



PVG Asset Management Corporation
LOSS AVERSE INVESTING

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LOSS AVERSE EQUITY INCOME STRATEGY

Monthly Update April 2018

Market Overview

The stock market is beginning to struggle on a technical basis or lose momentum. The S&P 500 made a new high in January, that looked like an exhausting parabolic move. These types of moves are generally associated with market peaks. Since then the market has been making lower highs but not lower lows at this point, so it looks as though we are consolidating and not entering a bear market at this point. Our fundamental view is positive when looking at the strength in earnings in 2018, however, we are concerned about extremely tough comparisons in 2019. We would expect perhaps flattish earnings in 2019 as the economy slows and interest rates rise.

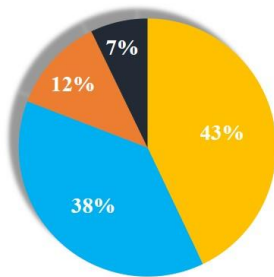
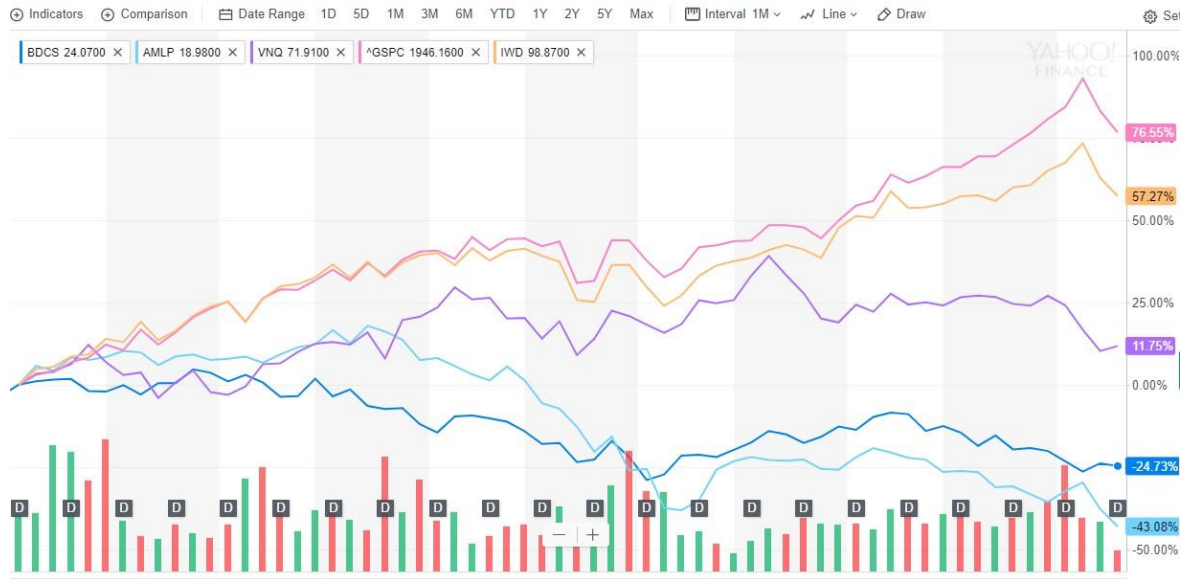
Loss Averse Equity Income

We are big believers in reverting to the mean, as an example, as technology stocks get overly expensive and energy stock become too cheap the markets will rotate out of technology and into energy, as long as the fundamentals support it. This has been something that has occurred forever. When we look at the market, we see value in the "value" stocks, REITs, BDCs, and energy MLPs. When you look at the energy MLPs over the last 5 years they are down roughly -43% over that period versus the S&P 500 Index up roughly 77%. AMLP is the Alerian MLP ETF, it has a very attractive dividend yield of 9.0% and we believe that is a secure dividend that will grow over time. At this point in the market cycle would you rather own an inflated stock market or a very attractively valued income producing asset that has actual assets that could be liquidated for significant value? Not as pronounced are the BDCs and the equity REITs, both also have attractive income streams and are undervalued relative to their net asset values. The BDCs generally have yields over 10% and REITs above 5%.

We maintain price targets on all our stocks and are quite happy with the portfolio. Our portfolio is undervalued by 16% based on 2018 earnings. We are assuming a flat market. The current dividend yield is 5.6% and is expected to grow at a higher rate than inflation. Another way of looking at it is our portfolio has 16% upside plus the 5.6% dividend yield based on our price objectives. We believe the strategy is compelling in terms of timing. We are prepared to increase the inverse S&P 500 ETF if the market breaks lower to dampen any losses during a bear market.

5 Year Chart

S&P 500, Russell 1000 Value, REITs, BDCs, Energy MLPs



- Blue Chip
- Income
- Hedge
- Cash

| Blue Chip Tranche | | Income Tranche | |
|------------------------|------|----------------|-------|
| Health Care | 8.5% | Equity REITs | 16.8% |
| Consumer Discretionary | 8.5% | BDCs | 14.0% |
| Financials | 1.5% | Mortgage REITs | 1.7% |
| Technology | 1.5% | Telecom | 5.5% |
| Industrial | 0.5% | MLP (ETF's) | 4.0% |
| Basic Materials | 4.0% | Utilities | - |
| Consumer Staples | 7.5% | Preferred | - |
| Energy | 3.5% | Commodities | 2.0% |
| Index | 1.0% | Cash | 7.2% |
| | | Hedge | 15.0% |

| PERFORMANCE* | |
|------------------------------|---------------------------|
| APRIL 17, 2018 (NET OF FEES) | |
| | LOSS AVERSE EQUITY INCOME |
| YTD | -0.92% |
| | S&P 500 |
| YTD | 1.79% |

Please call us at 303 874 7471 or email us at rgarcia@pvgasset.com to schedule an introductory call regarding our strategies.

The ***Loss Averse Equity Income*** strategy is a portfolio of high quality dividend paying stocks, with a very attract dividend yield, inflation protection, and we protect against falling or bear markets when we think it is appropriate with inverse ETFs on the market indices. This portfolio has a low correlation with the major stock and bond indices, and has very attractive returns over a full market cycle, adding both return and diversification to an overall portfolio.

Performance results are presented in U.S. dollars and are gross-of-actual-management fees and trading expenses of the composite and reflect the reinvestment of dividends and capital gains unless otherwise denoted. 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.