



PVG ASSET MANAGEMENT

LOSS AVERSE INVESTING

WWW.PVGASSETMANAGEMENT.COM



LOSS AVERSE EQUITY INCOME

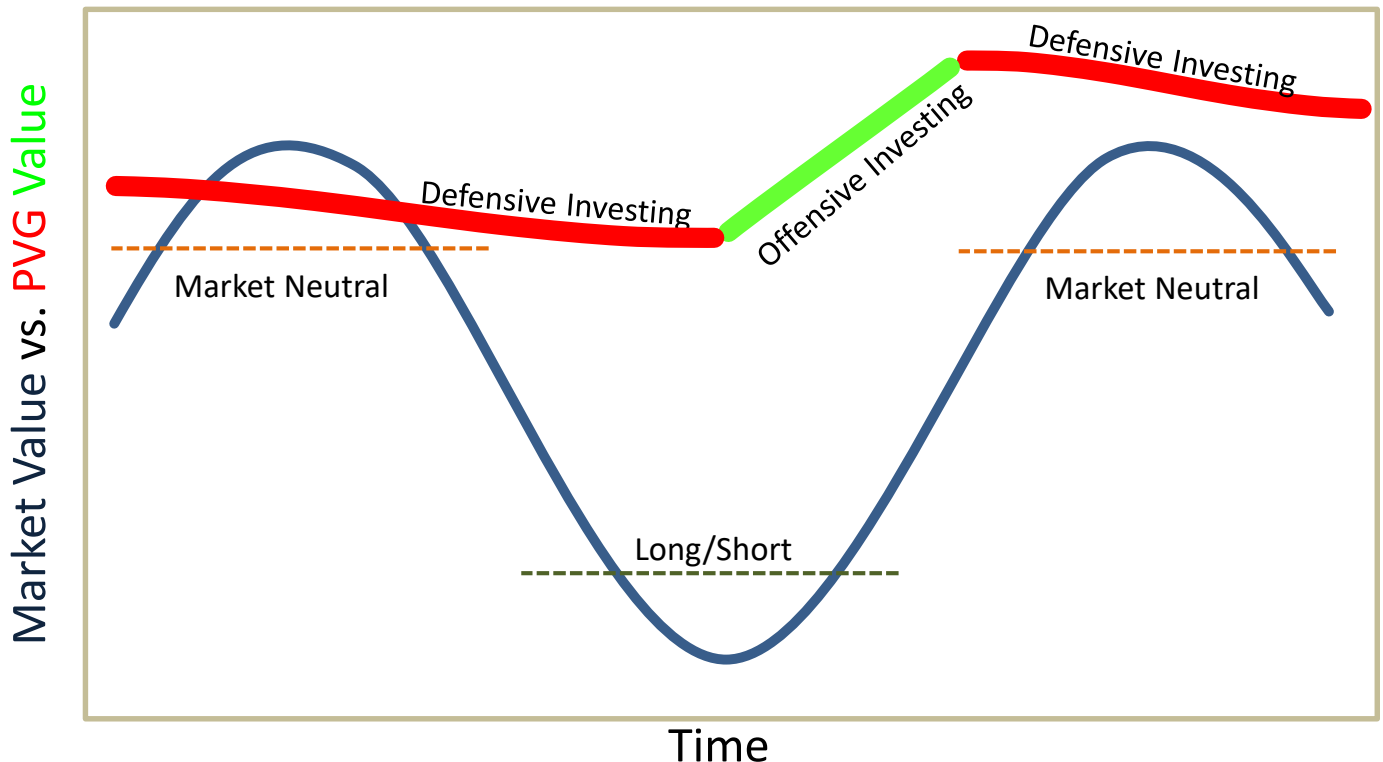
MARKET CYCLE OVERVIEW

PVG has coined the phrase, “**Loss Averse Investing**” to best describe the approach of preserving capital during negative markets. Our belief is that by capturing the least amount of downside helps apply an investment stance that operates with far less overall risk, yet captures greater returns over the long term market cycle.

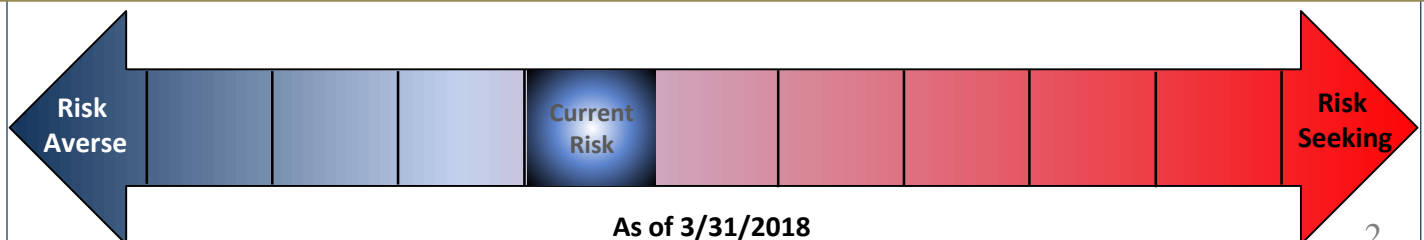
The major risk to portfolios is the systemic risk or market risk, and there are times that the systematic risk of owning either stocks or bonds or both must be taken out of the portfolio.

There are managers who control portfolios that can replace traditional asset classes or sub-categories that do not have the same systemic or market risk as traditional managers. These management firms specialize in managing stocks, bonds, or a combination of both in a tactical manner, which reduce or eliminate the systemic risk, and can also be known as, *absolute return managers*.

The hypothetical chart below shows how PVG establishes different hedging techniques depending on the current market cycle. During peaks of the market, PVG will become more cautious and take a market neutral approach to protect assets during sustained or unforeseen market pullbacks. At the bottom of the cycle PVG will become more of a long/short as we find a bottom in the market. As momentum in the market picks up, the strategy will become more like a long only strategy.



CURRENT PORTFOLIO RISK SPECTRUM



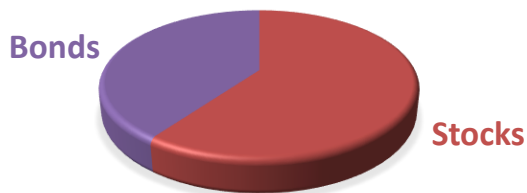
WHERE DOES LOSS AVERSE INVESTING FIT?

Traditional asset class models are typically set up between stocks and bonds. A moderate investor may use a 60/40 blend - 60% stocks and 40% bonds.

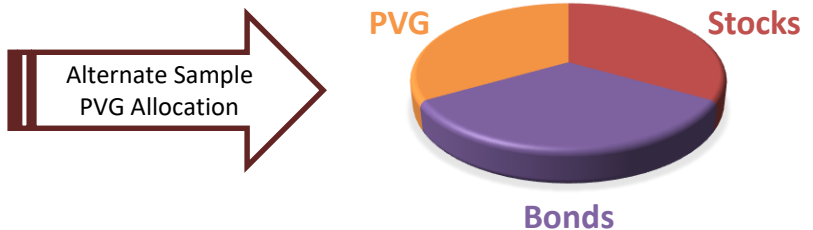
MODERN PORTFOLIO THEORY

This theory suggests that it's possible to create an optimal portfolio along the efficient frontier which will offer the maximum expected return for a given level of risk. Traditional strategies have implemented a partial stock and bond strategy in applying this theory.

MODERN PORTFOLIO THEORY
60% STOCKS/40% BONDS



PVG – ALTERNATIVE
33% STOCKS/33% BONDS/33% PVG



LOSS AVERSE EQUITY INCOME

This strategy could offer a substitute for the traditional Bond or Stability of Principal asset classes, as well as a substitute for an Income Focused Stock Portfolio. This strategy carries an income mandate of a 4%-6% Dividend Yield, and an emphasis on Capital Preservation and Risk Management. This strategy has the flexibility to allocate between stocks, cash and inverse ETF's.

Why Allocate to PVG?

- All asset classes may fall during bear markets
- Stocks and Bonds are at all time highs and both may have systemic risk
- Investors need to be able to manage risk against the asset class in which they invest in by hedging, i.e. inverse ETFs or cash
- *To be invested in the financial markets and preserve wealth without traditional market fluctuations*

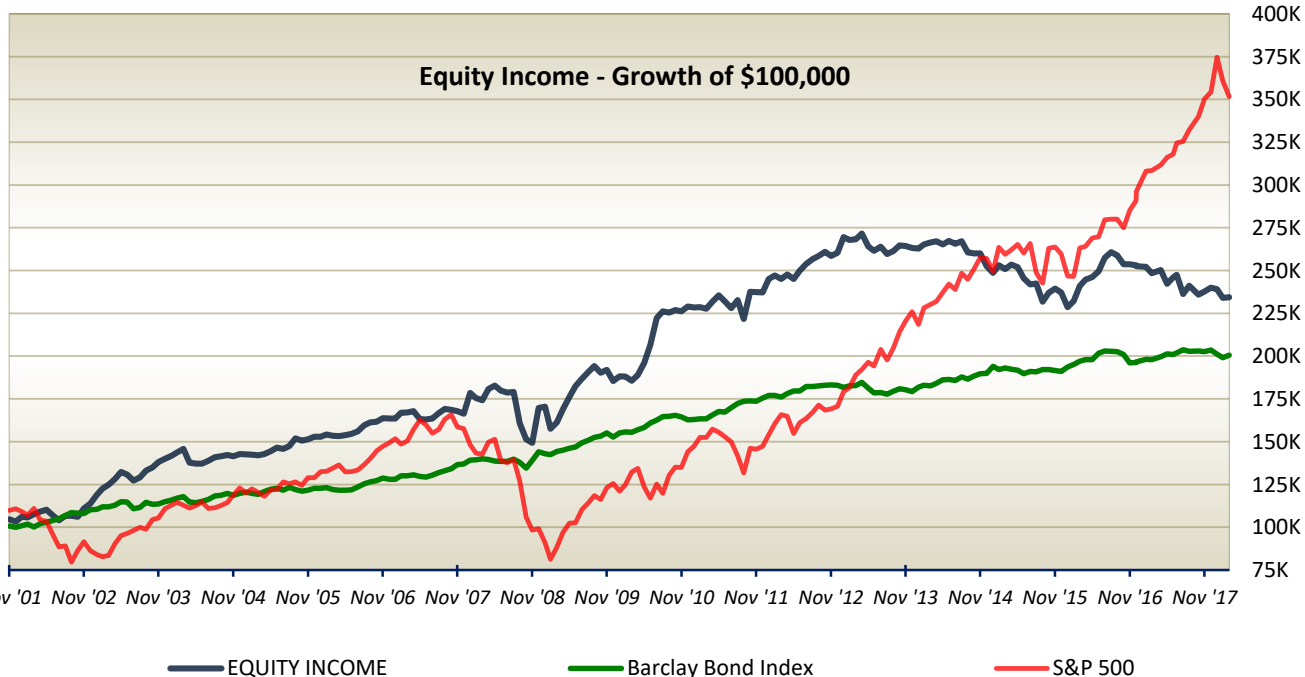
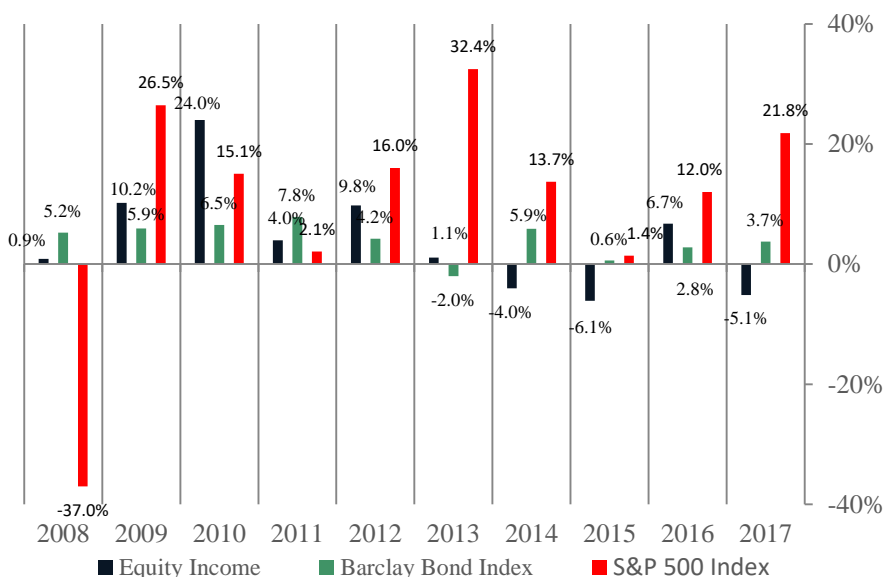
PERFORMANCE

ANNUAL RETURNS (NET OF FEES) MARCH 31 2018						STATISTICS		
	1 YEAR	3 YEAR	5 YEAR	10 YEAR	INCEPTION		S&P 500	BARCLAY AGG BOND
EQUITY INCOME	-5.65%	-2.23%	-2.66%	3.07%	4.68%	BETA	0.24	0.99
BARCLAY AGGREGATE BOND INDEX	1.25%	1.28%	1.87%	3.66%	4.54%	R ²	0.16	0.17
S&P 500 TR	14.00%	10.66%	13.23%	9.44%	8.50%	UPSIDE CAPTURE	29.83	99.84
DIVIDEND YIELD: 5.6%						DOWNSIDE CAPTURE	13.40	75.96
						MAX DRAWDOWN (QUARTERLY)	-11.11%	
						MAX RUN UP (QUARTERLY)	13.44%	

INVESTMENT OBJECTIVE

This strategy seeks high current income, an attractive total return, as well as protection from turbulent financial markets. By combining security selection and risk management, PVG strives to generate an annual distributable income of 4% to 6%, in addition to capital appreciation over time.

The Equity Income Strategy is suitable for income oriented investors, who also seek appreciation, but are uncomfortable with substantial stock or bond market risks.



EQUITY INCOME COMPOSITE RETURNS

	QTR 1		QTR 2		QTR 3		QTR 4		ANNUAL		BARCLAY BOND INDEX	S&P 500
	GROSS	NET	GROSS	NET	GROSS	NET	GROSS	NET	GROSS	NET		
2018	-1.96	-2.31							-1.96	-2.31	-1.54	-0.76
2017	-1.47	-1.80	-0.66	-1.00	-1.61	-1.96	-0.13	-0.49	-3.82	-5.14	3.73	21.83
2016	1.93	1.59	3.91	3.55	4.12	3.78	-1.92	-2.25	8.17	6.71	2.79	11.96
2015	-0.34	-0.65	-1.84	-2.16	-5.26	-5.55	2.62	2.29	-4.90	-6.09	0.58	1.38
2014	1.47	1.22	0.65	0.35	-2.22	-2.52	-2.77	-3.08	-2.91	-4.03	5.88	13.70
2013	3.33	3.06	-2.27	-2.51	0.16	-0.07	0.91	0.68	2.05	1.08	-2.02	32.44
2012	3.73	3.37	2.28	1.92	3.80	3.43	1.05	0.74	11.30	9.76	4.22	16.00
2011	-0.22	-0.51	2.24	1.89	-4.09	-4.44	7.35	6.98	5.04	3.97	7.84	2.11
2010	0.45	0.29	11.61	11.41	9.41	9.29	1.74	1.54	24.41	23.99	6.54	15.06
2009	-4.65	-4.86	13.67	13.44	6.91	6.66	-4.07	-4.30	11.16	10.17	5.93	26.46
2008	4.51	4.26	3.36	3.12	-10.91	-11.11	5.77	5.52	1.79	0.85	5.24	-37.00
2007	1.44	1.19	-3.01	-3.26	2.76	2.52	-2.58	-2.81	-1.50	-2.47	6.97	5.49
2006	0.39	-0.63	0.25	-0.01	3.56	3.28	0.85	0.60	4.29	3.24	4.33	15.79
2005	-0.32	-0.54	3.04	2.80	3.24	3.00	0.33	0.10	6.39	5.36	2.43	4.91
2004	4.56	4.28	-5.41	-5.67	3.30	3.09	0.88	0.65	3.07	2.35	4.34	10.88
2003	9.98	9.71	5.30	5.03	2.05	1.82	5.39	5.18	24.55	21.74	4.10	28.68
2002	4.25	3.98	-0.55	-0.80	-0.09	-0.35	6.79	6.55	10.62	9.38	10.26	-22.10
2001							3.33	3.04	3.33	3.04	8.43	-11.89

LOSS AVERSE EQUITY INCOME HOLDINGS

PORTFOLIO HOLDINGS

AS OF QUARTER END – MARCH 31, 2018*

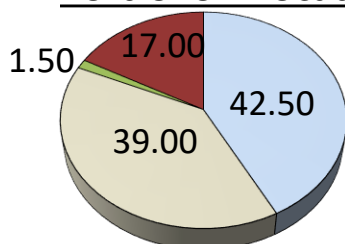
Common Stock Holdings

Position	%
IShares S&P 100 ETF (oef)	3.0
PEPSICO INC (pep)	2.5
CAMPBELL SOUP COMPANY (cpb)	2
CVS Health Corp (cvs)	2
AT&T, Inc.(t)	2
The Walt Disney Company (dis)	2
iPath Bloomberg Coffee SubTR (jo)	2
Merck & Company Inc. (mrk)	2
Procter & Gamble Co. (pg)	2
Telefonica, S.A. (tef)	1.5
ROCHE HOLDINGS LTD ADR (rhhby)	1.5
Walgreens Boots Alliance Inc. (wba)	1.5
Olin Corp. (olin)	1.5
KINDER MORGAN INC DEL (kmi)	1.5
CITIGROUP INC COM (c)	1.5
AMC Entertainment Holdings Inc (amc)	1.25
Intel Corp (intc)	1
Eli Lilly (lly)	1
HOME DEPOT INC (hd)	1
TIME WARNER INC (twx)	1
GLAXOSMITHKLINE PLC-ADR (gsk)	0.8
OWENS & MINOR INC NEW (omi)	0.7
HESS CORPORATION (hes)	0.5
WELLS FARGO COMPANY (wfc)	0.5
J M SMUCKER CO (sjm)	0.5
TARGET CORP (tgt)	0.5
NUCOR CORP (nue)	0.5
Exxon Mobil Corporation (xom)	0.5
ANADARKO PETROLEUM CORP (apc)	0.5
LOWES COMPANIES INC (low)	0.5
UNITED PARCEL SERVICE INC (ups)	0.5
Office Depot Inc (odp)	0.5
COCA-COLA COMPANY (ko)	0.5
Verizon Communications (vz)	0.5
Marvell Tech Group (mrvl)	0.5
MACY'S INC (m)	0.5

Income Stock Holdings

Positions	%
MEDLEY CAPITAL CORP (mcc)	4
ARES CAPITAL CORP (arcc)	4
ALPS ALERIAN MLP ETF (amlp)	4
Whitestone Reit (wsr)	3.8
SELECT INCOME REIT (sir)	2.5
Sr. Housing Properties Trust (snh)	2.5
BP PLC SPONS ADR (bp)	2
Independence Realty Trust, Inc. (irt)	2
New Senior Investment Group Inc. (snr)	1.5
CENTURYLINK INC (ctl)	1.5
Apollo Investment Corp (ainv)	1.5
Global Medical REIT, Inc. (gmre)	1.3
Uniti Group Inc. (unit)	1
Oaktree Specialty Lending Corp. (ocsl)	1
HCP Inc. (hcp)	1
CBL & ASSOC PROPERTIES REIT INC (cbl)	0.7
Prospect Capital Corp. (psec)	0.7
Two Harbors Investment Corp (two)	0.7
Triplepoint Venture Growth Corp (tpvg)	0.6
Solar Capital Ltd. (slrc)	0.5
Ladder Capital Corp. (ladr)	0.5
CYS INVESTMENTS INC (cys)	0.5
Arlington Asset Investment (ai)	0.5
LEXINGTON REALTY TRUST REIT (lpx)	0.5
Solar Senior Capital Ltd. (suns)	0.5
Granite Point Mortgage Trust (gpmt)	0.1

Portfolio Allocation



- Common Stocks
- Income Stocks
- Cash
- Hedge

Portfolio Allocation	Weight
ProShares UltraShort S&P 500 (sds)	8.5
PROSHARES TRUST ETF ULTRASHORT 20+ (tbt)	1.5
Short S&P500 ProShares (sh)	7.0
Total Hedge	18.5
Cash	1.35%

*Portfolio Holdings may not reflect the current holdings of the Equity Income strategy.

PROACTIVE AND REACTIVE HEDGING TECHNIQUES

PVG reduces undiversifiable market volatility and risk by hedging portfolios with inverse market index securities, stop losses and cash positions. Hedging tactics are utilized to reduce overall volatility of the portfolio, and may also result in minimizing losses that may occur in an unfavorable cyclical or secular market.

Proactive – Hedging Portfolios

Inverse ETF's

- Broad Market ETF's Only
- Portfolios are never net short

Reactive – Stop Losses

Placed on Individual Securities (When hedge is not in place)

Stop Loss Value

- Tighter stop on more mature valuations
- Looser stop on undervalued securities

Goal

Risk Reduction not Maximum Returns

- Designed to prevent portfolio losses of 10% or more

FACTORS THAT DRIVE PVG HEDGING

PVG utilizes both fundamental analysis and technical indicators to drive the hedging of the strategy. The main focus is derived from the valuation analysis of our universe of stocks as well as the trend and chart analysis in the overall market. Our goal is to reduce the risk of the overall portfolio when the analysis and indicators give us a signal.

Fundamental Analysis

Multifactor Macro Indicators

Market Cycle Analysis

Valuation Analysis

Technical Indicators

Sentiment Indicators

Trend Analysis

Chart Analysis

Goal

Overall portfolio beta and risk reduction



Investing with an emphasis on Capital Preservation



PVG ASSET MANAGEMENT

LOSS AVERSE INVESTING

WWW.PVGASSETMANAGEMENT.COM

6898 S. University Blvd. | Centennial, CO 80122 | 800-777-0818

*Performance results are presented in U.S. dollars and are net-of-actual-management fees and trading expenses of the composite and reflect the reinvestment of dividends and capital gains. 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 date and is the expected forward 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. PVG's Portfolio Risk Spectrum is based off a number of factors including portfolio structure, holdings, weighting and risk measures. It is not meant to define the client's risk profile or appetite when investing with PVG. The Portfolio Risk Spectrum may change from the current position at any time depending on the factors stated for measurement. 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.*

Investment Products:

Are Not FDIC Insured

Are Not Bank Guaranteed

May Lose Value