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Kathryn E. Schwartz
Chief Executive Officer
kschwartz@PawleysAdvisors.com
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2023 Outlook

- Inflation
- The Fed and the Disconnected Bond Market
- Yield Curve
- China Re-Opening
- Corporate Earnings
- Portfolio Actions for 2023
- Pawleys Dividend and Growth 2022 Performance
- *invest right, live right™*



Inflation

- Inflation rose during Covid due to supply chain issues, and again during oil price spike
- Housing squeeze skews inflation measures
- Peak inflation in June 2022
- Gas prices have fallen from national average of \$5.02/gallon in June to \$3.17 in December, which is even lower than a year ago
- Cooling inflation may slow Fed rate increases, but also dampen earnings

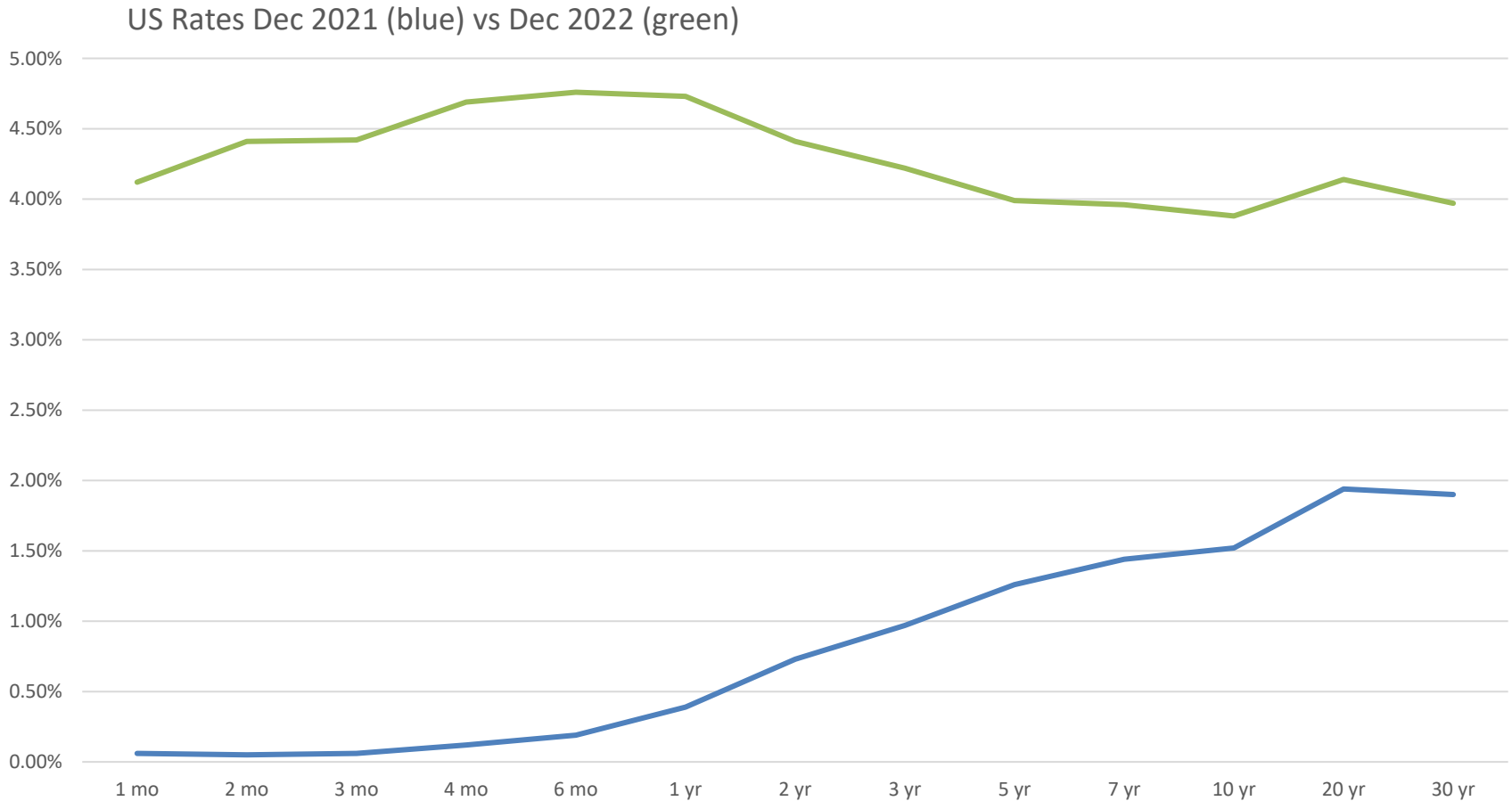


The Fed & the Disconnected Bond Market

- Rate hike cycle has been rapid
- Fed statements show rate increases through 2023...
- Yet futures on interest rates indicate 4½% Fed Funds rate by spring, and rates fall later in 2023
- Recession usually does not occur with low unemployment, but yield curve has inverted
- May avoid 2023 recession, but growth could slow



Yield Curve



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China Re-Opening

- Lifting zero-tolerance Covid policies and mobility restrictions
- Easing pressure on supply chains
- Massive pent-up demand from three years of restrictions
- Low mortgage rates and high household savings balances



Corporate Earnings

- FTX bankruptcy washed out speculative areas of the market – Crypto, non-profitable technology companies, and SPACs
- Only certain areas slowing - housing and goods
- Services continue to beat expectations
- Global slowing expected to be very mild
- Washington gridlock is typically good for earnings and the stock market



Portfolio Actions for 2023

- Stock of companies with little or no debt, good earnings growth, and solid cash-flow
- Maintain cash balances to meet needs
- Keep maturities short with certificates of deposit and tax-free municipal bonds
- Avoid panic if debt ceiling problems arise in Washington
- Don't abandon asset allocation and diversification



Pawleys Dividend Fund

Pawleys Dividend Fund		\$ 1,000,000.00						12/30/2022			
Company	Symbol	Weight	Cost Basis	1/03/2022 px	shares	dividends	splits	current price	current mkt value	Total Return	ytd TR
Activision Blizzard	ATVI	9.0%	\$ 90,000.00	\$ 66.44	1355	\$ 636.66		\$ 76.55	\$ 103,695.06	\$ 104,331.73	16%
Home Depot Inc	HD	10.0%	\$ 100,000.00	\$ 416.57	240	\$ 1,824.42		\$ 315.86	\$ 75,823.99	\$ 77,648.41	-22%
Estee Lauder Companies Inc	EL	8.0%	\$ 80,000.00	\$ 368.49	217	\$ 534.07		\$ 248.11	\$ 53,865.23	\$ 54,399.31	-32%
Phillips 66	PSX	5.0%	\$ 50,000.00	\$ 72.89	686	\$ 2,627.25		\$ 104.08	\$ 71,395.25	\$ 74,022.50	48%
JPMorgan Chase & Co	JPM	7.0%	\$ 70,000.00	\$ 159.86	438	\$ 1,751.53		\$ 134.10	\$ 58,720.13	\$ 60,471.66	-14%
Bank of America Corp	BAC	7.0%	\$ 70,000.00	\$ 45.09	1552	\$ 1,335.11		\$ 33.12	\$ 51,417.17	\$ 52,752.27	-25%
Regeneron Pharmaceuticals Inc	REGN	7.0%	\$ 70,000.00	\$ 625.00	112	\$ -		\$ 721.49	\$ 80,806.88	\$ 80,806.88	15%
UnitedHealth Group Inc	UNH	7.0%	\$ 70,000.00	\$ 500.00	140	\$ 896.00		\$ 530.18	\$ 74,225.20	\$ 75,121.20	7%
Waste Management Inc	WM	9.0%	\$ 90,000.00	\$ 166.47	541	\$ 1,405.66		\$ 156.88	\$ 84,815.28	\$ 86,220.94	-4%
Lam Research Corp	LRCX	10.0%	\$ 100,000.00	\$ 721.13	139	\$ 894.43		\$ 420.30	\$ 58,283.53	\$ 59,177.96	-41%
Visa Inc	V	10.0%	\$ 100,000.00	\$ 217.52	460	\$ 724.07		\$ 207.76	\$ 95,513.06	\$ 96,237.13	-4%
Steel Dynamics Inc	STLD	4.0%	\$ 40,000.00	\$ 62.33	642	\$ 872.77		\$ 97.70	\$ 62,698.54	\$ 63,571.31	59%
Nextera Energy Inc	NEE	4.0%	\$ 40,000.00	\$ 93.42	428	\$ 727.90		\$ 83.60	\$ 35,795.33	\$ 36,523.23	-9%
	cash	3.0%	\$ 30,000.00	\$ 1.00	30000			\$ 1.00	\$ 30,000.00	\$ 30,000.00	0%
		100.0%	\$ 1,000,000.00			\$14,229.88			\$ 937,054.66	\$ 951,284.53	

Please check with Pawleys to see if these ideas fit within your existing portfolio.

No adjustments have been made to portfolio or benchmark for fees and taxes.

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Datasource: YAHOO! Finance, verified on Bigcharts.

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-4.87%

-7.00%

DJIA

Pawleys +/- Index:

2.13%

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Pawleys Mini-Growth Fund

Pawleys Mini-Growth Fund			\$ 1,000,000.00				12/30/2022				
Company	Symbol	Weight	Cost Basis	1/04/2022 px	shares	dividends	splits	current price	current mkt value	Total Return	ytd TR
Arista Networks Inc	ANET	10.00%	\$ 100,000.00	\$ 144.09	694	\$ -		\$ 121.35	\$ 84,218.20	\$ 84,218.20	-16%
Lennar Corp	LEN	10.00%	\$ 100,000.00	\$ 115.84	863	\$ 1,294.89		\$ 90.50	\$ 78,125.00	\$ 79,419.89	-21%
Ulta Beauty Inc	ULTA	9.00%	\$ 90,000.00	\$ 413.70	218	\$ -		\$ 469.07	\$ 102,045.69	\$ 102,045.69	13%
Valero Energy Corp	VLO	9.00%	\$ 90,000.00	\$ 75.80	1187	\$ 4,654.35		\$ 126.86	\$ 150,625.33	\$ 155,279.68	73%
MasterCard Inc	MA	15.00%	\$ 150,000.00	\$ 359.79	417	\$ 817.14		\$ 347.73	\$ 144,972.07	\$ 145,789.21	-3%
Regeneron Pharmaceuticals Inc	REGN	15.00%	\$ 150,000.00	\$ 721.86	208	\$ -		\$ 737.15	\$ 153,177.21	\$ 153,177.21	2%
FTI Consulting	FCN	9.00%	\$ 90,000.00	\$ 154.25	583	\$ -		\$ 158.80	\$ 92,654.78	\$ 92,654.78	3%
Applied Materials Inc	AMAT	10.00%	\$ 100,000.00	\$ 157.74	634	\$ 646.63		\$ 97.38	\$ 61,734.50	\$ 62,381.13	-38%
Ameren Corp	AEE	9.00%	\$ 90,000.00	\$ 89.01	1011	\$ 2,386.25		\$ 88.92	\$ 89,909.00	\$ 92,295.25	3%
	cash	4.0%	\$ 40,000.00	\$ 1.00	40000	\$ -		\$ 1.00	\$ 40,000.00	\$ 40,000.00	0%
		100.0%	\$ 1,000,000.00			\$ 9,799.27			\$ 997,461.77	\$ 1,007,261.04	

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0.73%

-18.30%

S&P 500

Pawleys +/- Index:

19.03%

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Pawleys Growth Fund

Pawleys Growth Fund			\$ 1,000,000.00					12/30/2022				
Company	Symbol	Weight	Cost Basis	1/04/2022 px	shares	dividends	splits	current price	current mkt value	Total Return	ytd TR	
Netflix	NFLX	5.0%	\$ 50,000.00	\$ 597.96	84	\$ -		\$ 294.88	\$ 24,657.17	\$ 24,657.17	-51%	
Arista Networks Inc	ANET	5.0%	\$ 50,000.00	\$ 144.09	347	\$ -		\$ 121.35	\$ 42,109.10	\$ 42,109.10	-16%	
Lennar Corp	LEN	5.0%	\$ 50,000.00	\$ 115.84	432	\$ 647.44		\$ 90.50	\$ 39,062.50	\$ 39,709.94	-21%	
TopBuild Corp	BLD	5.0%	\$ 50,000.00	\$ 275.79	181	\$ -		\$ 156.49	\$ 28,371.22	\$ 28,371.22	-43%	
National Beverage Corp	FIZZ	4.0%	\$ 40,000.00	\$ 45.42	881	\$ -		\$ 46.53	\$ 40,977.54	\$ 40,977.54	2%	
Ulta Beauty Inc	ULTA	4.0%	\$ 40,000.00	\$ 413.70	97	\$ -		\$ 469.07	\$ 45,353.64	\$ 45,353.64	13%	
Valero Energy Corp	VLO	4.0%	\$ 40,000.00	\$ 75.80	528	\$ 2,068.60		\$ 126.86	\$ 66,944.59	\$ 69,013.19	73%	
MasterCard Inc	MA	4.0%	\$ 40,000.00	\$ 359.79	111	\$ 217.90		\$ 347.73	\$ 38,659.22	\$ 38,877.12	-3%	
Intercontinental Exchange Inc	ICE	4.0%	\$ 40,000.00	\$ 136.53	293	\$ 445.32		\$ 102.59	\$ 30,056.40	\$ 30,501.72	-24%	
Evercore Inc	EVR	4.0%	\$ 40,000.00	\$ 136.40	293	\$ 832.84		\$ 109.08	\$ 31,988.27	\$ 32,821.11	-18%	
Hologic, Inc	HOLX	6.0%	\$ 60,000.00	\$ 76.51	784	\$ -		\$ 74.81	\$ 58,666.84	\$ 58,666.84	-2%	
Molina Healthcare, Inc	MOH	6.0%	\$ 60,000.00	\$ 315.38	190	\$ -		\$ 330.22	\$ 62,823.26	\$ 62,823.26	5%	
Laboratory Corporation of America	LH	6.0%	\$ 60,000.00	\$ 313.10	192	\$ 413.93		\$ 235.48	\$ 45,125.52	\$ 45,539.44	-24%	
FTI Consulting	FCN	4.0%	\$ 40,000.00	\$ 154.25	259	\$ -		\$ 158.80	\$ 41,179.90	\$ 41,179.90	3%	
Old Dominion Freight Line Inc	ODFL	4.0%	\$ 40,000.00	\$ 358.06	112	\$ 134.06		\$ 283.78	\$ 31,701.95	\$ 31,836.01	-20%	
Applied Materials Inc	AMAT	7.0%	\$ 70,000.00	\$ 157.74	444	\$ 452.64		\$ 97.38	\$ 43,214.15	\$ 43,666.79	-38%	
Zebra Technologies Corp	ZBRA	7.0%	\$ 70,000.00	\$ 592.08	118	\$ -		\$ 256.41	\$ 30,314.65	\$ 30,314.65	-57%	
Logitech International	LOGI	7.0%	\$ 70,000.00	\$ 85.14	822	\$ 805.73		\$ 62.25	\$ 51,180.41	\$ 51,986.14	-26%	
Commercial Metals Company	CMC	3.0%	\$ 30,000.00	\$ 36.50	822	\$ 476.71		\$ 48.30	\$ 39,698.63	\$ 40,175.34	34%	
Ameren Corp	AEE	3.0%	\$ 30,000.00	\$ 89.01	337	\$ 795.42		\$ 88.92	\$ 29,969.67	\$ 30,765.08	3%	
	cash	3.0%	\$ 30,000.00	\$ 1.00	30000	\$ -		\$ 1.00	\$ 30,000.00	\$ 30,000.00	0%	
		100.0%	\$ 1,000,000.00			\$ 7,290.60			\$ 852,054.63	\$ 859,345.23		

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-14.07%

-18.30%

S&P 500

Pawleys +/- Index:

4.23%

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“When you are grateful, fear disappears and abundance appears.”

-Anthony Robbins



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