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LOSS AVERSE EQUITY INCOME STRATEGY

Monthly Update
January 2019

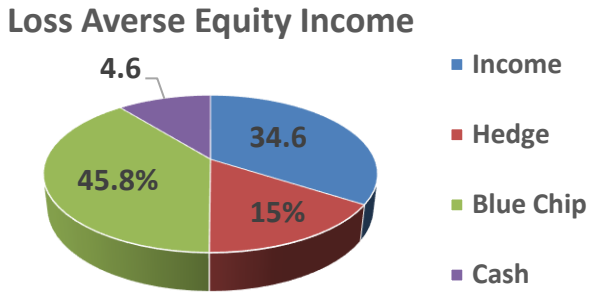
We are off to a strong start so far in this very early part of the new year, up about 4%, with the bond market about flat and the S&P 500 up about 2.7% through January 8th. It seems we may have one of those very strong years for our strategy. With the strategy yielding 5.6% and up 4% currently we are hopeful for a double-digit return in 2019. We believe protecting the downside along the way will be critical to making returns in 2019.

The stock indices last year all fell more than 20% from high to low, which is a definition of a bear market. This is a young bear market of only about 4 months old. Although many of the macro issues we have been concerned about seem to be getting resolved or at least are now being discounted into stock prices. Regardless, we believe there is more volatility coming and this has historically been an excellent strategy to invest in during a bear market and coming out of a bear market.

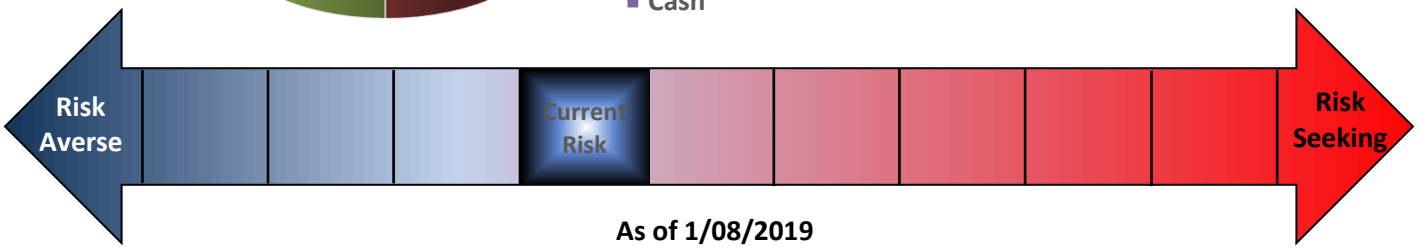
The technology sector has been under a lot of pressure. The momentum stocks, like the FANG stocks came under extreme pressure. We believe some of these momentum stocks are a good source of funds for investors to put money into the overly discounted dividend stocks. We historically do not have much exposure to technology but are investing in companies that would benefit from 5G. This is a big theme for us and believe it is a rare opportunity. You want to own quality dividend stocks in a bear market. Just because we are in a bear market does not mean you cannot make a reasonable return.

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. Some of the income-oriented stocks sold off a little more than expected so we took advantage of this sell off buying high quality companies with very attractive dividend yields that can weather a tough economic environment should it occur. We believe value will perform better than growth in 2019 and dividend paying stock better than non-dividend paying stock.



PERFORMANCE	
AS OF 1/08/2019	EQUITY INCOME (NET OF FEES)
YTD	4.0%
YIELD	5.6%



As of 1/08/2019

Blue Chip Tranche		Income Tranche	
Health Care	4.0%	Equity REITs	5.0%
Consumer Discretionary	9.5%	BDCs	11.0%
Financials	6.0%	Mortgage REITs	7.0%
Technology	7.0%	Telecom	8.6%
Industrial	1.5%	MLP (ETF's)	3.0%
Basic Materials	0.5%	Utilities	-
Consumer Staples	8.3%	Preferred	-
Energy	1.5%	Commodities	-
Index	7.5%	Cash	4.6%
		Hedge	15.0%

*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.*