



PVG ASSET MANAGEMENT

LOSS AVERSE INVESTING

WWW.PVGASSETMANAGEMENT.COM



TACTICAL CORE STRATEGY

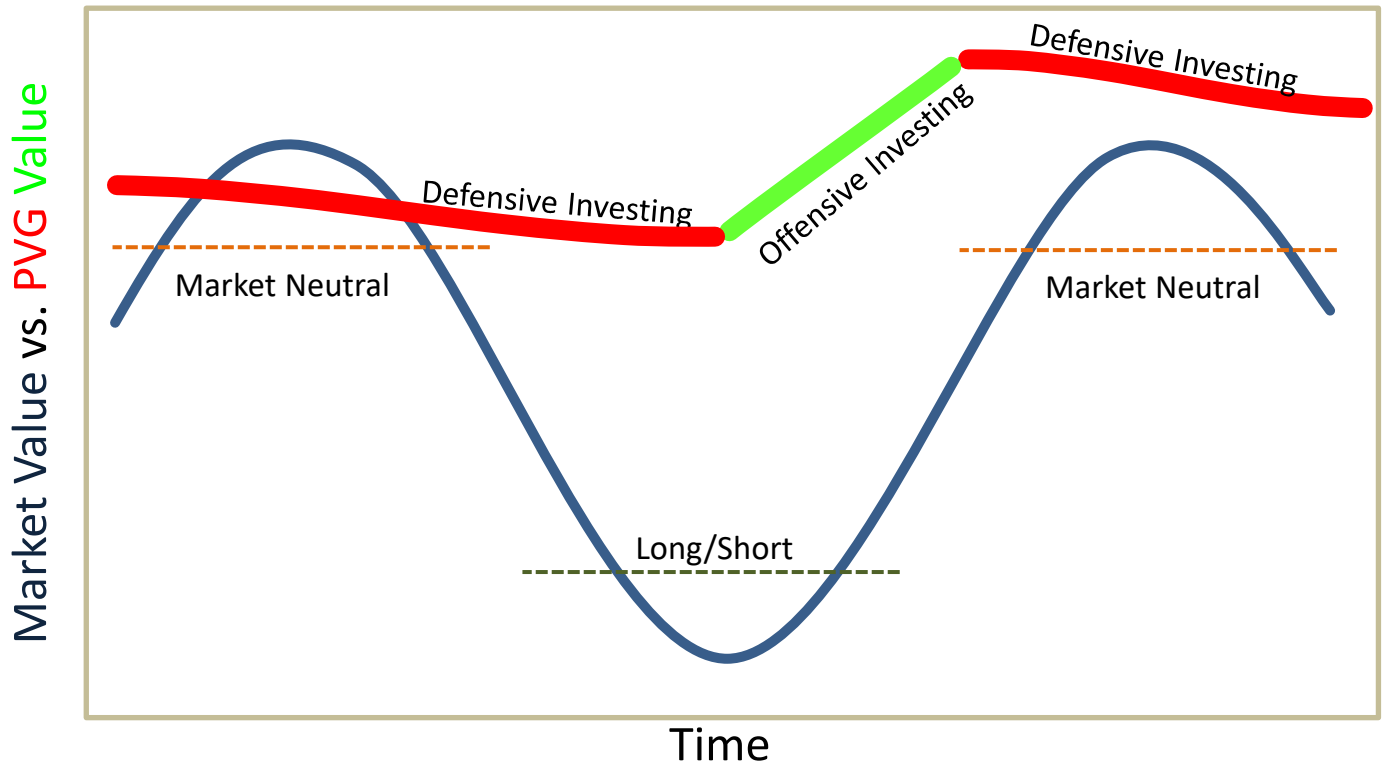
MARKET CYCLE OVERVIEW

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.

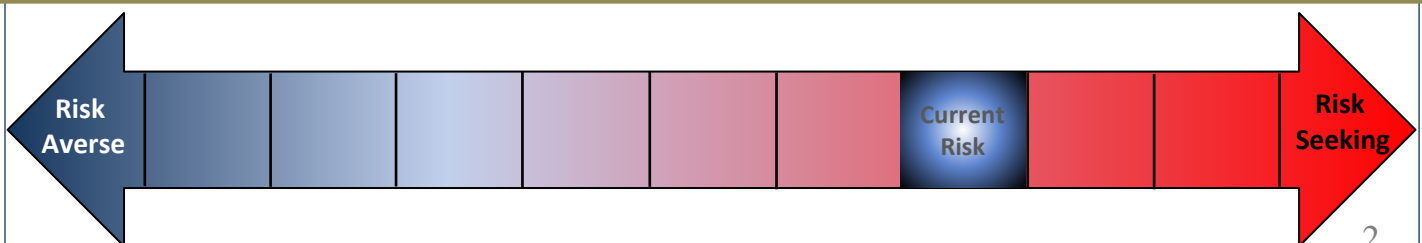
The major risk to portfolios is the systemic risk or market risk, and there are times that the systematic risk of owning either stocks or bonds or both must be taken out of the portfolio.

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.



PORTFOLIO RISK SPECTRUM



WHERE DOES TACTICAL CORE INVESTING FIT?

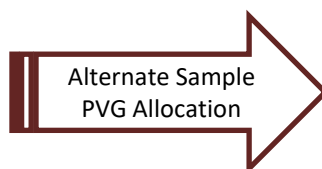
Traditional asset class models are typically set up between stocks and bonds. A moderate investor may use a 60/40 blend - 60% stocks and 40% bonds.

MODERN PORTFOLIO THEORY

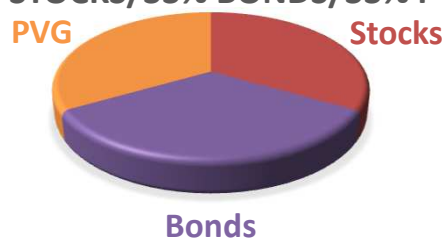
This theory suggests that it's possible to create an optimal portfolio along the efficient frontier which will offer the maximum expected return for a given level of risk.

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



TACTICAL CORE STRATEGY

This strategy offers a unique opportunity to achieve outsized gains in any market, with the goal of achieving positive annual returns for our clients. An aggressive strategy which may employ leverage to the up side (160%) or hedge to the down side (-50%) based on market direction.

Why Allocate to PVG?

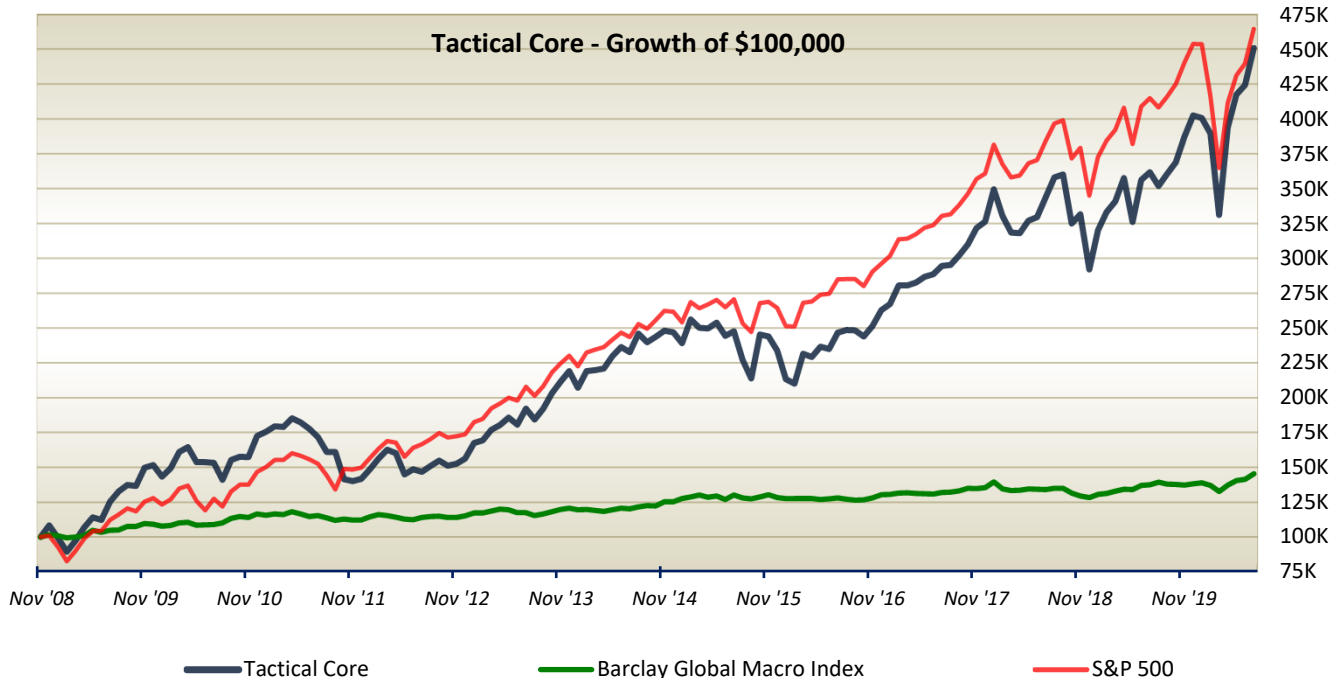
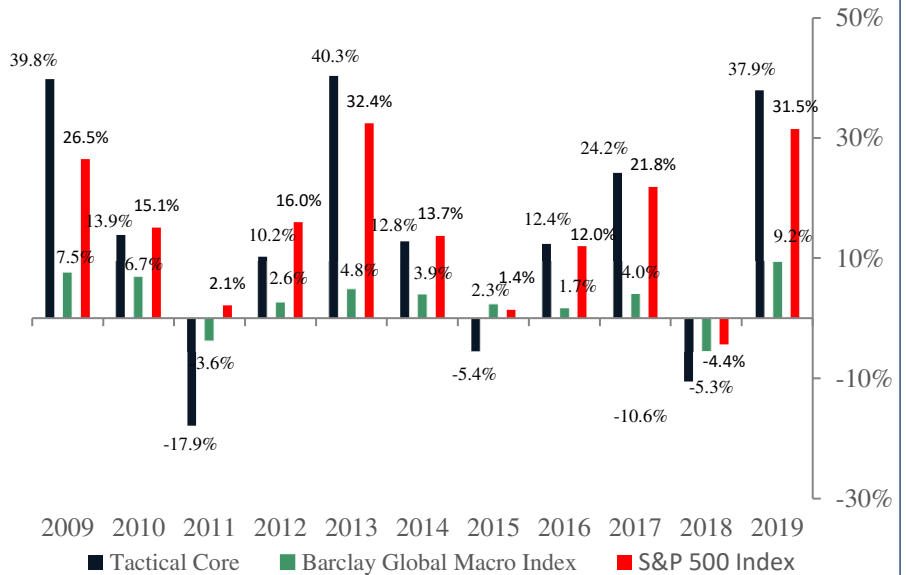
- All asset classes may fall during bear markets
- Stocks and Bonds are at all time highs and both may have systemic risk
- Investors need to be able to manage risk against the asset class in which they invest in by hedging, i.e. inverse ETFs or cash
- *To be invested in the financial markets and preserve wealth by minimizing traditional market fluctuations*

PERFORMANCE

ANNUAL RETURNS (NET OF FEES) JULY 30, 2020						STATISTICS		
	1 YEAR	3 YEAR	5 YEAR	10 YEAR	INCEPTION		S&P 500	BARCLAY GLOBAL MACRO
TACTICAL CORE	24.63%	15.24%	12.72%	11.40%	13.8%	BETA	1.05	2.59
BARCLAY GLOBAL MACRO INDEX	5.31%	3.15%	2.15%	2.87%	3.23%	R ²	0.71	0.39
S&P 500 TR	11.96%	12.01%	11.49%	13.84%	14.1%	UPSIDE CAPTURE	115.70	341.39
						DOWNSIDE CAPTURE	109.58	199.50
						MAX DRAWDOWN (QUARTERLY)	-17.73%	
						MAX RUN UP (QUARTERLY)	28.13%	

INVESTMENT OBJECTIVE

This strategy seeks to profit from changes in broad securities markets, interest rates, exchange rates and prices of commodities. The strategy may employ a leveraged long and/or short position(s) with the primary objective of providing a positive annual return while controlling downside risk. The strategy invests primarily in equities which include passive and actively traded Exchange Traded Funds (ETFs) as well as public stocks of a wide variety of companies. The strategy is extremely flexible, with no mandates on holdings.



TACTICAL CORE COMPOSITE RETURNS

	QTR 1		QTR 2		QTR 3		QTR4		ANNUAL		BARCLAY GLOBAL MACRO INDEX	S&P 500
	GROSS	NET	GROSS	NET	GROSS	NET	GROSS	NET	GROSS	NET		
2020	-17.49	-17.73	28.50	28.13					6.03	5.41	1.44	-3.08
2019	17.11	16.75	4.85	4.54	1.51	1.21	11.97	11.64	39.57	37.91	7.79	31.49
2018	-2.14	-2.43	3.79	3.48	9.63	9.29	-18.68	-18.93	-9.46	-10.55	-5.34	-4.38
2017	7.06	6.72	3.22	2.91	5.00	4.68	8.35	8.02	25.72	24.18	3.97	21.83
2016	-0.73	-1.05	1.87	1.54	6.04	5.71	6.12	5.79	13.79	12.37	1.66	11.98
2015	1.50	1.25	-1.98	-2.29	-12.28	-12.55	9.74	9.37	-4.23	-5.37	2.29	1.38
2014	0.61	0.28	7.93	7.57	1.78	1.45	3.38	3.04	14.27	12.77	3.91	13.70
2013	13.69	13.30	2.42	2.07	6.73	6.37	14.45	14.06	42.25	40.33	4.81	32.44
2012	15.22	14.85	-8.37	-8.68	4.57	4.22	1.20	0.85	11.74	10.24	2.59	16.00
2011	4.12	3.72	-0.46	-0.80	-8.96	-9.26	-11.81	-12.08	-16.78	-17.92	-3.62	2.11
2010	6.61	6.20	-4.20	-4.52	1.41	1.08	11.45	11.06	15.43	13.85	6.74	15.06
2009	-9.95	-10.29	15.93	15.53	22.59	22.17	10.78	10.42	41.78	39.82	7.47	26.46

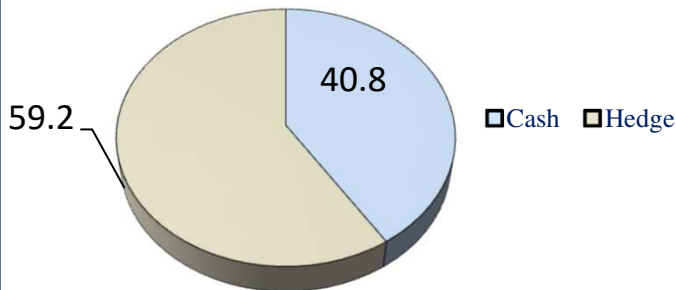
*Performance disclosures for the Tactical Core strategy can be found on page 8.

TACTICAL CORE HOLDINGS

PORTFOLIO HOLDINGS AS OF QUARTER END – JULY 31, 2020*

Common Stock Holdings		%	Cash & Hedge	
Proshares Ultra S&P 500 (SSO)		59.19%	Cash	40.81%
Total		59.19%		

Portfolio Allocation



Portfolio Allocation	Weight
ProShares Ultra S&P 500 (SSO)	118.38%
Equity Holdings	0%
Effective Hedge (Inverse ETF's)	0%
Cash	40.81%
Effective Net Long/Short	118.38%

*Portfolio Holdings may not reflect the current holdings of the Tactical Core 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 can be net short
Typically Net -60%

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

Maximum Returns

- Designed to maximize portfolio returns in a bear market

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



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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. Tactical Core managers carry long and short positions in any of the world's major capital or derivative markets. These positions reflect their views on overall market direction as influenced by major economic trends and or events. The portfolios of these funds can include stocks, bonds, currencies, and commodities in the form of cash or derivatives instruments. Most funds invest globally in both developed and emerging markets. 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 Tactical Core 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 Tactical Core strategy is 11/28/2008. The strategy was previously called "Global Macro" prior to 06/30/2020. 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