



PVG Asset Management Corporation
LOSS AVERSE INVESTING

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LOSS AVERSE EQUITY INCOME STRATEGY

Monthly Update August 2017

In this monthly update, we would like to reiterate some of the trends we are managing through, our plan, and outlook. First, the composite net of quarterly fees was up .62% during the month of July.

The stock market has a very high valuation, growth versus value P/E's are near a historical high based on normalized earnings, (growth is very expensive and value is very reasonably valued), the bond market's yield globally is near historical lows, below the depressionary period of the 1930s and 1940s. There is a great deal of speculation in the financial markets, which is driven by the extremely accommodative policies of the central banks around the globe. The Federal Reserve is expected to begin to reduce its balance sheet starting in September, the result will be to drain liquidity from the financial system.

We have two main tranches in our strategy, a blue-chip tranche and an income tranche, but we also have a hedge. Of course, at this point in the market cycle, we will have a hedge in the portfolio to protect the downside and live up to the name, "Loss Averse." We are producing a very attractive dividend yield.

The blue-chip tranche is generally comprised of high quality large cap companies that are attractively valued and that pay dividends, this conservative security selection narrows the securities considerably that we have available to include in our total universe of stocks to build a portfolio. We want to achieve a yield of 4% to 6% or 2-3 times that of the S&P 500 Index for the strategy. Because of our yield requirements, and generally conservative approach, we are not invested in the sectors of the market that have been driven to excessively elevated levels, such as the technology sector, or companies like Amazon and Facebook. This is generally what occurs toward the end of a market cycle, such as what occurred in 1999 or 2007.

The other sleeve of the strategy is the income tranche, here we really try to boost the dividend yield of the strategy. The areas where we focus are equity REITs, mortgage REITs, Business Development Companies (BDCs), telecommunications services, utilities, closed end funds, and some select ETFs that focus on MLPs. There are times when we will not have any exposure to some of these sectors. As an example, we have favored the telecommunications services sector over electric utilities to avoid interest rate risk and to find securities with upside potential. The telecom sector has been very challenging this year, and we have recently modified our holdings to stress higher quality companies.

Generally speaking, the stocks we focus on are out of favor with the market, and have created great relative opportunities in a high-risk market. Many of the stocks we are invested in have valuations similar to market cycle lows, rather than market highs. We are building positions in great companies at great prices. Because great companies dominate their markets or have a special niche, they outperform over time. Examples of these quality dividend paying stocks are, General Electric, J M Smucker, General Mills, CVS Health, Target, Intel, Qualcomm, Caterpillar, Merck, and Nucor.

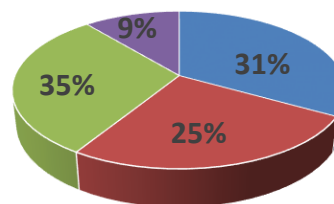
To summarize our strategy, Loss Averse Equity Income, is a portfolio of high quality dividend paying stocks, with a very attract dividend yield, inflation protection, and we protect against falling or bear markets when we think it is appropriate with inverse ETFs on the market indices. This portfolio 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.

What we would expect in the second half of the year is a significant pullback in the market or a significant rotation into some of the lagging sectors and stocks that we own. If Trump can get his policies passed, it should be a big benefit to the stocks we own. Using history as a guide, the next major move in the market is likely down, and this strategy is well positioned if that should occur. We are in a weak seasonal period for the market and the Federal Reserve is becoming less accommodative.

PERFORMANCE, ALLOCATION AND RISK SCALE

Loss Averse Equity Income

PERFORMANCE	
AS OF 7/31/2017	EQUITY INCOME (NET OF FEES)
YEAR-TO-DATE	-2.17%
YIELD	4.42%



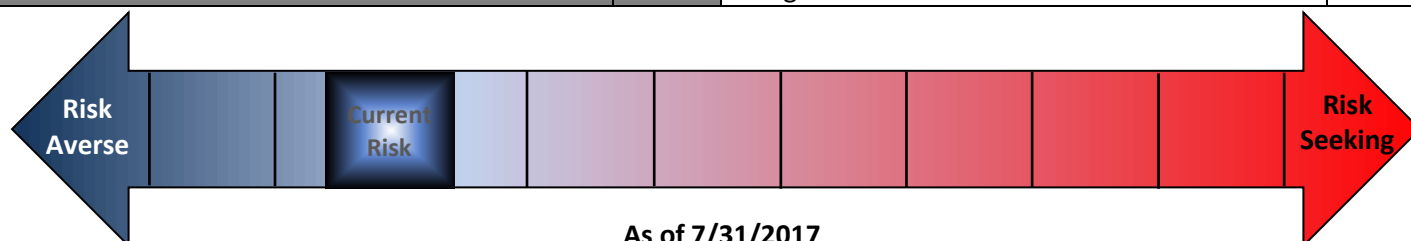
- Income
- Hedge
- Blue Chip
- Cash

Blue Chip Tranche

Health Care	3.8%
Consumer Discretionary	10.0%
Financials	4.0%
Technology	3.0%
Industrial	3.5%
Basic Materials	1.5%
Consumer Staples	6.0%
Energy	5.0%

Income Tranche

Equity REITs	12.1%
BDCs	5.1%
Mortgage REITs	2.2%
Telecom	7.5%
MLP (ETF's)	-
Utilities	-
Preferred	-
Cash	9.4%
Hedge	25.0%



As of 7/31/2017

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 passsthroughs), 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.