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LOSS AVERSE EQUITY INCOME STRATEGY

PVG Monthly Update
November 2014

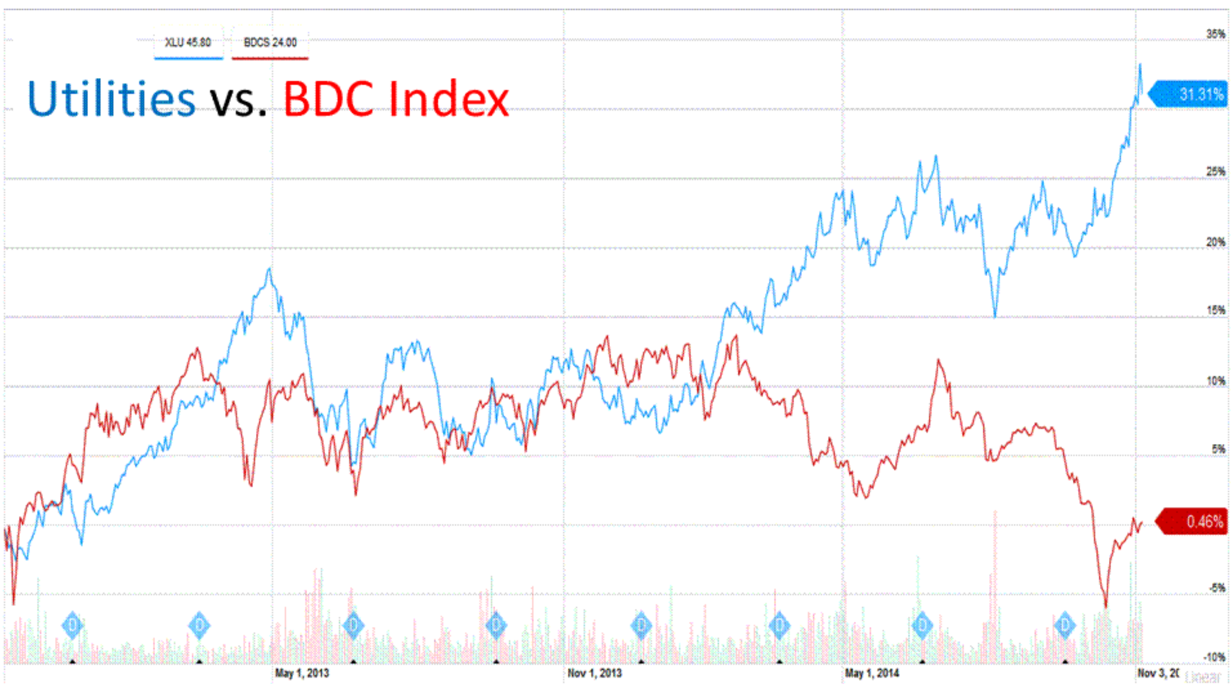
We would like to reiterate the structure of the portfolio, the risk management techniques we incorporate, and how we are currently positioned. Our portfolio is comprised of high quality dividend paying stocks, with currently some inverse ETF's to protect the portfolio. Our goal over a full market cycle is to earn on average a 5% to 10% annual return, without having any major declines in principal. Our definition of a major decline is 10% or more. How we think of our returns is that a large portion comes from the hefty dividend yield, some inflation protection from owning primarily equities, and some additional returns from being opportunistic with our investments. The Loss Averse Equity Income strategy goal is to maintain a dividend yield of 2 to 3 times that of the S&P 500, putting the current yield in a theoretical range of 3.7% to 5.6%. Our goal this year has been to keep the yield close to 5%. We have two tranches to the portfolio, a growth and income tranche, which is our inflation protection, and an income tranche. Each position in the portfolio pays a dividend. Our growth and income tranche has shifted during this market cycle from having many consumer staple, healthcare, and technology stocks, to having a more eclectic mix, as valuations have been harder to justify. Some of our larger growth and income investments are Verizon, General Electric, Exxon Mobil and Cisco Systems. As the dollar has risen significantly, we believe it will favor foreign companies that export into the U.S., or consumer cyclical stocks that are mostly focused on the U.S. consumer and benefit from lower oil or gasoline prices. We intend to increase our exposure to these types of high quality stocks opportunistically.

We protect the portfolio with inverse ETF's as we deem appropriate to reduce market risk, with stop losses, or by raising the cash level in the portfolio. In September we raised our inverse ETF holdings as the market started falling to protect the portfolio. Subsequently, we reduced the inverse ETF's in October after the significant market selloff, and have slowly increased the hedge as the market has now moved back through the old highs into an overbought condition. We view the recent rally back as a massive short covering rally that did not have real buying associated with it. Many of the negative issues that bothered the market prior to the decline are still present, making the market vulnerable to volatility. We believe the risk of another 10% plus decline in the next several months is high. We did buy some larger positions in consumer ETF's around the bottom and had tight stop losses in case the market continued falling, as the market moved back to the old highs, we realized the gain.

Our performance has been held back recently due to the income tranche of the portfolio. This is an area we have considerable expertise, multiple decades. Generally speaking, we focus on the electric utility space, equity REITs, mortgage REITs, business development companies (the new banks), master limited partnerships (via ETF's), and global telecom companies. Bonds during the last two years have been down, albeit with some upside this year. We see no value in owning bonds on a secular long term view, with global yields reflecting depressionary type of levels not seen since the late 1930s.

We think the valuations of the BDC sector relative to the electric utilities or other yield oriented sectors like equity REITs represents a very attractive opportunity. We have moved a significant amount of our income tranche into the BDC sector with the significant underperformance. This is an opportunistic investment that we believe has limited risk. These stocks do have more risk on an operating basis relative to a utility. The 10% plus dividend yields and significant under performance make BDCs extremely attractive on a relative basis, and nicely undervalued on an absolute basis.

There is a term used by hedge fund managers called a pair trade, where they will short one stock and buy another similar stock in an attempt to make money on the short and the long as the spread comes back in line. We believe the chart below shows a perfect pair trade opportunity.



We would argue the fundamentals of the BDC space are perhaps more attractive longer term than the utility sector. You can see there is a high degree of correlation between utilities and BDCs up until February of 2014, the underperformance presents an opportunity, but has also caused us some underperformance this year. Our point is the BDC space is very attractive relative to other low risk income opportunities.

We have been asked how best to use the Loss Averse Equity Income strategy by advisors, as this is a low volatility equity income strategy, that is focused on protecting the downside. We believe our strategy is a good substitute for bonds, given the fundamental outlook for bonds. We also believe it can be used as a core investment for a conservative investor's allocation to equities or a compliment to an equity strategy with more aggressive strategies. We were informed by an advisor, who is very bullish and looking for much more upside in the markets, that he uses the strategy as a base position or safe haven in his portfolios, somewhere to run to in case his outlook is wrong...interesting.

PERFORMANCE

PERFORMANCE*	
	EQUITY INCOME (NET OF FEES)
OCTOBER MONTH-TO-DATE	-0.21%
QUARTER-TO-DATE	-0.21%
YEAR-TO-DATE	-1.19%
DIVIDEND YIELD	4.91%

CURRENT ASSET ALLOCATION*	
COMMON STOCKS	23.8%
REITS, BDCS ETC.	32.2%
INVERSE ETFS	24.5%
CASH & EQUIVALENTS	19.5%
NET LONG POSITION	31.0%

*Performance results are presented in U.S. dollars and are net-of-actual-management fees and trading expenses of the composite and reflect the reinvestment of dividends and capital gains. 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 date. 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.*