



PVG Asset Management Corporation
LOSS AVERSE INVESTING

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LOSS AVERSE EQUITY INCOME STRATEGY

Monthly Update June 2017

In this monthly update, we thought we would peel the layers of the onion back and examine what we invest in and how it has performed. 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 currently of 5.3%.

The blue-chip tranche is generally comprised of high quality large cap companies that are attractively valued and that pay dividends, this narrows the securities considerably that we have available to include in our total universe of stocks to build a portfolio. Remember, we want to achieve a yield of 4% to 6% or 2-3 times that of the S&P 500 Index. Because of this, the S&P 500 is not an index we would use as a benchmark for the blue-chip tranche of the portfolio, but perhaps the S&P 100 Index, excluding the large cap technology stocks that have high valuations, is a more reasonable benchmark.

The S&P 100 is up about 8.7% year to date, but if you exclude the top 4 technology stocks out of the performance then the S&P 100 Index is up just 1.3% year to date, as of this writing. **We find this remarkable that only 4 stocks account for 85% of the performance of a well-diversified index consisting of the greatest companies in the world.** Lately, this has been a technology driven market and **this strategy is not designed for concentrated moves in highly valued technology stocks.** Our strategy struggled in 2007, and in the most recent period, it would have really lagged in 1999 on a relative basis if the strategy existed then. These periods typically do not last very long, but it can seem like a long time in stock market time.

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. An equal weighting of all the sectors would have produced a 1.7% return year to date. The range of returns this year has been very wide, with utilities and mortgage REITs both up 11% and telecommunications services down -9.4%. We have not been invested in utilities for a while due to valuation concerns and dividend yields that are uninspiring, but we believe there are now opportunistic investments in the telecom sector.

We have been about 60% to 65% invested in the blue chip and income tranches combined this year, which would have produced a return of about 1%. We also have a hedge in place using the inverse on the S&P 500, and this year have been as high as 40% of the portfolio (with the S&P 500 index up about 9.9% this year it has cost us about 4% of performance for this insurance). A composite of our style would have produced a loss of around -3% year to date, due to the style of stocks we invest in and the drag because of the hedge. Fortunately, this is not a long-term trend, and generally does not last very long. What we are seeing is very consistent with markets that are topping out. The strength in technology has raised the risk level of the market considerably as the weighting in technology of the indices is now very elevated.

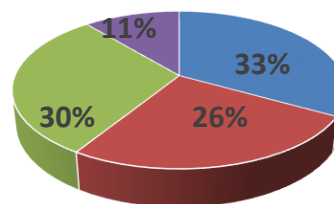
To summarize our strategy, Loss Averse Equity Income, is a portfolio of high quality dividend paying stocks, with a very attract dividend yield, inflation protection, and we protect against falling or bear markets. This portfolio has a low correlation with the major stock and bond indices, and has very 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. We believe it is tempting for investors to jump on the momentum trend of the large technology stocks, but we would strongly encourage investors to use strategies like ours that can alleviate the downside risk. 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.

PERFORMANCE, ALLOCATION AND RISK SCALE

Loss Averse Equity Income

PERFORMANCE*	
AS OF 6/7/2017	EQUITY INCOME (NET OF FEES)
YEAR-TO-DATE	-3.93%
YIELD	5.30%

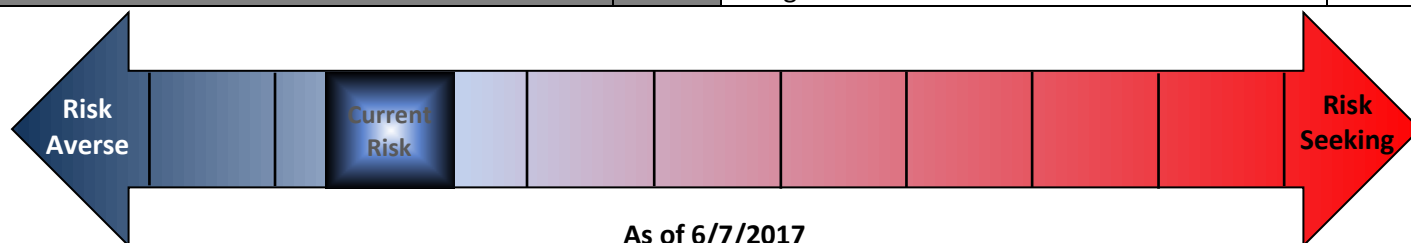


- Income
- Hedge
- Blue Chip
- Cash

Blue Chip Tranche

Income Tranche

Health Care	4.8%	Equity REITs	13.0%
Consumer Discretionary	10.0%	BDCs	6.1%
Financials	1.0%	Mortgage REITs	2.7%
Technology	2.0%	Telecom	9.0%
Industrial	3.5%	MLP (ETF's)	-
Basic Materials	3.5%	Utilities	-
Consumer Staples	2.5%	Preferred	-
Energy	4.5%	Cash	11.5%
		Hedge	25.5%



As of 6/7/2017

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.