



PVG Asset Management Corporation
LOSS AVERSE INVESTING

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LOSS AVERSE EQUITY INCOME STRATEGY

Monthly Update Dividends More Attractive Than Earnings Growth

We strongly believe that yield oriented stocks are coming back into favor as income from the higher yielding stocks now far out paces the earnings growth of the S&P 500. For the first quarter of 2015 earnings estimates are expected to be down -4.9%, and for all of 2015 earnings for the S&P 500 are currently expected to be up just 2.2%. We believe earnings for the S&P 500 will likely be negative for the year, and that the consensus is still too high. The expected yield of our portfolio is currently approximately 4.3%. In 2014, earnings grew at 5.0% for the S&P 500, very slow growth. Earnings have been decelerating. Recently, a hand full of stocks has been the driver behind the index and the earnings growth. The majority of the market has been languishing recently. Income should become a much greater part of the return for the market.

Our portfolio is comprised of a "Blue Chip" stock tranche and an income tranche. On the more traditional side of the portfolio we have been focused, as much as possible, on companies that can manage through the effects of a strong dollar and slowing GDP growth in the U.S. Our largest position in this tranche is General Electric, we like the company's dominant position in the markets they compete, and their strong balance sheet. The income tranche, during the past couple of years, has been unusually volatile. We believe the volatility has run its course. We have positioned the portfolio in income sectors where there are very attractive valuations and that have high dividend yields. Generally speaking, we are avoiding sectors, due to their low yields, like electric utilities and equity REITs, but we do have a few special situations in these areas. The utility sector was the best performing sector of the S&P 500 last year and so far the worst this year. We favor income sectors that would benefit from rising interest rates. One of our biggest positions is Medley Capital, it has a 13.5% dividend yield and is valued currently at a 21% discount to its net asset value, or book value. The stock generally trades at a nice premium to book. This is a very opportunistic income idea, provided the economy does not fall into a recession.

We continue to have a cautious view of the market, and would describe our positioning as 3 on a scale of 0-10. Cautious, but with some market exposure. If the trend of the market turns negative, it is our intention to dial the market exposure to zero and collect the 4.3% yield. We utilize inverse ETFs to lessen our exposure to the markets. We would caution investors that think they can get out of their investments when the bear market starts, it is highly unlikely they will be able to be that skillful. This strategy is the defensive part of a portfolio, and bonds don't offer the historical protection they usually do.

There have been two brutal bear markets of very large asset classes during the last 9 months, oil and the euro. So far it has significantly curtailed the upward movement of the U.S. stock market, as it is having an impact on the fundamentals

See reverse side for performance & disclosures

of companies. Plus the Federal Reserve ended their QE policy in October. This bull market has now lasted over 6 years and frankly does not have the fundamentals to last indefinitely. Our current expectation is that sentiment may improve over the next couple of months, as the economy grows a little faster than in the first quarter, and push the markets modestly higher, and then have the long awaited readjustment in valuations back to trend line earnings growth. A 10% to 20% pullback is justified as long as there is not some much better than expected or worse news.

PERFORMANCE AND ALLOCATION

PERFORMANCE*	
As Of 3/31/2015	EQUITY INCOME (NET OF FEES)
YEAR-TO-DATE	-0.65%
YIELD	4.34%

CURRENT ASSET ALLOCATION*	
COMMON STOCKS	28.4%
INCOME STOCKS	31.8%
INVERSE ETF'S	19.5%
CASH & EQUIVALENTS	20.3%
NET LONG POSITION	37.20%

Performance results are presented in U.S. dollars and are net-of-actual-management fees and trading expenses of the composite and reflect the reinvestment of dividends and capital gains. Actual fees may vary based on, among other factors, account size and custodial relationship. *Annual returns are compounded over the specified period. The current dividend yield is calculated gross of fees as of quarter end or month end date and is an expected dividend yield. No current or prospective client should assume future performance of any specific investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals may cause the performance results of your portfolio to differ materially from the reported composite performance. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's investment portfolio. Historical performance results for market indices generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment-management fee, the incurrence of which would have the effect of decreasing historical performance results. Economic factors, market conditions, and investment strategies will affect the performance of any portfolio and there are no assurances that it will match or outperform any particular benchmark. Portfolios in the composite utilize levered index products. Leveraged ETFs are considered risky. The use of leverage strategies by a fund increases the risk to the fund and magnifies gains or losses on the investment. You could incur significant losses even if the long-term performance of the underlying index showed a gain. Most leveraged ETFs "reset" daily. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance of their underlying index or benchmark during the same period of time. Exchange traded funds (ETFs) are offered by prospectus only. Investors should consider a fund's investment objective, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other important information, is available from your Financial Advisor and should be read carefully before investing. The investment return and principal value of an investment will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. ETFs trade like stocks and may trade for less than their net asset value. The S&P500 Total Return Index is the total return version of the S&P 500 Index which includes the effects of reinvested dividends. The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. The U.S. Aggregate rolls up into other Barclay's flagship indices, such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt. The U.S. Aggregate Index was created in 1986, with index history backfilled to January 1, 1976. The investment strategy and types of securities held by the comparison indices may be substantially different from the investment strategy and the types of securities held by the PVG Equity Income strategy. PVG Asset Management ("PVG") is a registered investment advisor with the United States Securities Exchange Commission (the "SEC"). SEC registration does not constitute an endorsement of the firm by the Commission nor does it indicate that the advisor has attained a particular level of skill or ability. Inception for the Equity Income strategy is 10/1/2010; prior performance represents the Income portion of the Balanced Strategy Composite, which PVG believes was managed with the same investment goals. Composite performance represents the results of the PVG management team, which has changed over time due to retirements and new staff. Additional information is available upon request.