



Q2 2023 Insights

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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.

Q2 2023 Insights

- Inflation Coming Down
- Consumer Prices
- Recession?
- Political Skew on View of the Economy
- Analysis of Market Breadth – Tech Dominance
- Pawleys Funds Returns
- *invest right, live right™*



Inflation Coming Down

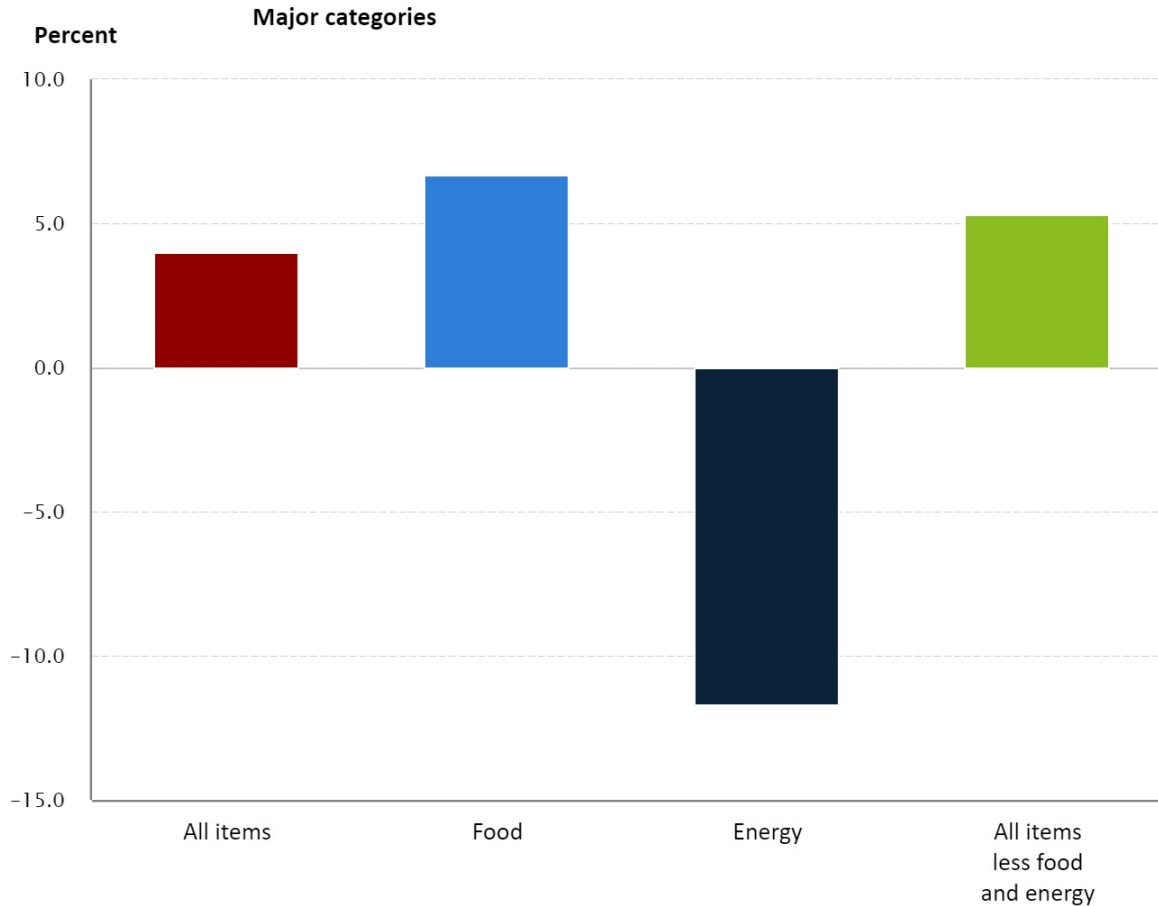
- May Consumer Price Index 0.1%
- 12th consecutive monthly decline
- Down from peak level of 8.9% in June 2022
- CPI should drift lower, and by the end of 2024 be near the Fed's target of 2%
- Resumption of student loan payments, rising credit card balances, and increases in layoffs and unemployment claims will slow spending



Consumer Price Index

12-month percentage change, Consumer Price Index, selected categories, May 2023, not seasonally adjusted

Click on columns to drill down



Source: U.S. Bureau of Labor Statistics.



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Recession?

- Yield curve inversion and LEI's
- Eurozone entered mild recession in Q1
- Consumer sentiment is poor, yet spending continues
- Housing shortage
- Corporate profits
- S&P 500 earning estimates at +8.2% by Q4
- Fading chances of a slow-down



Political Skew on View of Economy

- Impact of social media and speed of information flow
- You see more of what you believe in as opposed to a balanced, more accurate view
- 50% of the population thinks the economy is great if their party is in power - the other 50% believes it is terrible
- Turn off Fox and CNN - and look at how full the Home Depot parking lot is!
- Election year 2024



Technology Returns 2022

- Information Technology and Communication Services stocks were down 30-40% during 2022
- We added to these sectors in December 2022 rebalancing back to targets
- 2023 returns almost solely coming from Technology and Communication stocks – other sectors are mostly flat for the year



Technology Returns 2023

- Year-to-Date, these two sectors within the S&P 500 are up an average of +17.84% (88 stocks)
- The remaining are up only +0.75% (415 stocks)
- Top 4 stocks in the S&P are up an average of +119.2%
- Remaining 499 are up just +2.81%
- Best Pawleys stocks are LRCX (+50%), NFLX (+48%) and ANET (+32%)
- Since May, many have flattened while the broader markets have rallied



Pawleys Dividend Fund 2023

Pawleys Dividend Fund			\$ 1,000,000.00					6/30/2023			
Company	Symbol	Weight	Cost Basis	1/03/2022 px	shares	dividends	splits	current price	current mkt value	Total Return	ytd TR
Activision Blizzard	ATVI	8.0%	\$ 80,000.00	\$ 76.60	1044	\$ -		\$ 84.30	\$ 88,041.78	\$ 88,041.78	10%
Home Depot Inc	HD	9.0%	\$ 90,000.00	\$ 317.42	284	\$ 1,185.18		\$ 310.64	\$ 88,077.63	\$ 89,262.81	-1%
Estee Lauder Companies Inc	EL	9.0%	\$ 90,000.00	\$ 256.18	351	\$ 463.74		\$ 196.38	\$ 68,991.33	\$ 69,455.07	-23%
Phillips 66	PSX	5.0%	\$ 50,000.00	\$ 103.40	484	\$ 1,015.47		\$ 95.38	\$ 46,121.86	\$ 47,137.33	-6%
JPMorgan Chase & Co	JPM	6.0%	\$ 60,000.00	\$ 135.24	444	\$ 887.31		\$ 145.44	\$ 64,525.29	\$ 65,412.60	9%
Intercontinental Exchange	ICE	6.0%	\$ 60,000.00	\$ 103.62	579	\$ 486.39		\$ 113.08	\$ 65,477.71	\$ 65,964.10	10%
Regeneron Pharmaceuticals Inc	REGN	9.0%	\$ 90,000.00	\$ 721.86	125	\$ -		\$ 718.54	\$ 89,586.07	\$ 89,586.07	0%
UnitedHealth Group Inc	UNH	9.0%	\$ 90,000.00	\$ 525.13	171	\$ 604.99		\$ 480.64	\$ 82,375.03	\$ 82,980.02	-8%
United Parcel Service	UPS	8.0%	\$ 80,000.00	\$ 174.27	459	\$ 1,487.35		\$ 179.25	\$ 82,286.11	\$ 83,773.45	5%
Lam Research Corp	LRCX	10.0%	\$ 100,000.00	\$ 429.72	233	\$ 802.85		\$ 642.86	\$ 149,599.74	\$ 150,402.59	50%
Visa Inc	V	10.0%	\$ 100,000.00	\$ 209.28	478	\$ 473.05		\$ 237.48	\$ 113,474.77	\$ 113,947.82	14%
Steel Dynamics Inc	STLD	4.0%	\$ 40,000.00	\$ 97.80	409	\$ 347.65		\$ 108.93	\$ 44,552.15	\$ 44,899.80	12%
Nextera Energy Inc	NEE	4.0%	\$ 40,000.00	\$ 84.37	474	\$ 443.76		\$ 74.20	\$ 35,178.38	\$ 35,622.14	-11%
	cash	3.0%	\$ 30,000.00	\$ 1.00	30000			\$ 1.00	\$ 30,000.00	\$ 30,000.00	0%
		100.0%	\$ 1,000,000.00			\$ 8,197.74			\$ 1,048,287.83	\$ 1,056,485.58	

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.

Past performance does not indicate future results.

Datasource: YAHOO! Finance, verified on Bigcharts.

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5.65%

3.84%

DJIA

Pawleys +/- Index:

1.81%



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Pawleys Growth Fund 2023

Pawleys Growth Fund		\$ 1,000,000.00						5/31/2023			
Company	Symbol	Weight	Cost Basis	1/03/2022 px	shares	dividends	splits	current price	current mkt value	Total Return	ytd TR
Netflix	NFLX	4.0%	\$ 40,000.00	\$ 298.06	134	\$ -		\$ 440.49	\$ 59,114.27	\$ 59,114.27	48%
Arista Networks Inc	ANET	4.0%	\$ 40,000.00	\$ 122.91	325	\$ -		\$ 162.06	\$ 52,741.03	\$ 52,741.03	32%
Lennar Corp	LEN	5.0%	\$ 50,000.00	\$ 91.69	545	\$ 408.99		\$ 125.31	\$ 68,333.52	\$ 68,742.50	37%
TopBuild Corp	BLD	5.0%	\$ 50,000.00	\$ 159.41	314	\$ -		\$ 266.02	\$ 83,438.93	\$ 83,438.93	67%
Ulta Beauty Inc	ULTA	7.0%	\$ 70,000.00	\$ 469.66	149	\$ -		\$ 470.60	\$ 70,140.10	\$ 70,140.10	0%
Valero Energy Corp	VLO	5.0%	\$ 50,000.00	\$ 125.75	398	\$ 811.13		\$ 117.30	\$ 46,640.16	\$ 47,451.29	-5%
MasterCard Inc	MA	6.0%	\$ 60,000.00	\$ 349.96	171	\$ 195.45		\$ 393.30	\$ 67,430.56	\$ 67,626.01	13%
Evercore Inc	EVR	6.0%	\$ 60,000.00	\$ 111.23	539	\$ 798.35		\$ 123.59	\$ 66,667.27	\$ 67,465.61	12%
Incyte	INCY	5.0%	\$ 50,000.00	\$ 80.17	624	\$ -		\$ 62.25	\$ 38,823.75	\$ 38,823.75	-22%
Molina Healthcare, Inc	MOH	5.0%	\$ 50,000.00	\$ 327.00	153	\$ -		\$ 301.24	\$ 46,061.16	\$ 46,061.16	-8%
Laboratory Corporation of America	LH	5.0%	\$ 50,000.00	\$ 236.50	211	\$ 304.44		\$ 241.33	\$ 51,021.14	\$ 51,325.58	3%
Old Dominion Freight Line Inc	ODFL	8.0%	\$ 80,000.00	\$ 286.01	280	\$ 223.77		\$ 369.75	\$ 103,422.96	\$ 103,646.73	30%
Qualcomm	QCOM	9.0%	\$ 90,000.00	\$ 111.35	808	\$ 1,252.81		\$ 119.04	\$ 96,215.54	\$ 97,468.34	8%
Keysight Technologies Inc	KEYS	9.0%	\$ 90,000.00	\$ 172.87	521	\$ -		\$ 167.45	\$ 87,178.23	\$ 87,178.23	-3%
Logitech International	LOGI	9.0%	\$ 90,000.00	\$ 62.83	1432	\$ -		\$ 59.40	\$ 85,086.74	\$ 85,086.74	-5%
Commercial Metals Company	CMC	3.0%	\$ 30,000.00	\$ 48.42	620	\$ 198.27		\$ 52.66	\$ 32,627.01	\$ 32,825.28	9%
American Electric Power Company	AEP	3.0%	\$ 30,000.00	\$ 94.90	316	\$ 524.76		\$ 84.20	\$ 26,617.49	\$ 27,142.26	-10%
	cash	2.0%	\$ 20,000.00	\$ 1.00	20000	\$ -		\$ 1.00	\$ 20,000.00	\$ 20,000.00	0%
		100.0%	\$ 1,000,000.00			\$ 4,717.96		\$	1,101,559.86	\$ 1,106,277.82	

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10.63%

15.91%

S&P 500

Pawleys +/- Index:

-5.28%



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“Perpetual optimism is a force multiplier.”

-Colin Powell



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