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LOSS AVERSE EQUITY INCOME STRATEGY

Monthly Update
June 2018

The PVG Loss Averse Equity Income strategy is performing well, with the strategy up about 3.9% for the quarter as of 6/12/18. This compares very favorably relative to the bond market or other conservative income-oriented strategies. As an example, the Barclay's Aggregate Bond Index is down about -.80% QTD and down -2.3% YTD. We remain conservatively positioned with a current beta for the strategy of .34, on a risk adjusted basis this has been is a very strong quarter.

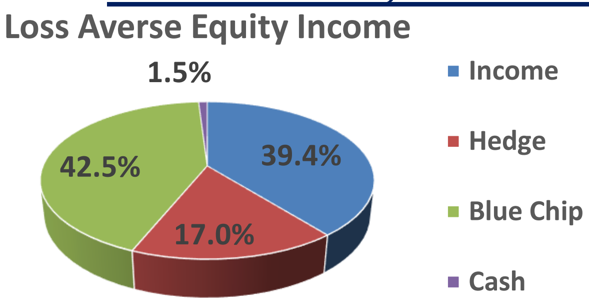
We took advantage of the opportunities created by the selloff in the market in February, buying dividend paying stocks at very attractive valuations. We are overweight the equity REIT sector as many REITs were trading well below their underlying real estate values or below their liquidation values. PVG specializes in identifying attractively valued securities that pay attractive dividends. The rebound by some of the REITs has been spectacular, we had a couple up over 38% in appreciation during the quarter.

We are also finding very attractive stocks for our Blue-Chip tranche. Many of the great companies had been valued excessively by the market, but some have pulled back to very attractive levels. We are taking advantage of this opportunity. As an example, Disney had pulled back from over $120 to below $100, essentially what you would expect in a bear market with a 13x P/E ratio, very cheap for DIS. We think DIS is a money machine. They are developing their own streaming service like Netflix. This should be a very lucrative business for DIS as they have an incredible library of media and are a huge producer of original content.

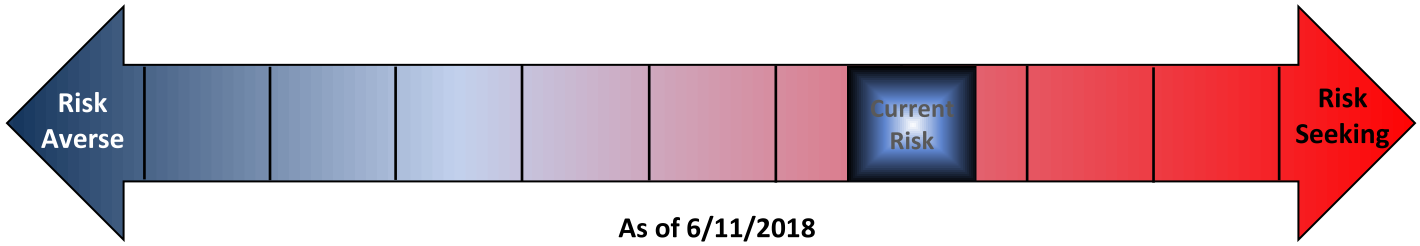
This market reminds us of the 1990's bull market, very different in some ways, but very similar when you look at how the underlying sectors are performing. In the 1990's, at the end of 1999, the technology sector was about 30% of the S&P 500. Currently, technology is about 30% of the S&P 500, including Amazon. At the bottom of the bear market in 2002 Technology got to around 12%. The long-term average has been around 15%. Our point is, technology is where the risk in the market lies. Other sectors like the consumer staples sector did very well during the bear market of 2000-2002 as they significantly underperformed the last couple of years of the 1990's bull. That should sound very familiar as the consumer staple sector has performed horribly this year and would now likely do very well because of this underperformance in a bear market. As an example, Procter & Gamble has fallen 25% from its high this year to its low. We like PG at these levels after this large drop.

Our strategy seeks attractive dividend paying stocks, which has averaged about 5% yield over time. Additionally, we have always done an excellent job in protecting the portfolio during bear markets, actually making money. Our strategy has a P/E multiple on 2018 earnings of only 12.2x (this is a very attractive multiple), a current dividend yield of 5.1%, and long-term earnings growth of 6% for our holdings. The strategy has averaged a 6.4% return over time, we believe the return potential currently is higher than the long-term average, particularly relative to an expensive bond and stock market.

Performance, Allocation and Risk Scale



Performance	
As Of 6/11/2018	Equity Income (net of fees)
Quarter-to-date	3.88%
Yield	5.10%



As of 6/11/2018

Blue Chip Tranche		Income Tranche	
Health Care	8.8%	Equity REITs	11.1%
Consumer Discretionary	7.0%	BDCs	10.8%
Financials	5.5%	Mortgage REITs	1.7%
Technology	3.5%	Telecom	7.5%
Industrial	0.5%	MLP (ETF's)	4.0%
Basic Materials	3.5%	Utilities	-
Consumer Staples	12.5%	Preferred	-
Energy	5.5%	Commodities	2.0%
Index	2.0%	Cash	1.5%
		Hedge	17.0%

*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.*