

2021 Outlook

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www.PawleysAdvisors.com

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2021 Outlook

- The Current Economy
- Stock Market Valuations
- U.S. Government Debt Levels
- Back to Basics
- Pawleys Dividend and Growth 2020 Performance
- Portfolio Actions for 2021
- *invest right, live right™*



The Current Economy

- Quarantines and shutdowns affected companies differently
- Slow-down is temporary
- Growth has returned after deflation of last year
- Trends already in place accelerated
- \$1.9 Trillion proposed American Rescue Plan
- “Blue Wave” Democratic control



Stock Market Valuation

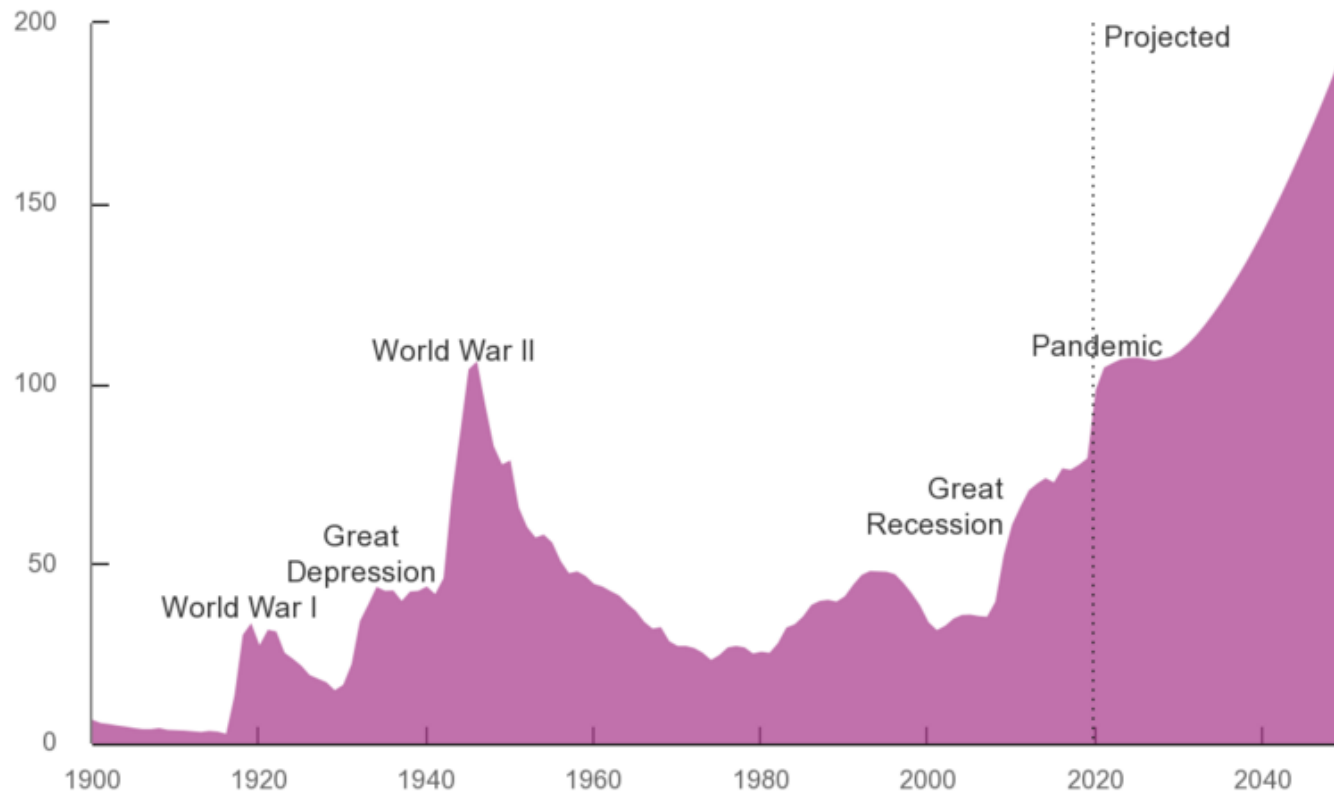
- Massive outflows from stocks in 2020 despite 10-15% returns
- Momentum has been driven by novice millennial investors – Citadel shows trading flows are 20-25% from performance chasers
- Lofty valuations in large tech stocks – breadth has improved, P:E terrible indicator of forward market performance
- 2021 earnings should catch up to valuations
- Convert newly minted Robinhood day-traders into savvy investors



U.S. Government Debt Levels

Federal Debt Held by the Public, 1900 to 2050

Percentage of Gross Domestic Product



Source: CBO. 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.



Back to Basics

- Stick to your plan – written Investment Policy Statement
- Asset Allocation and Diversification
- Quality, Quality, Quality
- Don't get emotional or chase headlines – these behaviors derail well-laid plans
- There is no single best idea - focus on a basket of data



Pawleys Dividend Fund

Pawleys Dividend Fund			\$ 1,000,000.00		12/31/2020						
Company	Symbol	Weight	Cost Basis	1/02/2020 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	\$ 3,624.92		\$ 58.75	\$ 86,115.64	\$ 89,740.55	0%
Home Depot Inc	HD	10.0%	\$ 100,000.00	\$ 218.38	458	\$ 2,747.50		\$ 265.62	\$ 121,632.02	\$ 124,379.52	24%
Estee Lauder Companies Inc	EL	8.0%	\$ 80,000.00	\$ 206.54	387	\$ 577.13		\$ 266.19	\$ 103,104.48	\$ 103,681.61	30%
Phillips 66	PSX	5.0%	\$ 50,000.00	\$ 111.41	449	\$ 1,615.65		\$ 69.94	\$ 31,388.56	\$ 33,004.22	-34%
JPMorgan Chase & Co	JPM	7.0%	\$ 70,000.00	\$ 139.40	502	\$ 1,807.75		\$ 127.07	\$ 63,808.46	\$ 65,616.21	-6%
Bank of America Corp	BAC	7.0%	\$ 70,000.00	\$ 35.22	1988	\$ 1,431.01		\$ 30.31	\$ 60,241.34	\$ 61,672.35	-12%
Regeneron Pharmaceuticals Inc	REGN	7.0%	\$ 70,000.00	\$ 375.48	186	\$ -		\$ 483.11	\$ 90,065.25	\$ 90,065.25	29%
UnitedHealth Group Inc	UNH	7.0%	\$ 70,000.00	\$ 293.98	238	\$ 1,150.08		\$ 350.68	\$ 83,500.92	\$ 84,651.00	21%
Waste Management Inc	WM	9.0%	\$ 90,000.00	\$ 113.96	790	\$ 1,721.66		\$ 117.93	\$ 93,135.31	\$ 94,856.97	5%
Lam Research Corp	LRCX	10.0%	\$ 100,000.00	\$ 292.40	342	\$ 1,675.79		\$ 472.27	\$ 161,515.05	\$ 163,190.83	63%
Visa Inc	V	10.0%	\$ 100,000.00	\$ 187.90	532	\$ 649.28		\$ 218.73	\$ 116,407.66	\$ 117,056.95	17%
Steel Dynamics Inc	STLD	4.0%	\$ 40,000.00	\$ 34.04	1175	\$ 1,175.09		\$ 36.87	\$ 43,325.50	\$ 44,500.59	11%
Nextera Energy Inc	NEE	4.0%	\$ 40,000.00	\$ 242.16	165	\$ 404.69		\$ 77.15	\$ 12,743.64	\$ 13,148.33	
					495	\$ 1,212.75		\$ 77.15	\$ 38,189.25	\$ 39,402.00	31%
	cash	3.0%	\$ 30,000.00	\$ 1.00	30000			\$ 1.00	\$ 30,000.00	\$ 30,000.00	0%
			100.0%	\$ 1,000,000.00		\$ 19,793.29		\$ 1,135,173.09	\$ 1,154,966.38		

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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15.50%

9.72%

DJIA

Pawleys +/- Index:

5.78%

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Pawleys Growth Fund

Pawleys Growth Fund			\$ 1,000,000.00					12/31/2020					
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	\$ 79.06			\$ 143.60	\$ 66,784.49	\$ 66,863.55		34%
Arista Networks Inc	ANET	5.0%	\$ 50,000.00	\$ 203.40	246	\$ -			\$ 290.57	\$ 71,428.22	\$ 71,428.22		43%
Lennar Corp	LEN	5.0%	\$ 50,000.00	\$ 55.79	896	\$ 560.14			\$ 76.23	\$ 68,318.70	\$ 68,878.83		38%
KB Home	KBH	5.0%	\$ 50,000.00	\$ 34.27	1459	\$ 612.78			\$ 33.52	\$ 48,905.75	\$ 49,518.53		-1%
Norwegian Cruise Line Holdings	NCLH	4.0%	\$ 40,000.00	\$ 58.41	685	\$ -			\$ 25.43	\$ 17,414.83	\$ 17,414.83		-56%
Ulta Beauty Inc	ULTA	4.0%	\$ 40,000.00	\$ 253.14	158	\$ -			\$ 287.16	\$ 45,375.68	\$ 45,375.68		13%
Valero Energy Corp	VLO	3.0%	\$ 30,000.00	\$ 93.65	320	\$ 1,255.74			\$ 56.57	\$ 18,121.73	\$ 19,377.47		-35%
Diamondback Energy Inc	FANG	3.0%	\$ 30,000.00	\$ 92.86	323	\$ 484.60			\$ 48.40	\$ 15,636.44	\$ 16,121.04		-46%
MasterCard Inc	MA	4.0%	\$ 40,000.00	\$ 298.59	134	\$ 214.34			\$ 356.94	\$ 47,816.74	\$ 48,031.08		20%
Intercontinental Exchange Inc	ICE	4.0%	\$ 40,000.00	\$ 92.55	432	\$ 518.64			\$ 115.29	\$ 49,828.20	\$ 50,346.84		26%
Evercore Inc	EVR	4.0%	\$ 40,000.00	\$ 74.76	535	\$ 1,257.36			\$ 109.64	\$ 58,662.39	\$ 59,919.74		50%
Biogen Idec	BIIB	5.0%	\$ 50,000.00	\$ 296.73	169	\$ -			\$ 244.86	\$ 41,259.73	\$ 41,259.73		-17%
Cigna Corp	CI	5.0%	\$ 50,000.00	\$ 204.49	245	\$ 9.78			\$ 208.18	\$ 50,902.24	\$ 50,912.03		2%
AMN Healthcare Services Inc	AMN	5.0%	\$ 50,000.00	\$ 62.31	802	\$ -			\$ 68.25	\$ 54,766.49	\$ 54,766.49		10%
Southwest Airlines Co	LUV	4.0%	\$ 40,000.00	\$ 53.98	741	\$ 133.38			\$ 46.61	\$ 34,538.72	\$ 34,672.10		-13%
Old Dominion Freight Line Inc	ODFL	4.0%	\$ 40,000.00	\$ 189.78	211	\$ 143.32			\$ 195.18	\$ 41,138.16	\$ 41,281.48		
					106	\$ 71.74			\$ 195.18	\$ 20,591.49	\$ 20,663.23		55%
Applied Materials Inc	AMAT	7.0%	\$ 70,000.00	\$ 61.04	1147	\$ 997.71			\$ 86.30	\$ 98,967.89	\$ 99,965.60		43%
MKS Instruments Inc	MKSI	7.0%	\$ 70,000.00	\$ 110.01	636	\$ 509.04			\$ 150.45	\$ 95,732.21	\$ 96,241.25		37%
Advanced Energy Industries Inc	AEIS	7.0%	\$ 70,000.00	\$ 71.20	983	\$ -			\$ 96.97	\$ 95,335.67	\$ 95,335.67		36%
Nucor Corp	NUE	3.0%	\$ 30,000.00	\$ 56.28	533	\$ 860.34			\$ 53.19	\$ 28,352.88	\$ 29,213.22		-3%
Ameren Corp	AEE	3.0%	\$ 30,000.00	\$ 76.80	391	\$ 781.25			\$ 78.06	\$ 30,492.19	\$ 31,273.44		4%
	cash	4.0%	\$ 40,000.00	\$ 1.00	40000	\$ -			\$ 1.00	\$ 40,000.00	\$ 40,000.00		0%
		100.0%	\$ 1,000,000.00				\$ 8,410.16			\$ 1,140,370.82	\$ 1,148,780.99		

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14.88%

18.40%

S&P 500

Pawleys +/- Index:

-3.52%

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Portfolio Actions for 2021

- Stock of companies with little or no debt, good earnings growth and solid cash-flow
- Bond Ladders – General Obligation and essential purpose Municipals and/or FDIC backed Certificates of Deposit, some very short-term investment-grade corporates
- Use excess cash or trim gains from 2020 to pay off any outstanding debt
- Move cash into stocks if we have a 15% dip (with solid economy)



“I would have written a shorter letter,
but I did not have the time.”

– Blaise Pascal



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