



PVG ASSET MANAGEMENT

LOSS AVERSE INVESTING

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U.S. CORPORATE FLEXIBLE BOND

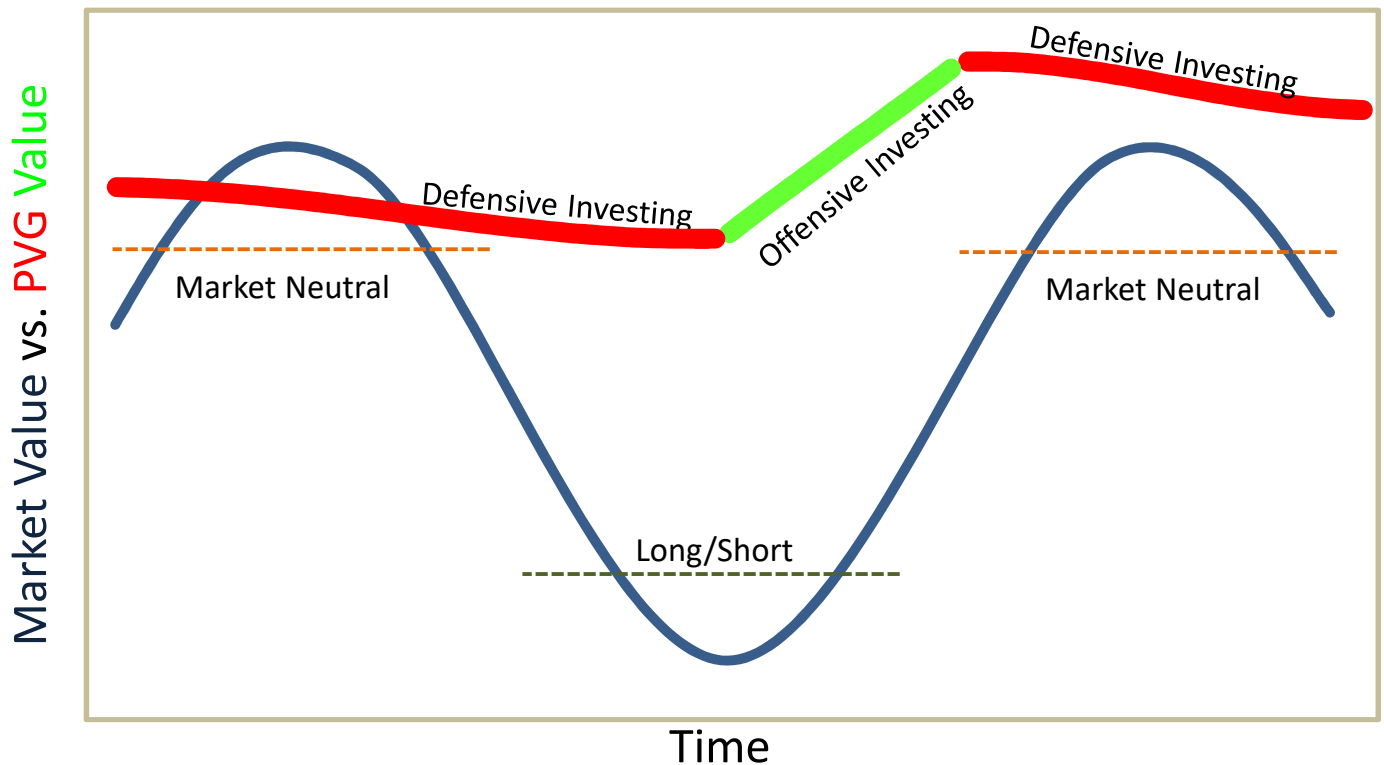
MARKET CYCLE OVERVIEW

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.

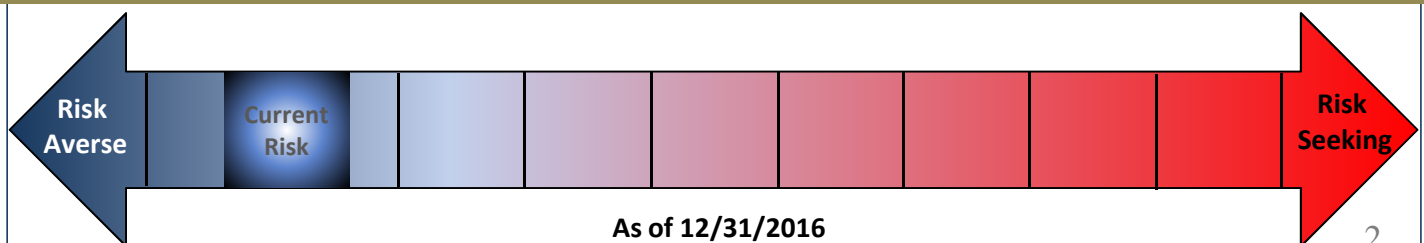
The major risk to portfolios is the systemic risk or market risk, and there are times that the systematic risk of owning either stocks or bonds or both must be taken out of the portfolio.

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



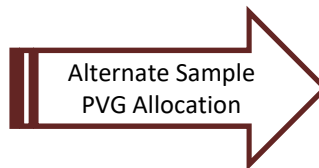
WHERE DOES LOSS AVERSE INVESTING FIT?

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.

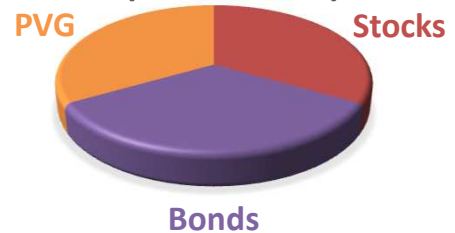
MODERN PORTFOLIO THEORY

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



U.S. CORPORATE FLEXIBLE BOND

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% yield, and an emphasis on Capital Preservation and Risk Management. This strategy has the flexibility to allocate between bonds, cash, covered calls 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
- *Ultimately - Clients who seek to be invested in the financial markets and want to preserve their wealth without traditional market fluctuations*

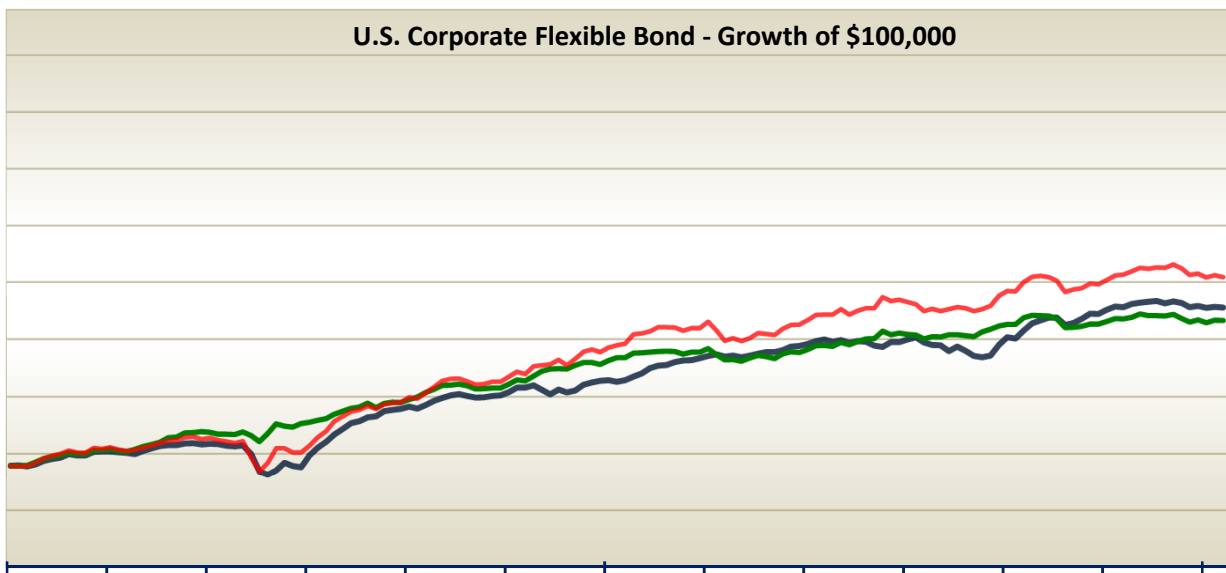
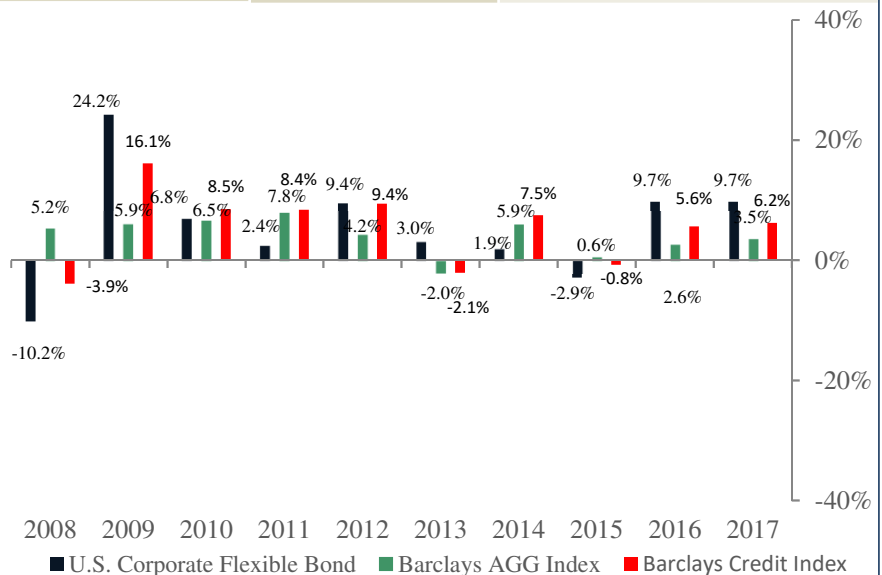
PERFORMANCE

| ANNUAL RETURNS (NET OF FEES) JUNE 30, 2018 | | | | | | STATISTICS | | |
|-----------------------------------------------|--------|--------|--------|---------|-----------|-----------------------------|---------------------------|-------------------------------|
| | 1 YEAR | 3 YEAR | 5 YEAR | 10 YEAR | INCEPTION | SINCE INCEPTION | VERSUS BARCLAYS CREDIT | VERSUS BARCLAY AGG BOND |
| U.S. CORPORATE FLEXIBLE BOND | -0.06% | 3.19% | 2.76% | 4.54% | 4.39% | BETA | 0.61 | 0.60 |
| BARCLAY AGGREGATE BOND INDEX | -0.42% | 1.72% | 2.27% | 3.72% | 4.10% | R ² | 0.50 | 0.18 |
| BARCLAY CREDIT | -0.64% | 2.86% | 3.37% | 5.15% | 5.03% | UPSIDE CAPTURE | 63.72 | 86.09 |
| CURRENT YIELD: 4.82% | | | | | | DOWNSIDE CAPTURE | 40.62 | 54.82 |
| | | | | | | MAX DRAWDOWN (QUARTERLY) | -6.77% | |
| | | | | | | MAX RUN UP (QUARTERLY) | 11.31% | |

INVESTMENT OBJECTIVE

This strategy invests in fixed income securities (80%) comprised primarily of a combination of investment grade and higher rated non-investment grade corporate bonds (A, BBB, and BB) by Standard & Poor's. These bonds generally outperform Treasury bonds over market cycles.

The strategy may utilize positions that increase in value as interest rates rise and/or U.S. dollar movements. The strategy may utilize actively traded ETFs that may utilize leverage and additional covered call strategies.



— U.S. Corporate Flexible Bond — Barclay Bond Index — Barclays U.S. Credit

U.S. CORPORATE FLEXIBLE BOND COMPOSITE RETURNS

| | QTR 1 | | QTR 2 | | QTR 3 | | QTR4 | | ANNUAL | | BARCLAY BOND INDEX | BARCLAYS CREDIT INDEX |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|---------------|--------------------------|-----------------------------|
| | GROSS | NET | GROSS | NET | GROSS | NET | GROSS | NET | GROSS | NET | | |
| 2018 | -0.97 | -1.12 | -0.23 | -0.40 | | | | | -1.21 | -1.52 | -1.63 | -2.99 |
| 2017 | 2.64 | 2.48 | 1.89 | 1.73 | 1.62 | 1.47 | 0.16 | 0.00 | 6.45 | 5.80 | 3.53 | 6.19 |
| 2016 | 3.41 | 3.24 | 4.36 | 4.19 | 3.72 | 3.55 | 3.67 | 3.50 | 10.44 | 9.72 | 2.81 | 5.63 |
| 2015 | 1.15 | 0.98 | 0.16 | 0.00 | -2.35 | -2.51 | -1.27 | -1.42 | -2.32 | -2.94 | 0.58 | -0.77 |
| 2014 | 1.98 | 1.80 | 2.06 | 1.87 | -0.72 | -0.88 | -0.71 | -0.88 | 2.59 | 1.88 | 5.88 | 7.52 |
| 2013 | 1.32 | 1.13 | 0.71 | 0.49 | 0.50 | 0.30 | 1.26 | 1.05 | 3.86 | 3.03 | -2.02 | -2.01 |
| 2012 | 3.34 | 3.17 | 0.36 | 0.23 | 4.01 | 3.84 | 2.02 | 1.90 | 10.07 | 9.43 | 4.22 | 9.36 |
| 2011 | 1.07 | 0.84 | 2.73 | 2.51 | -1.98 | -2.21 | 1.49 | 1.30 | 3.29 | 2.41 | 7.84 | 8.35 |
| 2010 | 2.91 | 2.71 | 1.52 | 1.32 | 3.52 | 3.36 | -0.57 | -0.74 | 7.54 | 6.78 | 6.54 | 8.46 |
| 2009 | 1.50 | 1.31 | 11.54 | 11.31 | 7.65 | 7.44 | 2.68 | 2.49 | 25.16 | 24.18 | 5.93 | 16.04 |
| 2008 | 0.36 | 0.20 | -0.36 | -0.55 | -3.22 | -3.39 | -6.54 | -6.77 | -9.56 | -10.24 | 5.24 | -3.07 |
| 2007 | 1.80 | 1.63 | -0.37 | -0.53 | 2.07 | 1.90 | 1.53 | 1.36 | 5.11 | 4.41 | 6.97 | 5.10 |
| 2006 | | | -0.28 | 0.47 | 3.43 | 3.23 | 1.70 | 1.51 | 4.90 | 4.29 | 5.01 | 5.49 |

*Performance disclosures for the U.S. Corporate Flexible Bond strategy can be found on page 8.

U.S. CORPORATE FLEXIBLE BOND HOLDINGS

PORTFOLIO HOLDINGS (TOP 50)

AS OF QUARTER END – JUNE 30, 2018*

| Position | % | Position | % |
|------------------------------------------|-------|------------------------------------------|--------|
| Discover Finl Svcs 3.75% 3/4/2025 | 2.65% | Citizens Communications 7.125% 3/15/2019 | 0.84% |
| Hess Corp 4.3% 4/01/2027 | 2.65% | Constellation Brands 3.5% 05/09/2027 | 0.83% |
| Under Armour 3.25% 6/15/2026 | 2.64% | HCA Inc. 5.875\$ 2/15/2023 | 0.75% |
| Ventas Realty 3.25% 10/15/2026 | 2.61% | Limited Brands 6.95% 3/1/2033 | 0.74% |
| Verizon Communications 4.40% 11/01/2034 | 2.57% | Hertz 7.0% 1/15/2028 | 0.72% |
| Autozone 3.25% 4/15/2025 | 2.56% | Hartford Finl Svcs 5.125% 04/15/2022 | 0.72% |
| KLA-Tencor 4.65% 11/1/2024 | 2.41% | Viacom Inc 4.25% 9/1/2023 | 0.68% |
| Mississippi Power Co 4.25% 3/15/2042 | 2.34% | Anadarko Pete Corp. 3.45% 7/15/2024 | 0.67% |
| Consolidated Edison 2.9% 12/01/2026 | 2.33% | Toll Bros 4.375% 4/15/2023 | 0.67% |
| Teva Pharmaceutical 3.15% 10/1/2026 | 2.32% | Sara Lee Corp 6.125% 11/1/2032 | 0.67% |
| Expedia 4.5% 8/15/2024 | 2.05% | Darden Restaurants 6.0% 8/15/2035 | 0.66% |
| Cigna Corp. 3.25% 4/15/2025 | 2.01% | Newfield Expl. 5.75% 1/30/2022 | 0.65% |
| Coach Inc 4.25% 4/1/2025 | 1.91% | Meadwestvaco 6.8\$ 11/15/2032 | 0.64% |
| Cardinal Health 3.41% 6/15/2027 | 1.82% | Hartford Finl Svcs 5.50% 3/30/2020 | 0.63% |
| Arcelormittal 6.25% 8/5/2020 | 1.63% | CBS Inc 7.125% 11/01/2023 | 0.62% |
| Walgreens Boots Alliance 4.5% 11/18/2034 | 1.53% | Alcoa Inc. 5.9% 02/01/2027 | 0.60% |
| Constellation Brands 4.25% 5/1/2023 | 1.40% | US West Communications 7.25% 09/15/2025 | 0.56% |
| Alcoa Inc 5.125% 10/01/2024 | 1.37% | Limited Brands Inc 5.625% 02/15/2022 | 0.54% |
| Pulte Group 5.0% 1/15/2027 | 1.27% | Liberty Media Corp. 8.5% 7/15/2029 | 0.52% |
| Newfield Exploration 5.625% 7/01/2024 | 1.26% | Sara Lee Corp 6.125% 11/01/2032 | 0.49% |
| Toll Bros 5.875% 02/15/2022 | 1.26% | | 65.87% |
| Becton Dickinson 3.363% 6/06/2024 | 1.25% | | |
| American Campus 3.625% 11/15/2027 | 1.13% | | |
| Baker Hughes 3.337% 12/15/2027 | 1.11% | | |
| Limited Brands 6.625% 4/1/2021 | 1.11% | | |
| Wyndham Worldwide 3.9% 3/1/2023 | 1.11% | | |
| Liberty Media 8.25% 2/1/2030 | 1.07% | | |
| Qwest 6.75% 12/01/2021 | 1.00% | | |
| Suntrust 6.0% 2/15/2026 | 0.95% | | |
| Petrobras Intl Fin 5.375% 1/27/2021 | 0.88% | | |

Cash & Hedge

| | |
|--------------------------------------------|--------|
| Additional Corporate Bonds/Alt. Maturities | 22.24% |
| Cash | 4.34% |
| 20 Year Treasury Bond | 7.55% |

| Credit Allocation | Weight |
|-------------------|--------|
| A | 12.7% |
| BBB | 60.4% |
| BB | 21.4% |
| Other | 5.5% |
| | 100% |

*Portfolio Holdings may not reflect the current holdings of the U.S. Corporate Flexible Bond strategy.

PROACTIVE AND REACTIVE HEDGING TECHNIQUES

PVG reduces undiversifiable market volatility and risk by hedging bond portfolios with inverse interest rate market index securities, precious metals, 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

Bond Price Protection

- Inflation Protection – TIPS, Gold Covered Calls
- Portfolios are never net short

Goal

Risk Reduction not Maximum Returns

- Designed to prevent portfolio losses of 10% or more

FACTORS THAT DRIVE PVG HEDGING

PVG utilizes both economic analysis and technical indicators to drive the hedging of the strategy. Our goal is to reduce the risk of the overall bond portfolio when the analysis and indicators give us a signal.

Fundamental Analysis

Multifactor Macro Indicators

Market Cycle Analysis

Credit Analysis

Technical Indicators

Yield Curve Shape

Credit Trends

Chart Analysis

Goal

Overall portfolio beta and risk reduction



Investing with an emphasis on Capital Preservation



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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 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. Barclays US Credit Bond Index represents publicly issued US corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered. The index includes both corporate and non-corporate sectors. The corporate sectors are Industrial, Utility, and Finance, which include both US and non-US corporations. The non-corporate sectors are Sovereign, Supranational, Foreign Agency, and Foreign Local Government. An investment cannot be made directly in a market index. 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 U.S. Corporate Flexible Bond strategy is 3/31/2006. Additional information is available upon request.

Investment Products:

Are Not FDIC Insured

Are Not Bank Guaranteed

May Lose Value