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LOSS AVERSE EQUITY INCOME STRATEGY

Monthly Update
September 2014

We have been focusing on quality companies, buying them when there is an opportunity, and being diligent about the valuations of what we own. The result is we own quality companies, which kick off nice dividends, have attractive valuations, and are also protected with inverse ETFs.

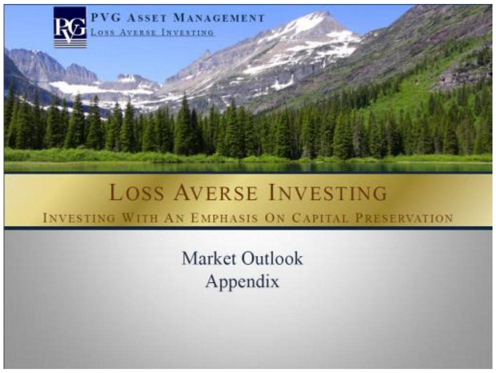
We currently have about 32% of the portfolio in income oriented securities, and about 33% of the portfolio in "Blue Chip" or growth and income securities. All the securities in the portfolio pay dividends. We have 7% in interest rate protection if you account for the leverage of the hedge (TBT). We also have 36% in stock hedges if you account for the leverage, and about 10% in cash. At times there can be volatility in the income stocks, which may leave some market exposure currently. Generally, the income stocks have low volatility, but they can be more volatile than expected over short periods of time.

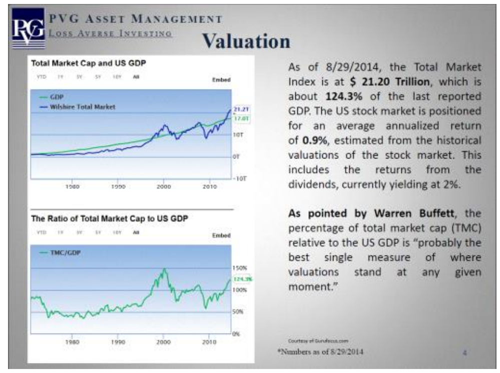
We currently think it's prudent to maintain a defensive position until the market provides us an opportunity. Generally, the market gives conservative investors several opportunities to make easy money over a 12 month period by selling off, or in other words, overreacting to temporary negative news. The last significant correction occurred in 2011. It's odd the market would go so long without a 10% correction, or for that matter a 20% or more bear market. Bear markets generally occur every 3.6 years on average, but it has been about 5.5 years since the end of the last bear market. Obviously, the reason for the nearly 2 full years of upward markets can be attributed to the Federal Reserve policy of buying bonds, to the tune of $1 trillion per year. We believe the markets will revert back closer to the mean rates of return as the Fed's aggressive bond buying is ending. This means the market will likely flatten out or decline to offset these above normal returns.

Many of the macro factors that we focus on are concerning, such as the valuation of both the stock market and bond market. The stock market had been undervalued relative to bonds, but now that undervaluation has diminished significantly. Both markets are very vulnerable to rising interest rates. If interest rates would rise significantly it would hurt the valuation of stocks as P/E multiples would likely fall faster than earnings could rise. Investor sentiment is very bullish, and can be seen in the surveys of investors, or in the VIX index. High bullish sentiment with high valuations is very concerning. The amount of margin debt borrowed by investors to leverage their holdings is at an all-time high, and the speculative nature of the IPO market is also very high. The underlying fundamentals are very mixed, as global GDP growth has been very weak, especially in Europe. Currency translation will likely begin to hurt U.S. based companies as both Europe and Japan have been devaluing their currencies through their own quantitative easing. The dollar is up about 5% quarter to date. Profit margins for U.S. companies are at an all-time high, it will be hard to continue expanding without some significant pricing power. Commodity prices have been very weak and reflecting low global demand.

See reverse side for performance & disclosures

For a copy of our latest market outlook please click on the slides below or click here.





PERFORMANCE

PERFORMANCE*	
	EQUITY INCOME (NET OF FEES)
AUGUST MONTH-TO-DATE	0.58%
QUARTER-TO-DATE	-0.07%
YEAR-TO-DATE	1.50%
DIVIDEND YIELD	4.30%

CURRENT ASSET ALLOCATION*	
COMMON STOCKS	31.4%
REITS, BDCS ETC.	31.2%
INVERSE ETFS	22.5%
CASH & EQUIVALENTS	14.9%
NET LONG POSITION	28.6%

*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. 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.*