



PVG Asset Management Corporation
LOSS AVERSE INVESTING

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LOSS AVERSE EQUITY INCOME STRATEGY

Monthly Update September 2015

During August, the S&P 500 fell -6.4% and the PVG Loss Averse Equity Income Strategy was up .19%. The high in the market on July 20th to the low on August 25 was a decline of about -12.3% and over the same time period our strategy declined -2.4%, which is about 19.5% of the decline. We are not completely hedged, but when we believe it is appropriate, we may increase our hedge to further take out the market exposure impact.

We believe it is critical to protect your money during bear markets. Over a full market cycle, we would expect our strategy to have similar returns as the S&P 500 and beat the bond market by a substantial margin. What we mean by a full market cycle is from a high in the market to the next high in the market, which would include a bear market and a bull market. In our opinion, the value of a strategy is measured by the amount of money the manager retains for their clients from a bull market through the end of a bear market. In other words, how much you keep of what you made.

Our goal is to achieve a 7% average annual return over a full cycle. Generally, the dividend yield of the portfolio comprises a significant part of the total return. Our current expected yield, of 6.1% is at the upper end of our expectations of roughly 4% to 6%. The underperformance of income stocks over the past couple of years, since May 2013, has made many of these securities very attractively valued. They are particularly attractive relative to the bond market and many expensive stocks in the S&P 500 after a 6.5 year bull market. With the market correction it allowed us to take advantage of buying high quality dividend paying stocks with attractive valuations. We are hoping to push the yield marginally higher if the market continues to fall.

Going through a full cycle, we would expect to significantly outperform during a bear market, while also performing well on an absolute basis as the market rallies off the lows of the bear and becomes a bull. We would expect to capture 50% or more in the first few years on the new bull. As the market gets into the later stages of the bull we would be positioned more conservatively and our stocks will tend to lag the overall market as the market gets very narrow. It appears to us that the market may have topped out for this cycle at 2134 on the S&P 500. Although, we don't expect a recession, we have finally had a 10% correction after 4 years, generally a 10% correction occurs every year, and bear markets do occur without recessions. If a bear market should occur, the average decline has been 34% and has lasted about 8 months. If that were to occur it would wipe out all the 2013 gains and take us below the peak of 2007. If the market were to decline in such a manner, we would expect the portfolio to perform well given the significant current hedge and the substantial dividend yield.

We really like our portfolio as there is very good value relative to the market. Generally, when the yield on the portfolio is as high as it is currently, we would expect very good relative performance. We believe, given the securities that we own, and where we think we are in the market cycle, the strategy is very timely. We could get another market rally, but we believe the returns from both stocks and bonds will be disappointing over the next several years as earnings growth will be subpar and the Federal Reserve slowly normalizes interest rates. As the market broke the 200 day moving average, the trend of the market quickly turned negative. Our focus will be to opportunistically buy great value and then adjust our hedge or inverse ETFs as we see appropriate, and feel making a positive return in a negative market is achievable.

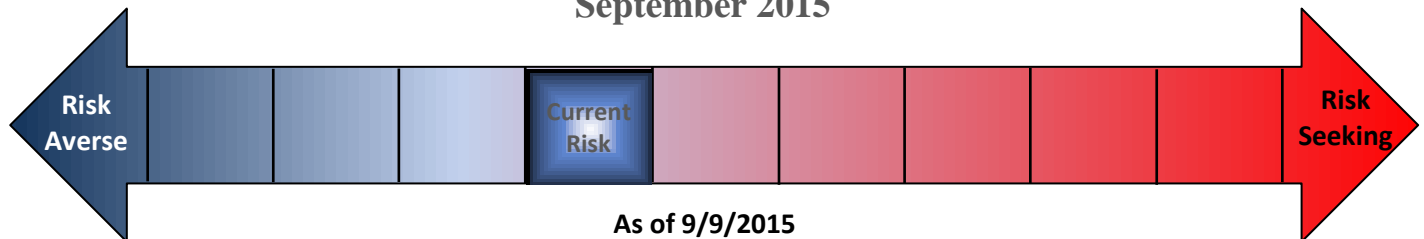
PERFORMANCE, ALLOCATION AND RISK SCALE

HISTORICAL PERFORMANCE	
	EQUITY INCOME (NET OF FEES)
BEST YEAR	23.99%
WORST YEAR	-4.03%
AVERAGE ANNUAL COMPOUND RETURN	6.75%
CURRENT DIVIDEND YIELD	6.10%

CURRENT ASSET ALLOCATION*	
COMMON STOCKS	28.80%
INCOME STOCKS	44.85%
INVERSE ETFs	17.00%
CASH & EQUIVALENTS	9.35%
NET LONG POSITION	39.65%

Equity Income Risk Spectrum

September 2015



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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.

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