



Q3 2020 Insights

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Kathryn E. Schwartz
Chief Executive Officer
kschwartz@PawleysAdvisors.com
October 15th^h, 2020



Q3 2020 Insights

- COVID-19 Impact to Markets
- The Current Economy
- Leading Economic Indicators – China, US
- Stock Market Performance
- The Election – Truth or Fiction?
- Portfolio Actions for 2020
- Pawleys Dividend and Growth 2020 Performance
- *invest right, live right™*



COVID-19 Impact to Markets

- Mortality rate falling, better treatments, localized restrictions most effective
- Broad-based lockdowns unlikely
- ~80% recovery, technology boom
- High-touch companies working to re-design delivery systems
- Regeneron antibodies reduce symptoms and virus
- Vaccine – Moderna, Pfizer, Sanofi, GlaxoSmithKline

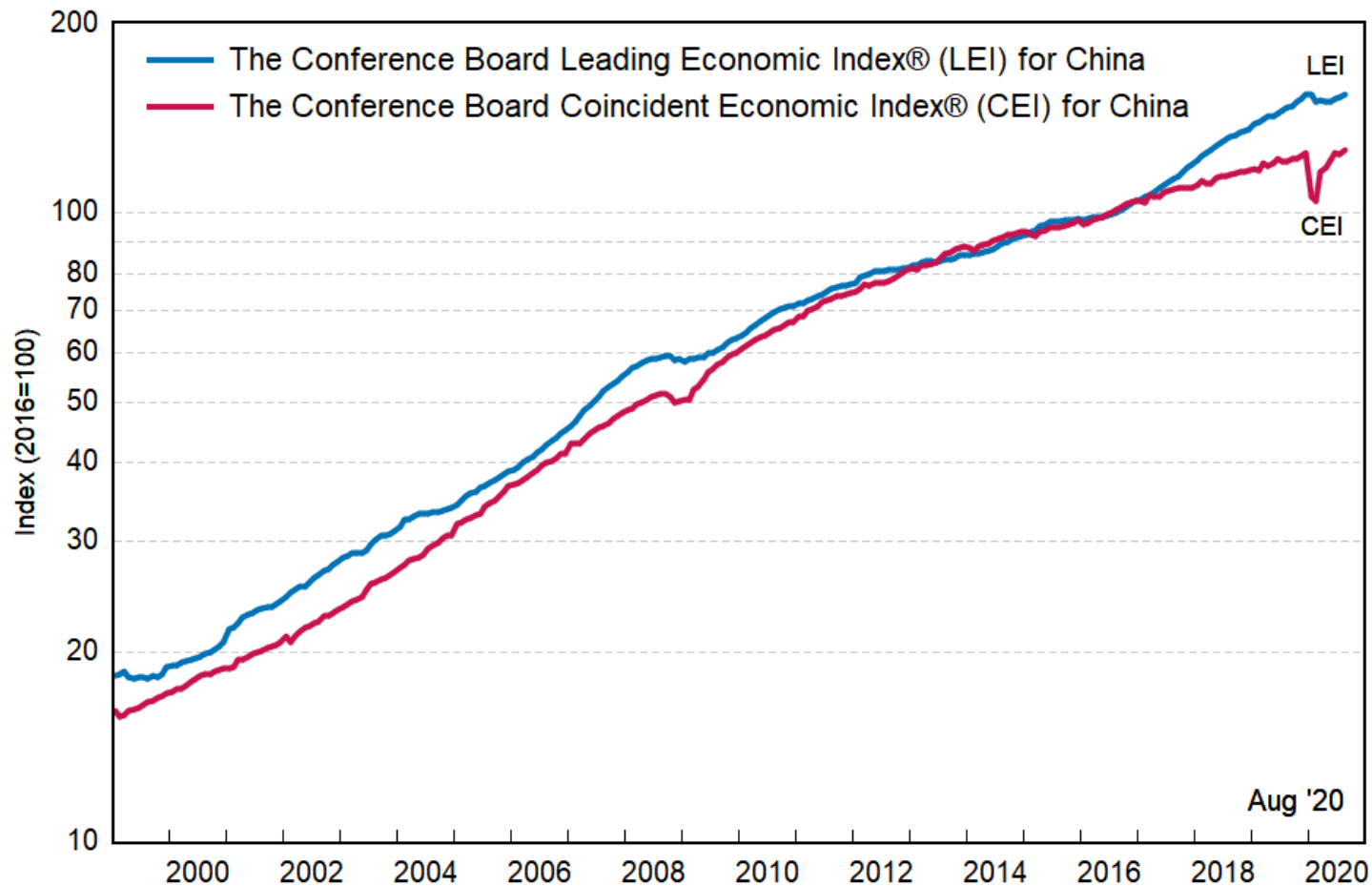


The Current Economy

- Slow-down is temporary
- Massive fiscal and monetary stimulus
- China leading recovery
- Long-term unemployment (>26 weeks) is rising
- Weaknesses in state and local governments
- Challenges will be addressed regardless of election outcomes



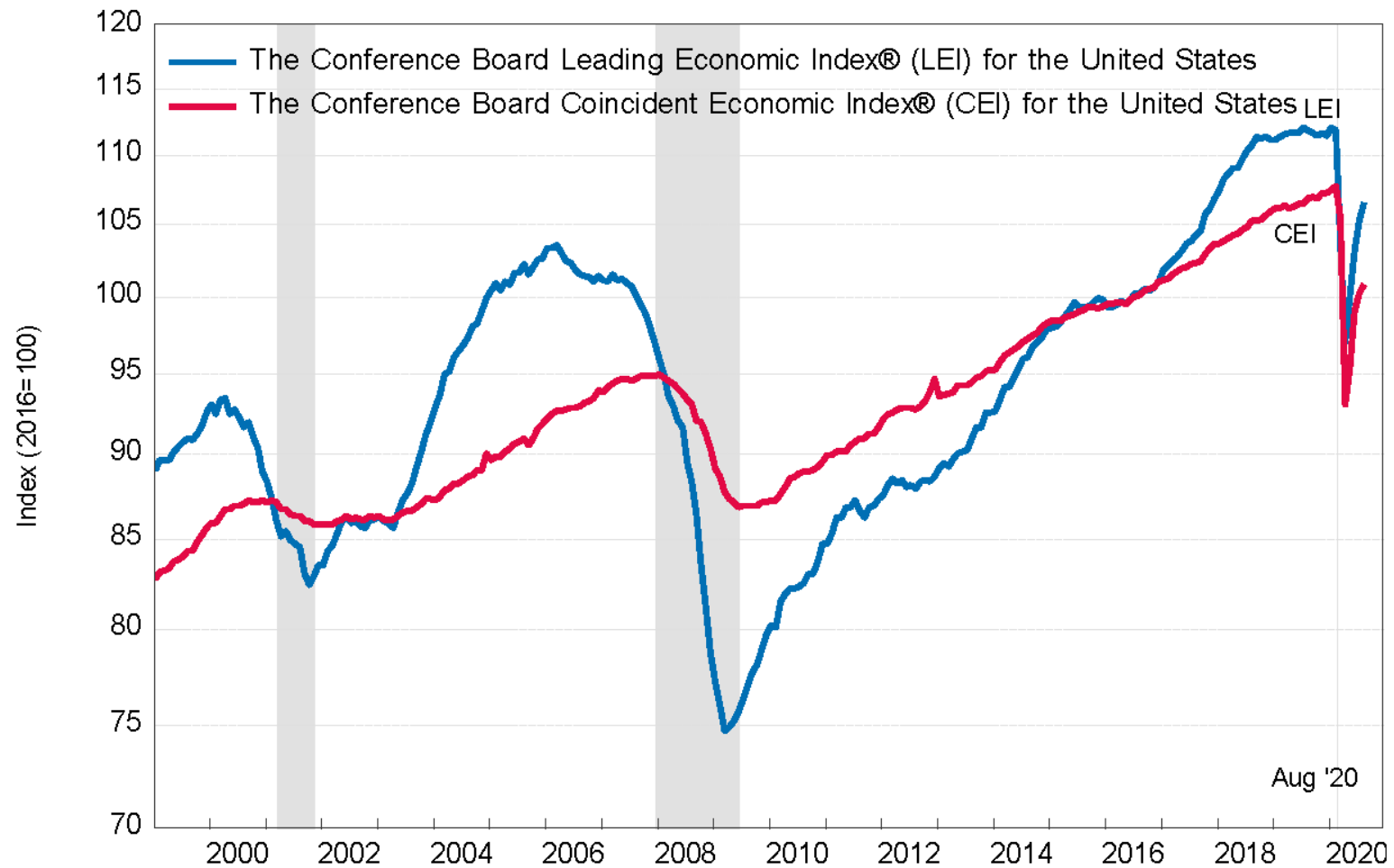
China LEI's



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US LEI's



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Stock Market Performance

- Temporary suspended animation
- Q2-Q3 earnings – the strong getting stronger
- Top 5 Large Cap tech 5 +33%, bottom 495 -2.5%, 40% of S&P 500 still in correction territory (down >20%)
- MSFT 2000 P:E=60, now 32
- Tech darlings fall in September
- Avoid sector rotation and choose solid balance sheets, use 2019 earnings for better valuations



The Election – Truth or Fiction?

- Trading around election results has not been shown to be successful
- Know your biases
- Historic data show no link between party control and stock market performance
- Courts will not accept an unreasonable challenge to election results



Portfolio Actions for 2020

- Fed not even thinking about raising rate
- Low inflation = slow growth, low returns on stocks
- Cannot generate living income from fixed investments – generate income from capital gains
- Invest in companies with solid balance sheets – don't rotate sectors
- \$1.4 trillion sitting in cash versus only \$600 billion in 2008 (source: JP Morgan Asset Management)



Pawleys Dividend Fund

Pawleys Dividend Fund				\$ 1,000,000.00		9/30/2020					
Company	Symbol	Weight	Cost Basis	1/02/2019 px	shares	dividends	splits	current price	current mkt value	Total Return	ytd TR
Verizon Communications Inc	VZ	9.0%	\$ 90,000.00	\$ 61.40	1466	\$ 2,704.40		\$ 59.49	\$ 87,200.33	\$ 89,904.72	0%
Home Depot Inc	HD	10.0%	\$ 100,000.00	\$ 218.38	458	\$ 2,060.63		\$ 277.71	\$ 127,168.24	\$ 129,228.87	29%
Estee Lauder Companies Inc	EL	8.0%	\$ 80,000.00	\$ 206.54	387	\$ 371.84		\$ 218.25	\$ 84,535.68	\$ 84,907.52	6%
Phillips 66	PSX	5.0%	\$ 50,000.00	\$ 111.41	449	\$ 1,211.74		\$ 51.84	\$ 23,265.42	\$ 24,477.16	-51%
JPMorgan Chase & Co	JPM	7.0%	\$ 70,000.00	\$ 139.40	502	\$ 1,355.81		\$ 96.27	\$ 48,342.18	\$ 49,697.99	-29%
Bank of America Corp	BAC	7.0%	\$ 70,000.00	\$ 35.22	1988	\$ 1,073.25		\$ 24.09	\$ 47,879.05	\$ 48,952.30	-30%
Regeneron Pharmaceuticals Inc	REGN	7.0%	\$ 70,000.00	\$ 375.48	186	\$ -		\$ 559.78	\$ 104,358.69	\$ 104,358.69	49%
UnitedHealth Group Inc	UNH	7.0%	\$ 70,000.00	\$ 293.98	238	\$ 852.44		\$ 311.77	\$ 74,236.00	\$ 75,088.44	7%
Waste Management Inc	WM	9.0%	\$ 90,000.00	\$ 113.96	790	\$ 1,291.24		\$ 113.17	\$ 89,376.10	\$ 90,667.34	1%
Lam Research Corp	LRCX	10.0%	\$ 100,000.00	\$ 292.40	342	\$ 1,231.19		\$ 331.75	\$ 113,457.59	\$ 114,688.78	15%
Visa Inc	V	10.0%	\$ 100,000.00	\$ 187.90	532	\$ 478.98		\$ 199.97	\$ 106,423.63	\$ 106,902.61	7%
Steel Dynamics Inc	STLD	4.0%	\$ 40,000.00	\$ 34.04	1175	\$ 881.32		\$ 28.63	\$ 33,642.77	\$ 34,524.09	-14%
Nextera Energy Inc	NEE	4.0%	\$ 40,000.00	\$ 242.16	165	\$ 693.76		\$ 277.56	\$ 45,847.37	\$ 46,541.13	16%
	cash	3.0%	\$ 30,000.00	\$ 1.00	30000			\$ 1.00	\$ 30,000.00	\$ 30,000.00	0%
		100.0%	\$ 1,000,000.00			\$ 14,206.59			\$ 1,015,733.05	\$ 1,029,939.64	

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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2.99%

-3.77%

DJIA

Pawleys +/- Index:

6.76%

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Pawleys Growth Fund

Pawleys Growth Fund		\$ 1,000,000.00						9/30/2020			
Company	Symbol	Weight	Cost Basis	1/02/2020 px	shares	dividends	splits	current price	current mkt value	Total Return	ytd TR
Electronic Arts Inc	EA	5.0%	\$ 50,000.00	\$ 107.51	465	\$ -		\$ 130.41	\$ 60,650.17	\$ 60,650.17	21%
Arista Networks Inc	ANET	5.0%	\$ 50,000.00	\$ 203.40	246	\$ -		\$ 206.93	\$ 50,867.75	\$ 50,867.75	2%
Lennar Corp	LEN	5.0%	\$ 50,000.00	\$ 55.79	896	\$ 336.08		\$ 81.68	\$ 73,203.08	\$ 73,539.16	47%
KB Home	KBH	5.0%	\$ 50,000.00	\$ 34.27	1459	\$ 393.93		\$ 38.39	\$ 56,011.09	\$ 56,405.02	13%
Norwegian Cruise Line Holdings	NCLH	4.0%	\$ 40,000.00	\$ 58.41	685	\$ -		\$ 17.13	\$ 11,730.87	\$ 11,730.87	-71%
Ulta Beauty Inc	ULTA	4.0%	\$ 40,000.00	\$ 253.14	158	\$ -		\$ 223.98	\$ 35,392.27	\$ 35,392.27	-12%
Valero Energy Corp	VLO	3.0%	\$ 30,000.00	\$ 93.65	320	\$ 941.80		\$ 43.32	\$ 13,877.20	\$ 14,819.01	-51%
Diamondback Energy Inc	FANG	3.0%	\$ 30,000.00	\$ 92.86	323	\$ 363.45		\$ 30.12	\$ 9,730.78	\$ 10,094.23	-66%
MasterCard Inc	MA	4.0%	\$ 40,000.00	\$ 298.59	134	\$ 160.76		\$ 338.17	\$ 45,302.25	\$ 45,463.01	14%
Intercontinental Exchange Inc	ICE	4.0%	\$ 40,000.00	\$ 92.55	432	\$ 388.98		\$ 100.05	\$ 43,241.49	\$ 43,630.47	9%
Evercore Inc	EVR	4.0%	\$ 40,000.00	\$ 74.76	535	\$ 930.98		\$ 65.46	\$ 35,024.08	\$ 35,955.06	-10%
Biogen Idec	BIIB	5.0%	\$ 50,000.00	\$ 296.73	169	\$ -		\$ 283.68	\$ 47,801.03	\$ 47,801.03	-4%
Cigna Corp	CI	5.0%	\$ 50,000.00	\$ 204.49	245	\$ 9.78		\$ 169.41	\$ 41,422.56	\$ 41,432.34	-17%
AMN Healthcare Services Inc	AMN	5.0%	\$ 50,000.00	\$ 62.31	802	\$ -		\$ 58.46	\$ 46,910.61	\$ 46,910.61	-6%
Southwest Airlines Co	LUV	4.0%	\$ 40,000.00	\$ 53.98	741	\$ 133.38		\$ 37.50	\$ 27,788.07	\$ 27,921.45	-30%
Old Dominion Freight Line Inc	ODFL	4.0%	\$ 40,000.00	\$ 189.78	211	\$ 111.71		\$ 180.92	\$ 38,132.57	\$ 38,244.28	
					106	\$ 55.92		\$ 180.92	\$ 19,087.06	\$ 19,142.98	43%
Applied Materials Inc	AMAT	7.0%	\$ 70,000.00	\$ 61.04	1147	\$ 745.41		\$ 59.45	\$ 68,176.61	\$ 68,922.02	-2%
MKS Instruments Inc	MKSI	7.0%	\$ 70,000.00	\$ 110.01	636	\$ 381.78		\$ 109.23	\$ 69,503.68	\$ 69,885.46	0%
Advanced Energy Industries Inc	AEIS	7.0%	\$ 70,000.00	\$ 71.20	983	\$ -		\$ 62.94	\$ 61,879.21	\$ 61,879.21	-12%
Nucor Corp	NUE	3.0%	\$ 30,000.00	\$ 56.28	533	\$ 644.46		\$ 44.86	\$ 23,912.58	\$ 24,557.04	-18%
Ameren Corp	AEE	3.0%	\$ 30,000.00	\$ 76.80	391	\$ 580.08		\$ 79.08	\$ 30,890.63	\$ 31,470.70	5%
	cash	4.0%	\$ 40,000.00	\$ 1.00	40000	\$ -		\$ 1.00	\$ 40,000.00	\$ 40,000.00	0%
		100.0%	\$ 1,000,000.00			\$ 6,178.50			\$ 950,535.65	\$ 956,714.15	

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29.26%

-4.33%

3.23%

S&P 500

Pawleys +/- Index:

-7.56%

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“Every piece of the universe, even the tiniest little snow crystal, matters somehow.

I have a place in the pattern, and so do you.”

- T.A. Barron



Pawleys Investment Advisors, LLC

- Website: www.PawleysAdvisors.com

knowledge

- Email: kschwartz@PawleysAdvisors.com

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