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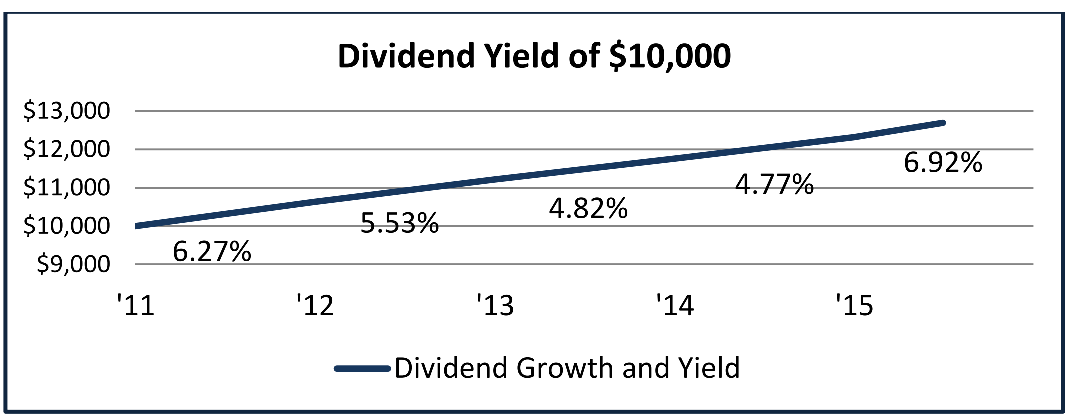
LOSS AVERSE EQUITY INCOME STRATEGY

Monthly Update
October 2015

With the selloff in the market during August and September, as the S&P 500 fell nearly 13% from its recent high, we took advantage of that selloff, and opportunistically purchased quality companies with attractive dividend yields. Our current expected yield of 6.92% on the portfolio at the end of the third quarter is extremely high for our strategy. Our goal of a 7% return over the long term seems very doable given the current yield is nearly that amount. We would also expect some reasonable appreciation as well. We understand that not all investors wanting a consistent return care about yield, but there really is no better way to get that predictable return. Our performance in August of a positive .2% return was outstanding relative to the -6.4% selloff in the S&P 500. During September the market (S&P 500) continued with its downward trend and retested the lows in August, actually falling from its high in September to low by -7.4%. This was obviously another volatile month. We do our very best to control volatility, and were down less than half the market over the two month period. As we write this update in early October the strategy is up 4.4% for the month. Anecdotally, we have noticed when the yield of the portfolio gets to the higher end of our goal of 4% to 6%, our returns in the coming 12 month period tend to be very strong. A 7% compounded return over a 10 year period equates to a 100% return, we believe these types of returns will be very attractive relative to both the stock and bond market.

The Power of High Dividends



There has been a bear market in higher dividend paying stocks since the “taper tantrum” that began in May of 2013. Yield oriented stocks have been falling in the fear of rising interest rates, yet the Federal Reserve has done nothing. We believe yield oriented stocks, generally speaking, are very attractive. High dividend paying stocks is the area of the market that this strategy focuses on, which has been out of favor for about 2.5 years, but it appears to be coming back into favor. The rise in rates are likely to be far less than what is discounted in these securities, additionally, we are focused on high yield securities that benefit from rising interest rates.

The bond market has been particularly hard hit recently. Lower grade corporate bonds have declined the most as the Federal Reserve did not raise interest rates in September due to concern about the global economy. Their concern about the economy raised fears in the market that perhaps the odds of a recession should be considered and the lower grade bonds needed to widen relative to treasuries. Over the past year C-rated debt has widened relative to treasuries by over 400 basis points or 4%.

We are concerned about the generally lackluster economy, the compression in earnings estimates, the lack of earnings growth, and the resulting adjustment in valuation when the Federal Reserve normalizes interest rates.

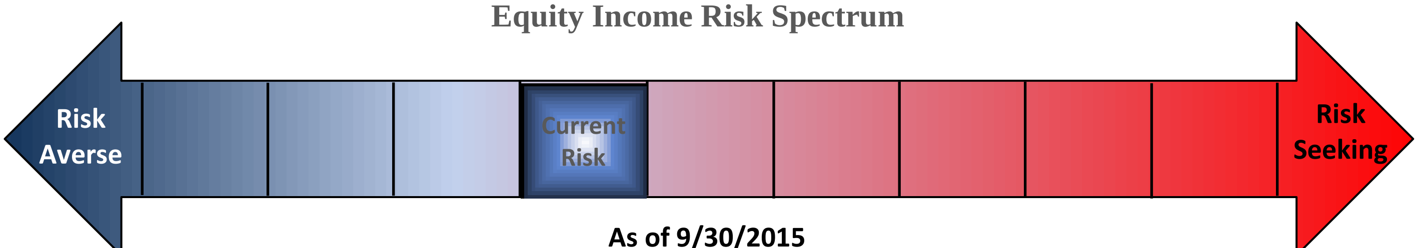
We have solid positions in some well selected “Blue Chip” companies, such as GE, to protect from rising inflation and on the income tranche we strongly favor the BDC sector with the recent average discount to net asset value at a recent historical low of 22% and a dividend yield for the sector of 11.6%. Other yield sectors look very attractive as well.

PERFORMANCE, ALLOCATION AND RISK SCALE

HISTORICAL PERFORMANCE	EQUITY INCOME (NET OF FEES)
BEST YEAR	23.99%
WORST YEAR	-4.03%
AVERAGE ANNUAL COMPOUND RETURN	6.31%
CURRENT DIVIDEND YIELD	6.92%

CURRENT ASSET ALLOCATION*	
COMMON STOCKS	28.80%
INCOME STOCKS	43.60%
INVERSE ETFS	17.50%
CASH & EQUIVALENTS	10.10%
NET LONG POSITION	37.40%

Equity Income Risk Spectrum



As of 9/30/2015

*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.*