



2014 Perspective – Outlook and Risks

© 2013-2014 Pawleys Investment Advisors, LLC. All rights reserved.

www.PawleysAdvisors.com

Kathryn E. Schwartz, CRPC
Chief Executive Officer
kschwartz@PawleysAdvisors.com
January 9th, 2014

2014 Insights – Outlook and Risks

- S&P 500 – Recent Historical Perspective
- Leading Economic Indicators
- U.S. Treasury Yield Curve
- 2013 Pawleys Dividend FundTM and Pawleys Growth FundTM Performance
- Themes and Strategies
- Key Potential Risks
- invest right, live rightTM

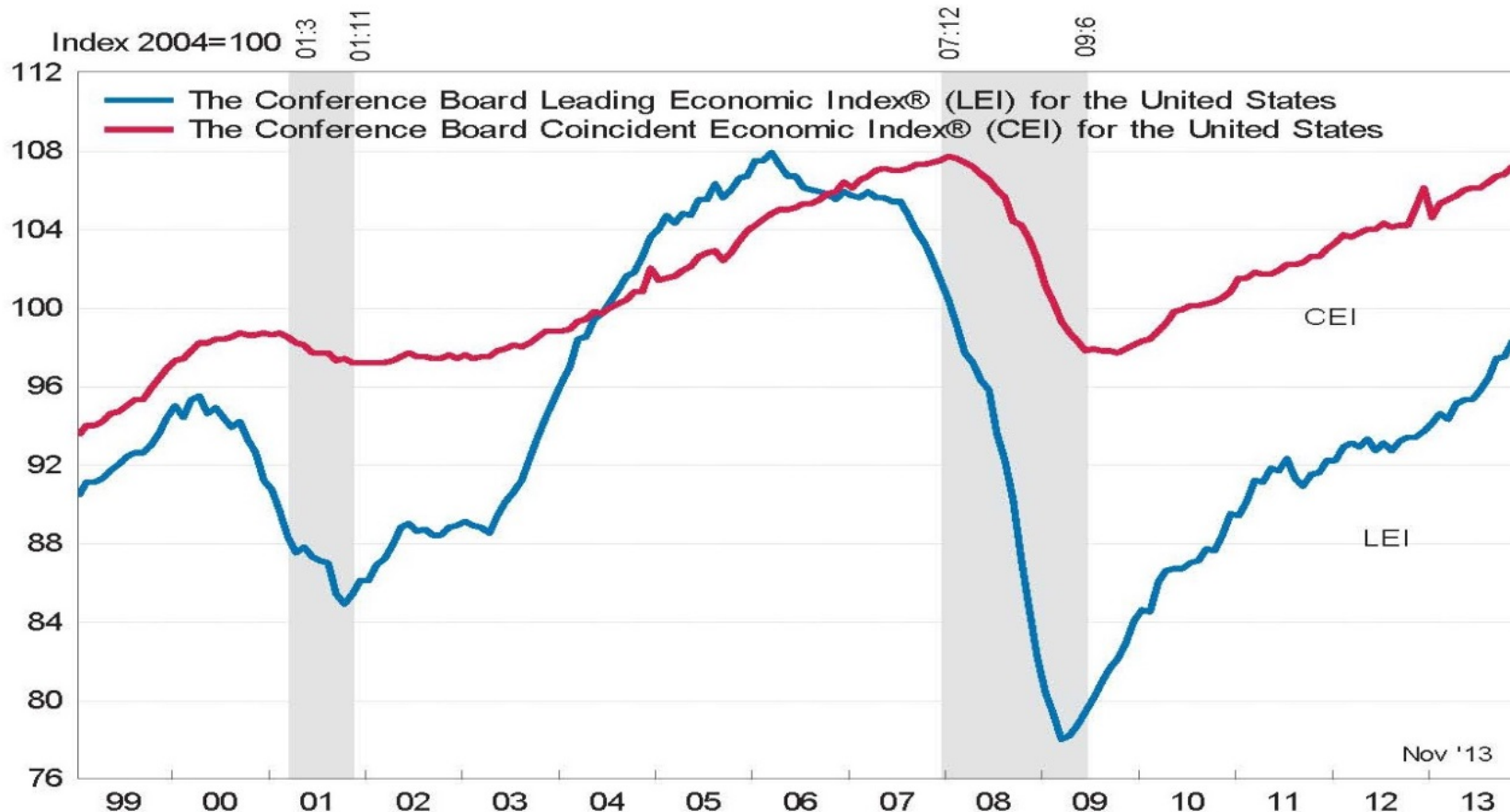
S&P 500 – Recent Historical Perspective



Since 2000, the S&P 500 has risen just 27.74%, a paltry 1.98% average over each of the past 14 years.

Leading Economic Indicators

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



Latest LEI Trough March 2009, Latest CEI Trough October 2009

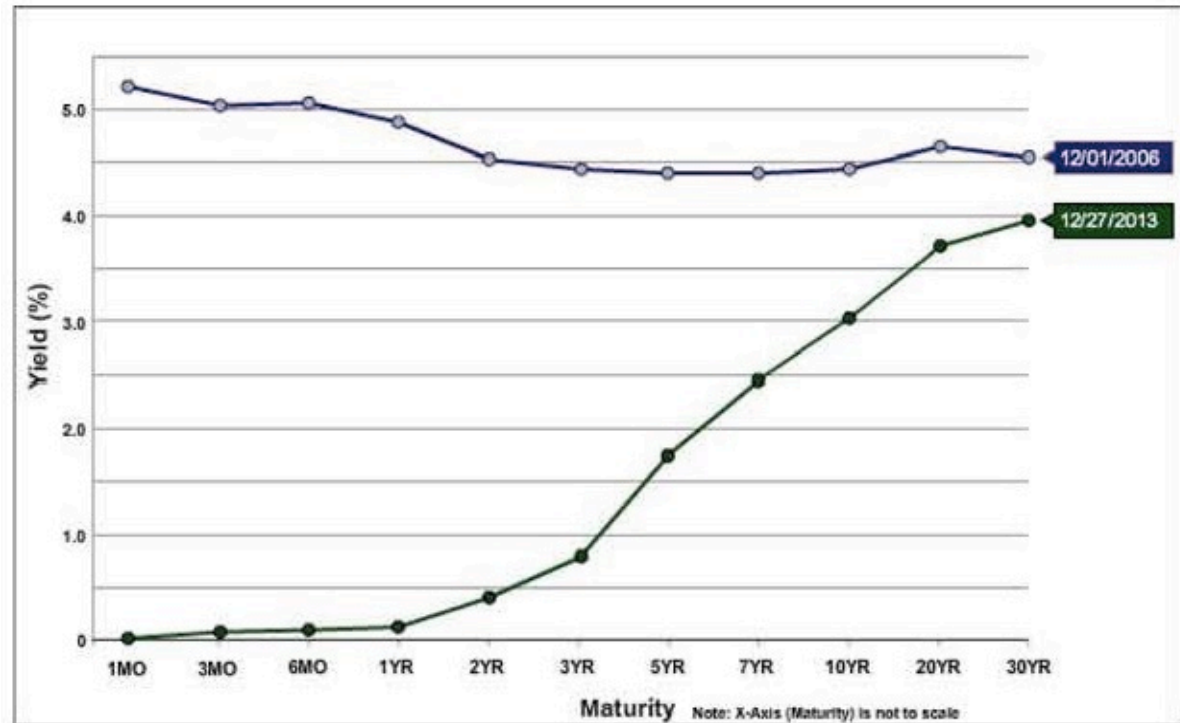
Shaded areas represent recessions as determined by the National Bureau of Economic Research.

Source: The Conference Board

U.S. Treasury Yield Curve

Inversion of the yield curve, where short-term rates rise above long term rates like the blue line at the top, is predictive of recession.

Rates today, the green line at the bottom, are normal.



Performance Update – Pawleys Funds

	2011 Total Return	2012 Total Return	2013 Total Return
Pawleys Growth Fund™	+8.79%	+23.82%	+38.10%
Pawleys Dividend Fund™	+6.76%	+11.17%	+25.43%
S&P 500 Benchmark	+2.11%	+16.00%	+31.10%

A math-driven, objective stock selection process is designed to identify best-in-class stocks and produce consistent returns in a variety of economic and market environments.

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. Source: Yahoo! Finance. Figures do not reflect expenses and fees which vary based on portfolio size. Past results do not indicate future performance and losses may occur.

Themes and Strategies

- Rebalance toward asset allocation targets
- Focus on diversification, quality, and a long-term view
- Monitor mutual funds closely to make sure managers are not drifting from stated investment parameters
- Expanding economy favors momentum stocks – avoid being lured into popular hyped-up stocks with below average quality
- Continue to be patient with municipal bond ladders, focus on adding new rungs with high-quality bonds & enjoy rising rates
- Raise cash during market peaks if taking distributions from portfolio

Key Potential Risks

- 2013 flows into equity mutual funds finally rose, signaling expanding market breadth often seen as markets head towards near-term peaks
- If short-term interest rates rise above longer term rates, this may be predictive of our next recession
- Complacency and unfounded elation sets in as the equity markets hit new highs
- “The Wealth Effect” of a strong stock and housing market can cause unnecessary increases in personal spending

- Have a vision, build and work a reasonable plan
- Believe, stay positive, enjoy, be thoughtful
- Surround yourself with people that are financially healthy
- Anticipate challenges you may encounter, condition yourself to be prepared
- Regularly test and evaluate your behaviors - gauge how you are progressing, be flexible
- Maintain balance - proper context within the larger picture of your life and family/business
- Stay organized to reduce stress

Pawleys Investment Advisors, LLC



- Website: www.PawleysAdvisors.com

knowledge

- Email: kschwartz@PawleysAdvisors.com

- Follow Us On:

– Facebook



– LinkedIn



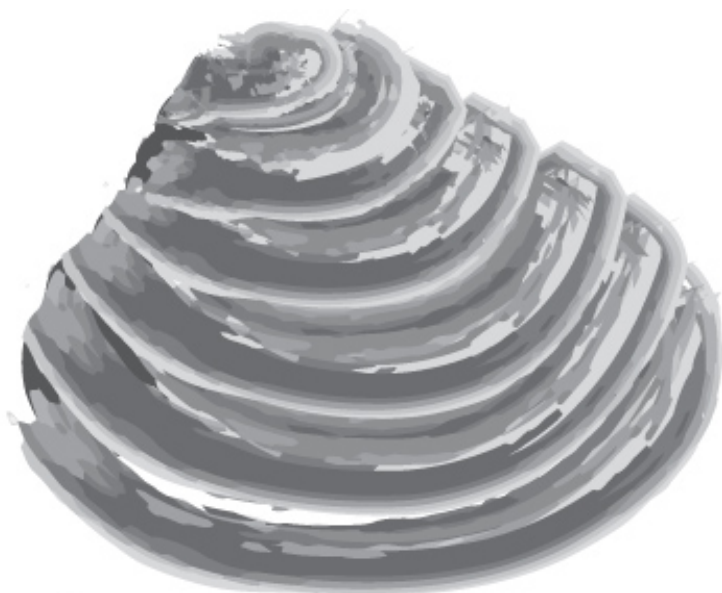
– Twitter



As featured by:



Pawleys



Investment Advisors

invest right, live right™

Pawleys



Capital Management

invest right, live right™