



PVG Asset Management Corporation
LOSS AVERSE INVESTING

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LOSS AVERSE EQUITY INCOME STRATEGY

Monthly Update June 2016

We are having a good year up 4.52% net of fees through June 7, 2016, with our goal of 7% on average annually. Our goal of 7% provides an investor with roughly a double in performance of a portfolio over a ten-year period. The strategy has generally provided significant diversification and protection in a bear market. A long only equity portfolio cannot provide the same protection and returns in our strategy are also generally much higher than what you can achieve in the bond market, especially in this low interest rate environment. This strategy is for conservative investors looking to get an attractive return, yet protection against falling markets. Preservation of capital is an important focus of the strategy. The strategy attempts to do this with the use of inverse market index ETFs to protect the portfolio.

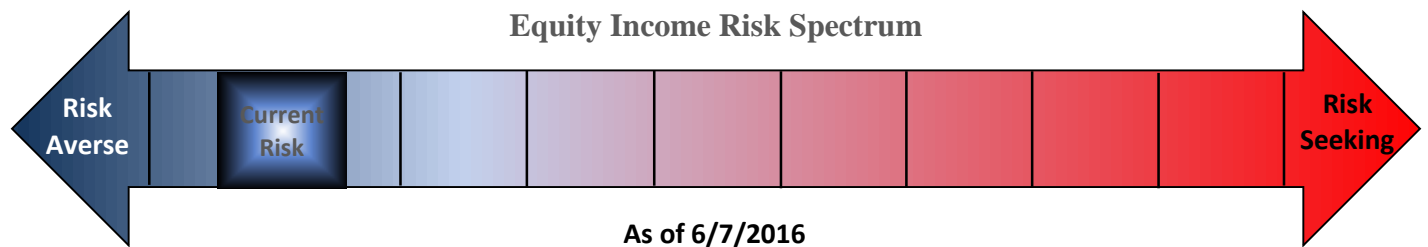
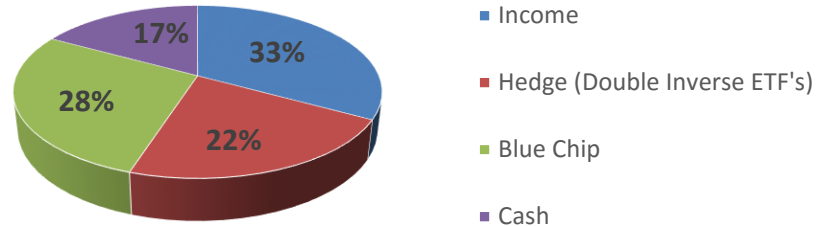
We invest primarily in dividend paying stocks. The portfolio has two tranches, a "Blue Chip" tranche and an income tranche. When you look at the traditional growth sectors, most are selling above 20x earnings and offer very little appreciation potential. Growth stocks as a category could bounce a little, but we just don't see much from these relatively high levels versus value stocks. The type of stocks we own are either growth at a reasonable price, or value stocks, that trade at a discount to the valuation or P/E of the market. Examples of some of the GARP stocks we own are: Royal Caribbean (RCL), Amgen (AMGN), Astra Zeneca (AZN), Qualcomm (QCOM), CVS Health (CVS), Merck (MRK), Pfizer (PFE), Juniper (JNPR), and Microsoft (MSFT). RCL, as an example, has a 12x P/E multiple, a 2% dividend yield, and their business is strong as they are growing in the Asian market. AMGN has a great pipeline of new products, and a 14 P/E. AZN has a big dividend of 6.4% and a big pipeline of cancer drugs, PFE tried to acquire this company at a price that is over 2x its current price. QCOM has a 15 P/E and a 3.9% dividend yield, and many new Asian customers. CVS has a higher multiple of 17x, but below the market of 17.5x and significantly below the consumer staple space. CVS is obviously a retailer, but has very defensive characteristics. MRK and PFE are quality companies with below market valuations with good fundamentals. JNPR business is beginning to build momentum, at 14x and has an okay dividend at 1.7%. MSFT is attractive relative to the market given its growth, quality of balance sheet, and respectable dividend of 2.8%.

On the yield side of the portfolio, we have been picking off great values as they have occurred this year, primarily in the equity REIT space. We value publicly traded REITs based on their real estate values, not the hyper inflated values created by the interest rate policy of the Federal Reserve, but normal pre-bubble valuations. The equity REIT sector has become our largest sector. Recently we picked off another extreme value, CBL & Associates (CBL) in the low \$9.00 area, as some false and politically driven rumors surfaced. The stock fell from \$12 to \$9 with a dividend yield of about 12%; this a very high quality portfolio of real estate which we think is conservatively worth \$13. This is a very attractive return potential in an asset rich, conservative, income oriented equity.

We believe it is time to protect the portfolio against a potential decline in the market. We are currently at the lowest net equity exposure since 2011, at 17%, and this is very close to market neutral. We think we are positioned well with the type of valuation sensitive securities we own if the market breaks out above the old highs of 2130 on the S&P 500, as the value sectors will likely move higher should this occur. We may be forced to increase our net long exposure, if there is some true momentum in the market. We believe it is prudent to be conservative with the many issues the market faces, and the heightened likelihood of a significant market correction.

PERFORMANCE, ALLOCATION AND RISK SCALE

Loss Averse Equity Income



60.85% Long

44% Effective Hedge

16.85% Net Long

Blue Chip Tranche

Health Care	6.0%
Consumer Discretionary	8.0%
Financials	3.0%
Technology	6.1%
Telecom	1.1%
Industrial	2.0%
Basic Materials	1.3%
Consumer Staples	-
Energy	0.6%

Income Tranche

Equity REITs	13.6%
BDCs	10.5%
Mortgage REITs	4.0%
Preferred	3.0%
MLP (ETF's)	1.0%
Global Telecom	0.7%
Utilities	-

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 leveraged 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.