



**PVG Asset Management Corporation**  
LOSS AVERSE INVESTING

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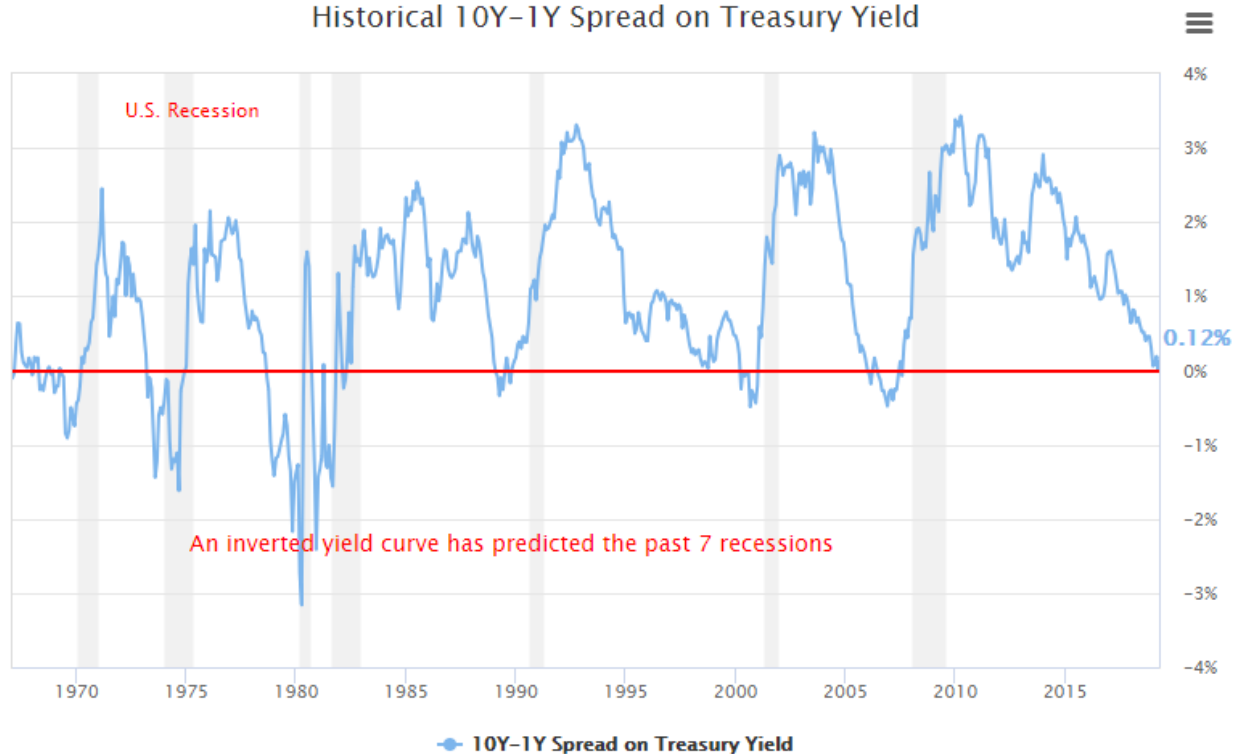
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## LOSS AVERSE EQUITY INCOME STRATEGY

### Monthly Update April 2019

The stock indices last year fell more than 20% from high to low, from the later part of September to latter part of December, which is the definition of a bear market. Now the market is close to where it was at its peak again. This is an extreme amount of volatility and related to a couple of major macro issues, such as, the Federal Reserve raising rates and being very late in an economic/stock market cycle. As a result, the yield curve inverted, meaning short-term interest rates were higher than long-term interest rates. When the yield curve is flat or inverted it is saying that the bond market is concerned about the economy, as a result, bond investors buy long-term bonds seeking safety. The last time the yield curve inverted, or went flat, was in 2007, when the market peaked. After 10 years of a bull market and economic cycle you would expect the market to become more volatile and investors needing to become more defensive. The markets are in a topping pattern consistent with late market cycle volatility. President Trump wants desperately to change the members of Federal Reserve as he sees the momentum of the economy/stock market finally running its course and in need of stimulus to keep things going.

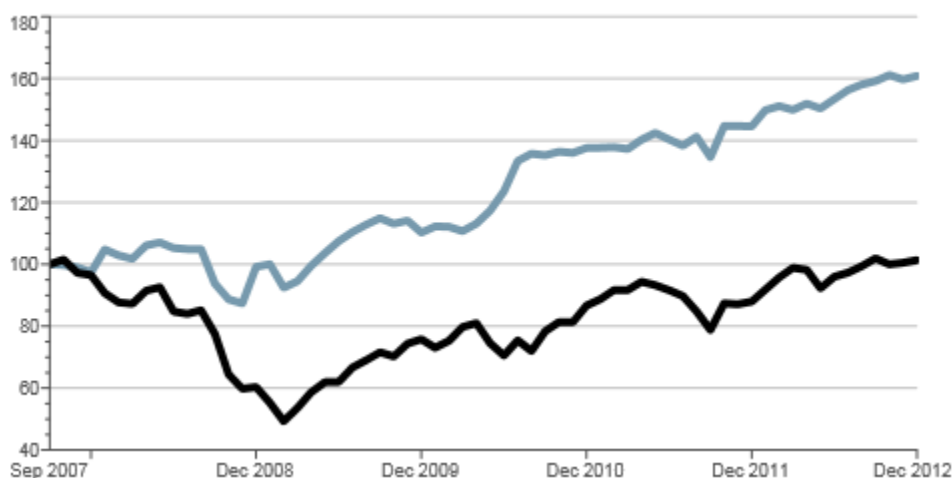
Historical 10Y-1Y Spread on Treasury Yield



What to do if we do move into a bear market, if you wait until we are in a bear market it is likely too late. Investors need to plan ahead and find some safety. The market has given us all a gift by rallying back to the old highs. Dividends are something that are tangible. We are very focused on opportunistically buying quality dividend paying value-oriented stocks and protecting the portfolio with an inverse ETF on the market as needed. We have historically made money in the bear markets of 2001-2002 and 2008 and performed very well emerging from these bear markets. During the massive sell off during September-December of 2018 we held up well.

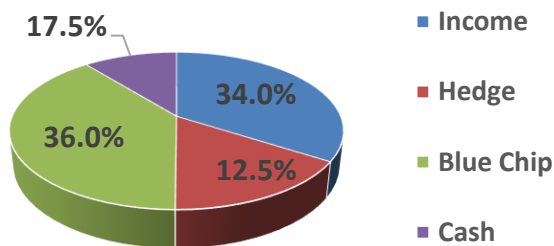
Below is a chart of the performance of the strategy in light blue versus the S&P 500 when the yield curve inverted and the market peaked in 2007, with 5 years that followed. The strategy outperformed by 60%. When allocating assets over the next 5 years we believe this strategy could be very timely. We believe the strategy is appropriate for income oriented investors that are looking for protection against falling markets or traditional equity investors looking to be more conservative.

### PERFORMANCE

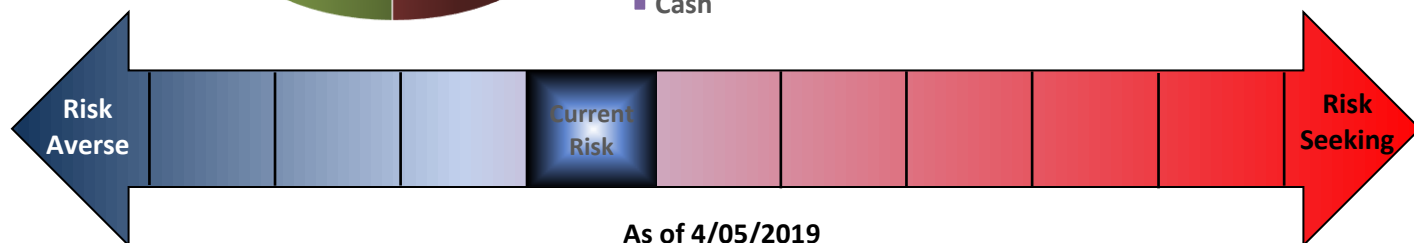


### PERFORMANCE, ALLOCATION AND RISK SCALE

#### Loss Averse Equity Income



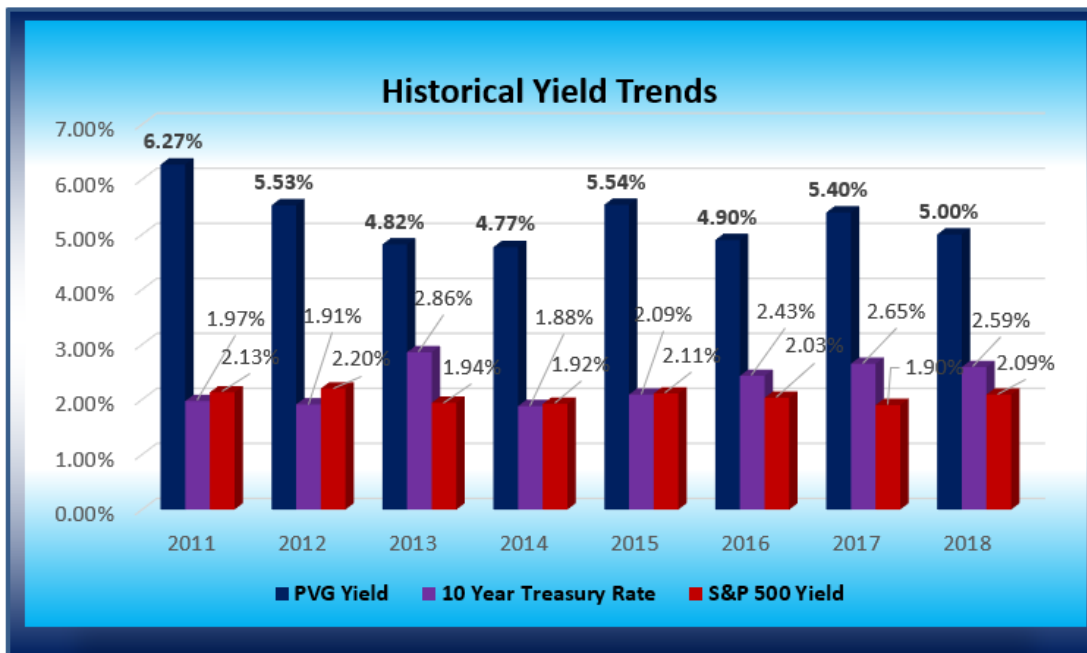
PERFORMANCE	
AS OF 04/05/2019	EQUITY INCOME (NET OF FEES)
YTD	3.1%
YIELD	5.0%



# The Power of High Dividends

**Our average yield over the last 8 years is 5.3%**

If you compound this dividend over a 10 year period, you achieve a return of 66%. If you are able to incorporate an additional 2.9% of annual performance you will effectively double your money over that timeframe.



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.