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# Quarterly Scorecard
## July 2016

We want to give you a more detailed description to all of our portfolios at PVG Asset Management, along with the performance for the latest quarter and year to date. We think this will help you to understand which strategies are best for you.

As you may well know, we have a very experienced team of managers that have worked for multiple decades at large mutual fund companies or were involved in other senior level positions on Wall Street. Our number one goal is to make money for our clients, but we differ from most firms, as we manage portfolios with the objective of not losing money as well. As a result, our portfolios tend not to correlate with the market during bear markets. Additionally, we may not perform as strongly in a strong bull market, but over a full market cycle we still have outstanding performance, especially when risk adjusted.

PVG's portfolios are for investors that care as much about the risk as they do the return. You will notice that all the portfolios have a Beta that is significantly lower than the market. As an example the Beta of our Loss Averse Equity Income strategy carries a Beta of .24, which is extremely low relative to the S&P 500 of 1.0. Additionally, the Standard Deviation of each portfolio is significantly lower than the Standard Deviation of the S&P 500 Index of 18%. R Squared is the measurement of how closely a portfolio tracks the market. For example, if a given strategy is up each day and the market is correspondingly up, and the strategy is down each day and the market is matching down days, then the R Squared is 1, so that type of portfolio would not add diversification. Our portfolios are not that way. As you can see, as an example, the Loss Averse Equity Income adds significant diversification with a R Squared of just .17. We find that in most bear markets the Lose Averse Equity Income strategy can actually be up, therefore having no correlation.

From our performance score card you will see four different categories of strategies. The Loss Averse Strategies are comprised of our flagship portfolio and most conservative strategy, Loss Averse Equity Income. We carved out the two tranches in the Loss Averse Equity Income portfolio, the income side and the blue chip side, which are their own standalone strategies, High Income or Core Equity. The Loss Averse Equity Income strategy has nearly a 5% dividend yield while the High Income strategy has a yield over 7%. All of these strategies hedge, or have an active risk management discipline. The Focused strategies are the income and blue chip strategies with no hedge. As you can see, the risk profile is higher and the correlations with the market are also higher. The yield on Income Focused is over 11%. We think that this strategy has a lot of appeal to an income investor that is less concerned about volatility of their portfolio and more about just the income. The year to date return on Income Focused has been spectacular. We are finding very attractive income stocks that have been overlooked by the market.

The Tactical strategies generally only hedge when the technical indicators dictate a move. For instance, the Dynamic Core is either 100% in the S&P 500, or 100% out, depending on the market being in an uptrend or a downtrend. The MAC Model uses only the traditional Efficient Market allocations setup as Passive ETF strategies at the bottom of the score card. MAC will change from Aggressive, all the way to the most conservative allocation, depending on the risk we are willing to accept given the current market conditions or opportunities.

We think we have created an outstanding lineup of strategies for different market conditions or risk tolerance. We are happy to help design a portfolio to help you navigate the market or provide you with more information on any of our strategies.

## PERFORMANCE, YIELD, AND STATISTICS

### PVG Strategy Performance: As of June 30, 2016 (Net of Fees)

| Strategy | QTD | YTD | R² | Standard Deviation | Beta | Dividend Yield |
|---|---|---|---|---|---|---|
| **Loss Averse Investment Strategies** | | | | | | |
| Loss Averse Equity Income | 3.55% | 5.20% | 0.17 | 8.65 | 0.24 | 4.86% |
| High Income | 7.25% | 10.61% | 0.30 | 7.49 | 0.34 | 7.05% |
| Core Equity | -0.07% | 2.77% | 0.54 | 10.03 | 0.51 | |
| **FOCUSED Strategies (Long Only)** | | | | | | |
| Multi-Cap Focused | -0.64% | 1.41% | 0.69 | 11.33 | 0.77 | |
| Income Focused | 10.53% | 15.94% | 0.44 | 14.52 | 0.79 | 11.09% |
| **TACTICAL Strategies** | | | | | | |
| Dynamic Core | 2.05% | 2.39% | 0.38 | 8.31 | 0.34 | |
| Dynamic Core Plus | 1.16% | 2.99% | 0.90 | 3.22 | 0.14 | |
| Tactical Total Return | -0.06% | 0.78% | 0.57 | 8.53 | 0.44 | |
| Innovative Growth | 0.24% | -2.43% | 0.68 | 10.65 | 0.67 | |
| MAC Model | 2.04% | 3.69% | 0.51 | 3.22 | 0.11 | |
| **PASSIVE ETF Strategies** | | | | | | |
| Aggressive ETF Strategy | 1.65% | 1.67% | 0.99 | 17.81 | 0.73 | |
| Moderate ETF Strategy | 1.80% | 2.80% | 1.00 | 11.67 | 0.47 | |
| Conservative ETF Strategy | 1.83% | 3.42% | 0.97 | 6.93 | 0.28 | |
| Income ETF Strategy | 2.04% | 4.67% | 0.22 | 1.65 | 0.06 | 1.71% |

The performance presented is of the composites described below and represents net-of-fees returns. Valuations are computed  and performance is reported  in  U.S.  dollars.  Performance  results  assume reinvestment of dividends. Net-of-fee returns are calculated using actual fees. The actual fees charged to client accounts which cover trading, advisory, and other costs may differ. All statistical analysis is versus the S&P 500. The Standard & Poor's 500 Index (S&P 500) is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. Companies included in the index are selected by the S&P Index Committee, a team of analysts and economists at Standard & Poor's. The S&P 500 is a market value weighted index - each stock's weight is proportionate to its market value. Beta is calculated using regression analysis, and you can think of beta as the tendency of a security's returns to respond to swings in the market. A beta of 1 indicates that the security's price will move with the market. A beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 indicates that the security's price will be more volatile than the market. For example, if a stock's beta is 1.2, it's theoretically 20% more volatile than the market.  R-squared values range from 0 to 100. An R-squared of 100 means that all movements of a security are completely explained by movements in the index. A high R-squared (between 85 and 100) indicates the fund's performance patterns have been in line with the index. A fund with a low R-squared (70 or less) doesn't act much like the index. Standard deviation is a measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher  the  deviation.  Standard  deviation  is  calculated  as  the  square  root  of  variance.

Please refer to PVG's Form ADV Part 2A Brochure for additional information regarding various strategies, fees, risks, and services.