



Second Quarter, 2013 Insights

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

www.PawleysAdvisors.com

Kathryn E. Schwartz, CRPC
Chief Executive Officer
kschwartz@PawleysAdvisors.com
July 5, 2013



Second Quarter, 2013 Insights

- Current U.S. Stock Market
- A Quick Primer on Bonds and Interest Rates
- Federal Reserve Monetary Policy
- Long Term Interest Rates
- Performance Update – Pawleys Portfolios
- *invest right, live right™*



Current U.S. Stock Market



The summer pullback in the S&P 500, which has occurred in each of the last 4 years, has been less dramatic in 2013.



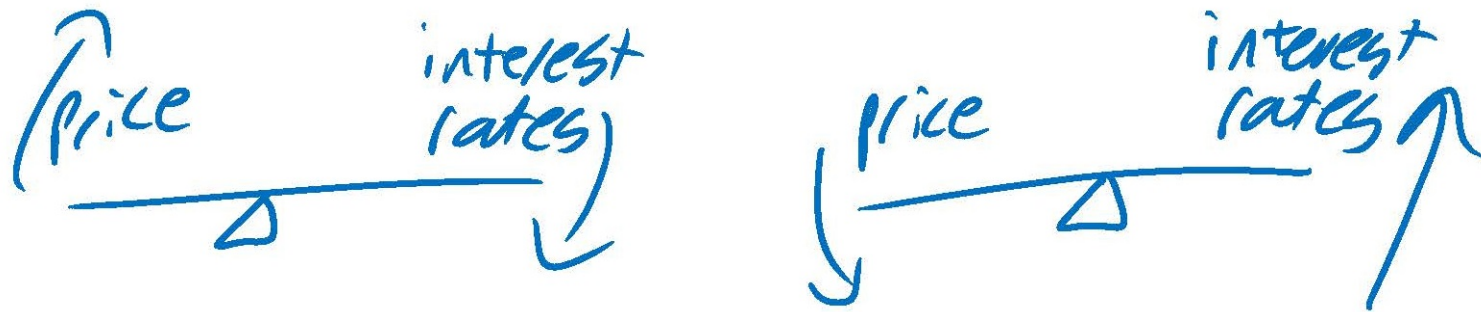
Current U.S. Stock Market

Year	S&P 500 Peak	S&P 500 Trough	Point Loss	Percentage Drop
2010	1217	1022	-195	-16%
2011	1345	1123	-222	-17%
2012	1408	1278	-130	-9%
2013	1667	1606	-61	-4%

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.



A Quick Primer on Bonds and Interest Rates



Prevailing interest rates and the prices of outstanding bonds have an inverse relationship. When current interest rate rise, bond prices drop, because now investors can obtain higher yields. Laddering is a portfolio strategy where staggered maturities of bonds to provide a cushion against this risk.



Federal Reserve Monetary Policy

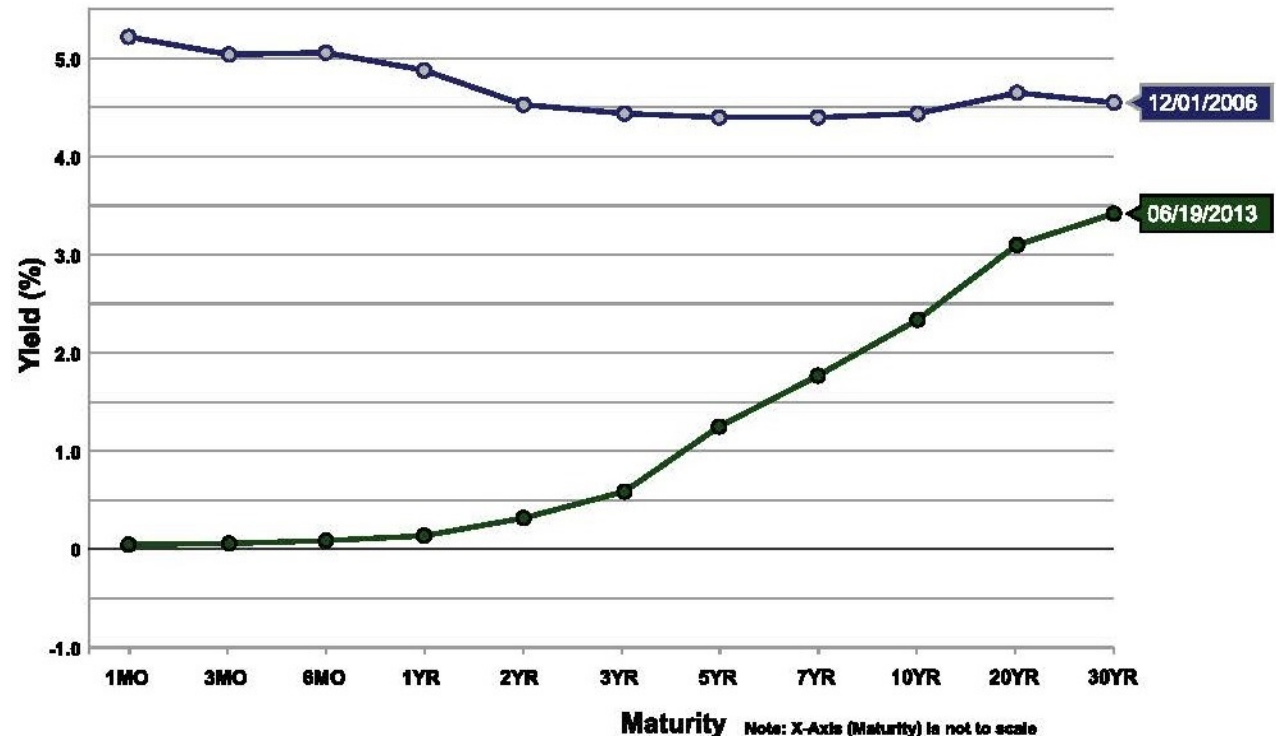
- Tapering
 - The Fed will first slow bond purchases
 - Next they will raise short-term interest rates
- As economic data continues to show slowly growing strength, investors have become worried about bond holdings
- In June, over \$60 billion flowed out of fixed income mutual funds
- Consider laddering individual bonds and stay with short-term , high quality bond funds



Long Term Interest Rates

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

	2011 Total Return	2012 Total Return	YTD 2013 Total Return thru June 30th
Pawleys Dividend Portfolio	+6.74%	+10.78%	+15.72%
Pawleys Growth Portfolio	+8.72%	+23.24%	+18.99%
S&P 500 Benchmark	+2.11%	+14.94%	+13.82%

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

invest right, live right™

*Here's to a
bright, happy
summer filled
with
everyone's
favorite
people,
places and
things.*





Pawleys Investment Advisors, LLC



- Website: www.PawleysAdvisors.com

knowledge

- Email: kschwartz@PawleysAdvisors.com

- Follow Us On:

– Facebook



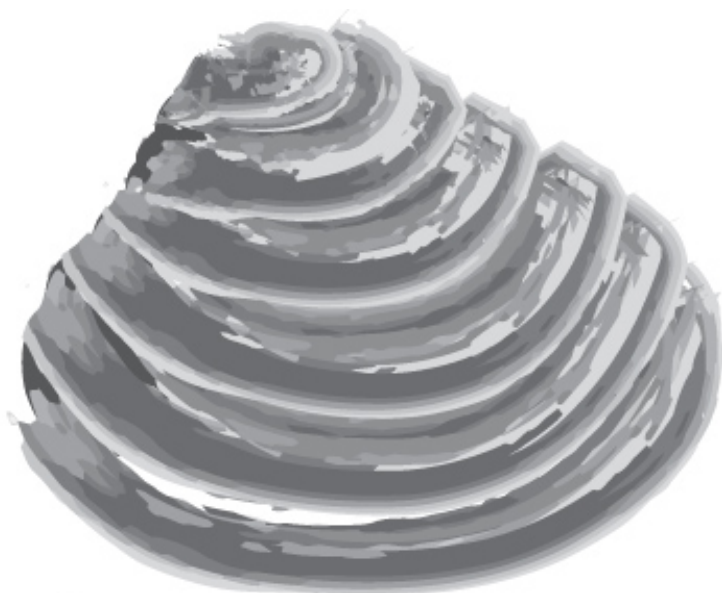
– LinkedIn



– Twitter



Pawleys



Investment Advisors

invest right, live right™