



**PVG Asset Management Corporation**  
LOSS AVERSE INVESTING

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## LOSS AVERSE EQUITY INCOME

### Monthly Update October 2020

The strategy focuses on the value sectors of market looking for attractive higher dividend paying stocks. The goal of the strategy is to deliver a dividend yield of between 4% and 6% on an annual basis. The current dividend yield of 4.3%, the yield is at the lower end of the historical range as some of the stocks have cut or temporary stopped paying dividends but will likely reinstate their dividends soon. Currently 7 of our 41 stocks are not paying dividends. Additionally, we are holding a higher than average cash position temporarily for defensive reasons. It is also the goal for the strategy to limit declines to no more than -10%. The stock indices have been on a wild ride over the past couple of years with a decline of close to -20% during 2018 and a drop of -35% in 2020. The Loss Averse Equity Income strategy managed the decline well in 2018, generally all other major declines since 2001, but underperformed the market even with a significant hedge during the drop in the first quarter of this year. The reason the strategy did not perform well as it has in nearly all other significant declines is the tremendous magnitude of the decline in many of the main sectors we generally invest, such as equity REITs, mortgage REITs, telecommunications, financials, and energy stocks. These sectors fell significantly more than the market. We believe the stocks in this strategy have significant upside potential just to get back to where they were prior to Covid-19. As the government gets control of the virus in 2021, we would expect a significant revaluation of these securities. We would also caution that the economy could be forced to shut down again delaying the recovery.

Our goal is to own quality companies, with attractive valuations and dividend yields. During the bear market in the first quarter and as opportunities have presented, we were able to significantly upgrade the portfolio with quality stocks as the market made some great stocks very attractively valued. We purchased stocks like Bristol-Myers, Merck, Pfizer, American Express, Dow, 3M, Johnson & Johnson, Coca-Cola, and Anheuser-Busch. We also took advantage of some extreme values and bought Carnival Corp, Olin, some of the banks, and Westrock a container company. We are mindful to diversify the portfolio and not to have too significant of an investment in any one sector.

As you know we use inverse ETFs on primarily the S&P 500 to protect the portfolio during bear markets and will continue our risk management when appropriate.

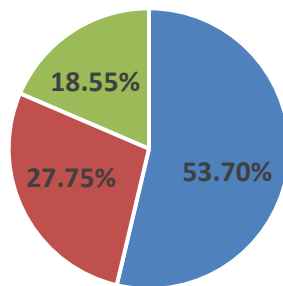
### Blue Chip Tranche

Health Care	14.5%
Consumer Discretionary	6.5%
Financials	9.5%
Technology	1.0%
Industrial	4.0%
Consumer Staples	4.0%
Energy	9.0%

### Income Tranche

Equity REITs	7.0%
BDCs	6.5%
Mortgage REITs	4.5%
Telecom	7.25%
Cash	18.0%

### Portfolio Allocation



■ Blue Chip Tranche ■ Income Tranche ■ Cash

Performance as of Oct 20, 2020	Net of Fees
QTD	1.46%
Yield	4.3%

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.