



Q2 2026 Insights

© 2026 Pawleys Investment Advisors, LLC. All rights reserved.

www.PawleysAdvisors.com



Kathryn E. Schwartz
Chief Executive Officer
kschwartz@PawleysAdvisors.com
July 16th, 2026

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 2026 Insights

- Under the Hood of the Markets
- Where are the Cracks?
- Summertime Plans
- Back to School Preparation & Trump Accounts
- Art Beats the Science of AI
- Pawleys Dividend & Pawleys Growth 2026
- *invest right, live right™*



Under the Hood of the Markets

- Forward earnings – S&P 500 +24% Q2
- Demand for AI is already there, unlike “if we build it they will come” environment of the late 1990’s internet boom & telecom build-out
- Healthy sector rotation away from Magnificent 7 technology companies to other areas
- Resilience to geo-political issues this year



Where are the Cracks?

- Ballooning US Government Debt - \$39.4 T
- Supply constraints of AI buildouts, rising costs in the future could become prohibitive – only 5 gigawatts currently under construction
- “Less good” S&P 500 earnings next year versus outsized investor expectations
- Extreme market concentration – as rotation begins, the top 10 S&P 500 stocks are easing off their peak (~41% to ~37%) but still sit above the dot-com high



Sources: Bloomberg (AI data-center capacity); U.S. Treasury & CBO (federal debt); FactSet (S&P 500 earnings); S&P 500 index weightings via SPDR S&P 500 ETF (market concentration), 2026.

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.

Summertime Plans

- Review budget and savings plans
- Written Investment Plan – risk tolerance matched to goals
- Update legal documents & beneficiaries
- Add Trusted Contacts to your brokerage accounts with us
- Mid-year tax check-up – withholding, & estimated payments
- Revisit emergency fund & insurance coverage (life, disability, umbrella)



Back to School Preparation & Trump Accounts

- 529 Plans – growth is tax-deferred and distributions for qualified educational purposes are tax-free, owner controls
- Trump accounts and custodial IRA's – for retirement
- UGMA/UTMA – flexibility for broad use, but minor fully owns assets at age of majority
- ABLE for special needs/disabled children
- Coverdell – eligibility restriction and low contribution limits
- The simplest way – write a check directly to the school
- It takes a village – combination of strategies not solely based on tax benefits, but always consult with your CPA



Art Beats the Science of AI

AI Generated Portfolio - ***NOT RECOMMENDATIONS OF PAWLEYS INVESTMENT ADVISORS*** Generated by Microsoft Copilt

Portfolio Weight	Sector	Symbol	Dividend Yield	Company	YTD Px Chg	Weight	Investment
	Cash		0		0.00%	2.0%	\$ 20,000.00
8.7%	Communication Services	GOOGL	0.45%	Alphabet Inc.	18.66%	8.0%	\$ 80,000.00
10.6%	Consumer Discretionary	AMZN	0.00%	Amazon.com Inc.	10.46%	10.0%	\$ 100,000.00
6.6%	Consumer Staples	COST	0.55%	Costco Wholesale Corp.	7.73%	7.0%	\$ 70,000.00
4.5%	Energy	CVX	4.30%	Chevron Corporation	21.82%	5.0%	\$ 50,000.00
12.8%	Financials	V	0.75%	Visa Inc.	2.43%	7.0%	\$ 70,000.00
		MA	0.62%	Mastercard Inc.	-5.79%	7.0%	\$ 70,000.00
13.1%	Health Care	JNJ	3.20%	Johnson & Johnson	24.04%	7.0%	\$ 70,000.00
		ABT	1.80%	Abbott Laboratories	-27.43%	7.0%	\$ 70,000.00
8.3%	Industrials	ITW	2.43%	Illinois Tool Works	11.50%	8.0%	\$ 80,000.00
28.1%	Information Technology	MSFT	0.92%	Microsoft Corporation	-20.05%	12.0%	\$ 120,000.00
		AAPL	0.33%	Apple Inc.	16.03%	12.0%	\$ 120,000.00
2.4%	Materials	LIN	1.35%	Linde plc	9.00%	4.0%	\$ 40,000.00
2.5%	Utilities	NEE	2.80%	NextEra Energy Inc.	11.12%	4.0%	\$ 40,000.00
			1.27%		4.94%	100.0%	\$ 1,000,000.00

Data as of 7/16/2026. , return figures January 1, 2026 - July 15, 2026

Past performance does not indicate future results.

Datasources: Yahoo Finance, Morningstar, SEC Filings (Balance Sheets)

** recent fiscal year assumes dividends reinvested

Portfolio YTD Return: 4.94%

S&P 500 YTD Return: 11.28%

Difference (vs S&P 500): -6.34%

(843) 655-6225

info@pawleysadvisors.com

www.PawleysAdvisors.com

Criteria: Low or no debt (D/E < 1.0)
Consistent trailing EPS growth
Solid operating cash flow
Screened using: Jan 1, 2026 fundamental data



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.

Pawleys Dividend

Pawleys Dividend Fund			\$ 1,000,000.00						6/30/2026			
Company	Symbol	Weight	Cost Basis	1/02/2026 px	shares	dividends	splits		current price	current mkt value	Total Return	ytd TR
Yelp Inc	YELP	10.0%	\$ 100,000.00	\$ 30.39	3291	\$ -			\$ 24.52	\$ 80,684.44	\$ 80,684.44	-19%
The Home Depot, Inc	HD	10.0%	\$ 100,000.00	\$ 344.10	291	\$ 1,354.26			\$ 352.68	\$ 102,493.46	\$ 103,847.72	4%
Williams-Sonoma, Inc	WSM	5.0%	\$ 50,000.00	\$ 178.59	280	\$ 397.56			\$ 233.10	\$ 65,261.21	\$ 65,658.77	31%
Baker Hughes Company	BKR	3.0%	\$ 30,000.00	\$ 45.54	659	\$ 303.03			\$ 55.50	\$ 36,561.26	\$ 36,864.30	23%
JPMorgan Chase & Co	JPM	7.0%	\$ 70,000.00	\$ 322.22	217	\$ 651.73			\$ 327.33	\$ 71,110.11	\$ 71,761.84	3%
MSCI Inc	MSCI	7.0%	\$ 70,000.00	\$ 573.73	122	\$ 500.24			\$ 560.04	\$ 68,329.70	\$ 68,829.94	-2%
Regeneron Pharmaceuticals, Inc	REGN	5.0%	\$ 50,000.00	\$ 771.87	65	\$ 121.78			\$ 623.54	\$ 40,391.52	\$ 40,513.30	-19%
Abbott Laboratories	ABT	5.0%	\$ 50,000.00	\$ 125.29	399	\$ 502.83			\$ 90.74	\$ 36,211.99	\$ 36,714.82	-27%
Mueller Industries	MLI	8.0%	\$ 80,000.00	\$ 114.80	697	\$ 487.80			\$ 122.93	\$ 85,665.51	\$ 86,153.31	8%
Lam Research Corp	LRCX	11.0%	\$ 110,000.00	\$ 171.18	643	\$ 334.15			\$ 433.33	\$ 278,457.18	\$ 278,791.33	153%
Visa Inc	V	11.0%	\$ 110,000.00	\$ 350.45	314	\$ 420.60			\$ 343.09	\$ 107,689.83	\$ 108,110.43	-2%
Fortinet Inc	FTNT	12.0%	\$ 120,000.00	\$ 79.41	1511	\$ -			\$ 153.62	\$ 232,142.05	\$ 232,142.05	93%
Steel Dynamics, Inc	STLD	2.0%	\$ 20,000.00	\$ 169.45	118	\$ 125.11			\$ 229.46	\$ 27,082.92	\$ 27,208.03	36%
Constellation Energy Corp	CEG	2.0%	\$ 20,000.00	\$ 353.27	57	\$ 48.35			\$ 248.37	\$ 14,061.20	\$ 14,109.55	-29%
cash		2.0%	\$ 20,000.00	\$ 1.00	20000				\$ 1.00	\$ 20,000.00	\$ 20,000.00	0%
			100.0%	\$ 1,000,000.00		\$ 5,247.44				\$ 1,266,142.37	\$ 1,271,389.81	

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.

www.PawleysAdvisors.com

www.PawleysCapital.com

© 2010-2026 Pawleys Investment Advisors, LLC all rights reserved.

27.14%

8.85%

DJIA

Pawleys +/- Index:

18.29%



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.

Pawleys Growth

Pawleys Growth Fund			\$ 1,000,000.00		6/30/2026							
Company	Symbol	Weight	Cost Basis	1/02/2026 px	shares	dividends	splits		current price	current mkt value	Total Return	ytd TR
Netflix	NFLX	5.0%	\$ 50,000.00	\$ 93.76	533	\$ -			\$ 71.40	\$ 38,075.94	\$ 38,075.94	-24%
Arista Networks Inc	ANET	5.0%	\$ 50,000.00	\$ 131.03	382	\$ -			\$ 169.88	\$ 64,824.85	\$ 64,824.85	30%
Abercrombie & Fitch Co	ANF	5.0%	\$ 50,000.00	\$ 125.87	397	\$ -			\$ 90.01	\$ 35,755.14	\$ 35,755.14	-28%
TopBuild Corp	BLD	5.0%	\$ 50,000.00	\$ 417.19	120	\$ -			\$ 420.00	\$ 50,336.78	\$ 50,336.78	1%
Ulta Beauty Inc	ULTA	5.0%	\$ 50,000.00	\$ 605.01	83	\$ -			\$ 450.98	\$ 37,270.46	\$ 37,270.46	-25%
Diamondback Energy Inc	FANG	3.0%	\$ 30,000.00	\$ 150.33	200	\$ 429.06			\$ 175.78	\$ 35,078.83	\$ 35,507.88	18%
MasterCard Inc	MA	6.0%	\$ 60,000.00	\$ 570.88	105	\$ 182.88			\$ 513.60	\$ 53,979.82	\$ 54,162.70	-10%
Interactive Brokers Group, Inc	IBKR	6.0%	\$ 60,000.00	\$ 64.31	933	\$ 156.74			\$ 87.04	\$ 81,206.66	\$ 81,363.40	36%
Vertex Pharmaceuticals Inc	VRTX	4.0%	\$ 40,000.00	\$ 453.36	88	\$ -			\$ 496.73	\$ 43,826.54	\$ 43,826.54	10%
Medpace Holdings	MEDP	4.0%	\$ 40,000.00	\$ 561.65	71	\$ -			\$ 529.59	\$ 37,716.73	\$ 37,716.73	-6%
Ensign Group Inc	ENSG	4.0%	\$ 40,000.00	\$ 174.20	230	\$ 29.85			\$ 160.30	\$ 36,808.27	\$ 36,838.12	-8%
Old Dominion Freight Line Inc	ODFL	4.0%	\$ 40,000.00	\$ 156.80	255	\$ 147.96			\$ 216.60	\$ 55,255.10	\$ 55,403.06	39%
IES Holdings	IESC	4.0%	\$ 40,000.00	\$ 389.02	103	\$ -			\$ 734.66	\$ 75,539.56	\$ 75,539.56	89%
Applied Materials Inc	AMAT	11.0%	\$ 110,000.00	\$ 256.99	428	\$ 423.75			\$ 723.00	\$ 309,467.29	\$ 309,891.05	182%
Cirrus Logic Inc	CRUS	11.0%	\$ 110,000.00	\$ 118.50	928	\$ -			\$ 148.53	\$ 137,875.95	\$ 137,875.95	25%
ePlus Inc	PLUS	11.0%	\$ 110,000.00	\$ 87.70	1254	\$ 652.22			\$ 83.23	\$ 104,393.39	\$ 105,045.61	-5%
Southern Copper Corp	SCCO	2.0%	\$ 20,000.00	\$ 143.47	139	\$ 276.29			\$ 174.26	\$ 24,292.19	\$ 24,568.48	23%
Otter Tail Corp	OTTR	2.0%	\$ 20,000.00	\$ 80.81	247	\$ 286.10			\$ 89.98	\$ 22,269.52	\$ 22,555.62	13%
	cash	3.0%	\$ 30,000.00	\$ 1.00	30000	\$ -			\$ 1.00	\$ 30,000.00	\$ 30,000.00	0%
		100.0%	\$ 1,000,000.00			\$ 2,584.86			\$	1,273,973.00	\$ 1,276,557.86	

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.

www.PawleysAdvisors.com

www.PawleysCapital.com

© 2010-2026 Pawleys Investment Advisors, LLC all rights reserved.

27.66%

10.21%

S&P 500

Pawleys +/- Index:

17.45%



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.

“...perfection is impossible. In the 1,526 singles matches I played in my career; I won almost 80% of those matches... What percentage of the points do you think I won in those matches? Only 54%.”

- Roger Federer



Pawleys Investment Advisors, LLC

- Website: www.PawleysAdvisors.com

knowledge

- Email: kschwartz@PawleysAdvisors.com

- Follow Us On:

LinkedIn



Honored to have been Featured by:



**Bloomberg
Businessweek**



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.



Pawleys Investment Advisors

invest right, live right™



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.

Pawleys



Capital Management

invest right, live right™



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.