PVG Asset Management
LOSS AVERSE INVESTING

# Market in a Minute

## October 14, 2025

| Index Performance: As of October 10, 2025 | | | |
|---|---|---|---|
| **Index** | **Price** | **Last Week** | **YTD** |
| **S&P 500** | 6,552.51 | -0.48% | 11.41% |
| **Dow Jones** | 45,479.60 | -0.77% | 6.90% |
| **NASDAQ** | 22,204.43 | 0.29% | 14.98% |
| **Russell 2000** | 13,087.05 | 0.02% | 8.52% |
| **Russell 2000 Growth** | 11,930.71 | 1.41% | 10.61% |
| **Russell 2000 Value** | 18,675.05 | -1.48% | 6.29% |
| **Russell 1000 Growth Total Return** | 4,792.85 | -0.07% | 14.95% |
| **SPDR Gold Shares** | 369.12 | 10.05% | 52.45% |
| **Powershares US $ Index** | 27.89 | 1.83% | -5.20% |
| **Ishares EAFE Index** | 92.24 | -0.81% | 21.99% |
| **Barclays Aggregate Bond Index** | 100.43 | -0.11% | 3.64% |
| **iShares Barclays 20+ Yr Treasury Bond** | 90.62 | 0.74% | 3.77% |
| **Utilities Select Sector ETF** | 90.2 | 5.50% | 19.17% |
| **Vanguard REIT ETF** | 88.13 | -5.04% | -1.07% |
| **iShares Mortgage Real Estate** | 21.69 | -6.31% | 1.59% |
| **Alerian MLP ETF** | 44.68 | -6.45% | -7.23% |
| **iShares Global Telecom** | 119.4 | -3.99% | 23.51% |
| **ETFMG Alternative Harvest ETF** | 37.05 | 19.36% | 37.83% |
| **Grayscale Bitcoin Trust** | 91.42 | -0.36% | 23.51% |
| **Shanghai SE Index** | 3,897.03 | 0.68% | 16.27% |

Source: Bloomberg & Yahoo.com, Returns are appreciation only.

## A Word on the Market

### By: Patrick Adams, CFA

## Market Update:

- Last week, **China dramatically expanded its rare earth controls**, which is related to giving China leverage in negotiations when Trump and Xi meet at the end of October.
- We believe this is centered around controlling these metals that are sold to the semiconductor industry or **defense and now in China's national interest.**
- This is interesting and a smart move on China's part. Why would you sell these metals to U.S. military contractors**. It looks to us that China is taking a war-time approach, and the U.S. has a big hole to fill very quickly.** This could be very concerning.
- **China controls about 70% of the Rare Earth metals but even more that are defense oriented.**
- **The S&P 500 declined -2.7% on Friday in reaction to Trump's announcement of a potential 100% additional tariff on China.**
- **JPMorgan CEO Jamie Dimon said months ago that stockpiling bullets makes more sense than stockpiling crypto currencies, which we totally agree with**. If you have your own printing press, why screw with crypto.
- **Perhaps the defense industry can figure out how to work around these critical materials…**
- **Trump is now trying to not act panicked.**
- **There are not great ways to play rare earths** we are monitoring REMX, USAR, SETM, DMAT, MP, LAC, we have seen some companies change their

| S&P Sector Performance: As of October 10, 2025 | | | |
|---|---|---|---|
| **Index** | **Price** | **Last Week** | **YTD** |
| **Information Technology** | 5,517.86 | 2.06% | 19.71% |
| **Consumer Disc.** | 1,839.12 | -3.91% | 0.43% |
| **Consumer Staples** | 869.22 | -2.21% | 1.82% |
| **Health Care** | 1,657.00 | 3.18% | 3.26% |
| **Financials** | 867.78 | -2.79% | 7.87% |
| **Industrials** | 149.9 | -1.11% | 13.77% |
| **Energy** | 653.02 | -2.88% | -0.28% |
| **Communications Services** | 408.39 | -3.74% | 19.53% |
| **Utilities** | 457.9 | 6.05% | 18.95% |
| **Materials** | 553.55 | -4.91% | 4.49% |
| **Real Estate** | 255.48 | -3.63% | -0.17% |

Source: Bloomberg website, Returns are appreciation only

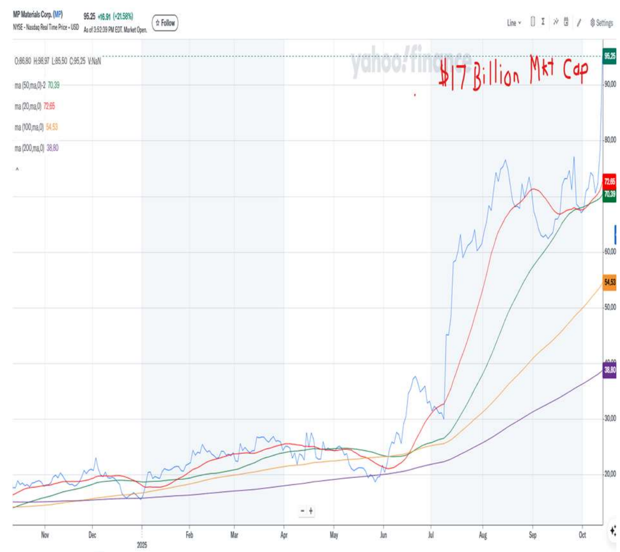
**PVG Strategies**

| **Tactical Strategies** | **QTD** | **YTD** | **Average Annual Return as of 6/30/25** |
|---|---|---|---|
| Tactical Total Return | 0.41% | 5.26% | 8.11% |
| Dynamic Core | -1.15% | 5.27% | 8.48% |
| Tactical Growth | 1.28% | 4.09% | 18.50% |
| **Loss Averse** | | | |
| Loss Averse Equity Income | -1.21% | 2.50% | 3.66% |
| **Specialty** | | | |
| Emerging Healthcare | 2.15% | 14.58% | 68.64% |
| **Focus** | | | |
| High Income Focus 10 | -1.00% | 6.15% | 6.80% |
| Growth Focus 10 | 0.04% | 7.18% | 11.66% |
| Emerging Healthcare Focus 10 | 1.56% | 18.42% | 11.29% |
| **Strategic** | | | |

focus like METC from coal. The global rare earths market is just around $12 billion…maybe. MP as an example will likely never grow into its current valuation at 70x revenues. These are not scarce minerals.

- **First Brands bankruptcy** is not a big deal with about $11 billion but could see a little ripple effect in the auto industry.

**MP Materials (MP)**




## Upside vs Downside:

- **The bull case**, looking out to 2027 and assuming the Fed cuts rates significantly, capital spending continues in AI at a very strong pace, the current same economic policies stay in place, and the world stays calm, **we could see the S&P 500 at 8000 or up 20% over two years.**
- The bear case, the downside, we have a shock and the market trades at 15x the $300 earnings in 2026, **which is 4500 or down -32%.**
- **What if S&P 500 just goes back to the trendline of earnings as it often does is 5550 or about -17% downside.**
- **Using the current psychology or sentiment in the market 22x 310 is 6820 or 4% upside. It seems as long as the current bullish inputs do not change this seems like the most reasonable expectation.**

| | | | |
|---|---|---|---|
| Tactical Aggressive | 0.02% | 7.52% | 15.66% |
| Tactical Moderate | -0.87% | 3.06% | 10.45% |
| Tactical Conservative | -0.60% | 4.45% | 7.56% |
| Tactical Income | -0.92% | 6.04% | 7.21% |

| Interest Rates | | | |
|---|---|---|---|
| **Fed Fund** | 4.10 % | **5-Year** | 3.74% |
| **3-Month** | 4.03% | **10-Year** | 4.14% |
| **6-Month** | 3.83% | **30-Year** | 4.72% |
| **2-Year** | 3.60% | | |

Source: Bloomberg.com

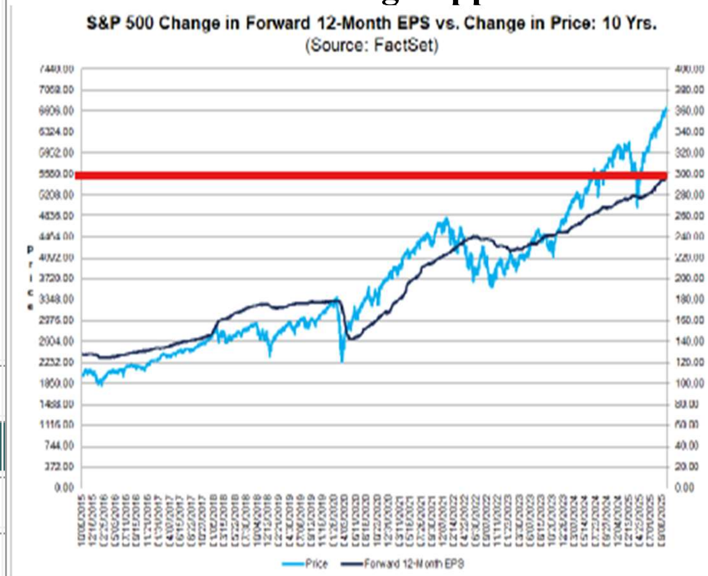
**Economic Events This Week**

| Date | Report | Forecast | Previous |
|---|---|---|---|
| **Oct 16** | PPI | 0.3% | -0.1% |
| **Oct 16** | Core PPI | 0.2% | -0.1% |
| **Oct 16** | Retail Sales | 0.4% | 0.6% |
| **Oct 16** | Retail Sales ex-auto | 0.3% | 0.7% |
| **Oct 16** | Philadelphia Fed index | 9.1 | 23.2 |
| **Oct 17** | Housing Starts | 1320K | 1307K |
| **Oct 17** | Building Permits | 1340K | 1312K |
| **Oct 17** | Industrial Production | 0.1% | 0.1% |
| **Oct 17** | Capacity Utilization | 77.3% | 77.4% |

**Economic Events Last Week**

| | |
|---|---|
| **Oct 7** | Credit-card spending falls again – Americans aren't confident in the economy. |
| **Oct 9** | Jobless claims and layoffs are still low officially. Wallstreet firms see hardly any |

## S&P 500 versus Earnings Appreciation



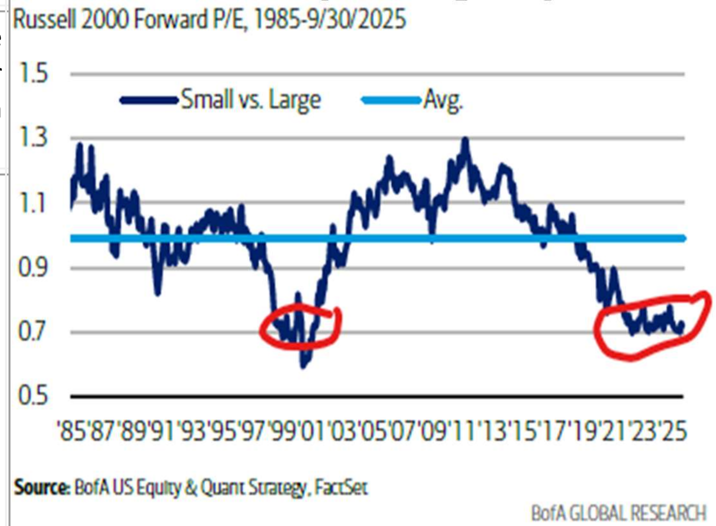

## Rotation:

- **To keep the market going it needs to rotate,** and we are seeing some of this occur. **Some on the cyclical stocks, value stocks and small caps have started to move, but it is still not where the action is.**
- **The banks are reporting, we are focused on COF.**
- **Consumer stocks are attractive, and staples are dirt cheap.**
- **Housing has a long way to go to recover.**
- **Healthcare appears to be bottoming.**
- **Dividend stocks are very attractive.**
- **Biotechnology has started to move and has a long way to go, up only 62% off the bottom and has another 50% to get back to the old high.**

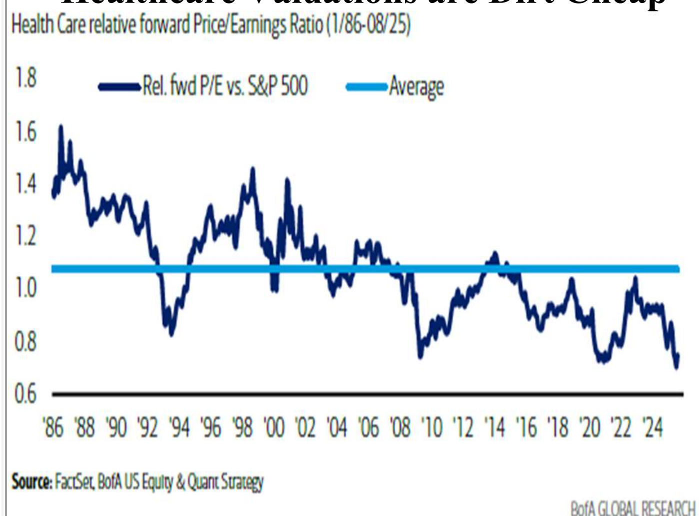
## XBI 20 Years

| | |
|---|---|
| | increase in jobless claims during government shutdown. |
| **Oct 10** | High inflation and lack of jobs leave Americans frustrated. Consumer sentiment stays at recession levels even though the economy is growing. |

## Small Cap vs Large Cap




## Healthcare Valuations are Dirt Cheap




## Housing Market May Have 10 Years of Growth

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