



Market in a Minute

October 21, 2025

Index Performance: As of October 17, 2025

Index	Price	Last Week	YTD
S&P 500	6,664.01	1.70%	13.30%
Dow Jones	46,190.61	1.56%	8.57%
NASDAQ	22,679.97	2.14%	17.45%
Russell 2000	13,402.74	2.41%	11.13%
Russell 2000 Growth	12,201.99	2.27%	13.12%
Russell 2000 Value	19,153.97	2.56%	9.02%
Russell 1000 Growth Total Return	4,874.21	1.70%	16.91%
SPDR Gold Shares	388.99	5.38%	60.65%
Powershares US \$ Index	27.75	-0.50%	-5.68%
iShares EAFE Index	94.51	2.46%	25.00%
Barclays Aggregate Bond Index	100.96	0.53%	4.19%
iShares Barclays 20+ Yr Treasury Bond	91.2	0.64%	4.43%
Utilities Select Sector ETF	91.57	1.52%	20.98%
Vanguard REIT ETF	91.17	3.45%	2.35%
iShares Mortgage Real Estate	21.96	1.24%	2.86%
Alerian MLP ETF	45.63	2.13%	-5.25%
iShares Global Telecom	122.97	2.99%	27.21%
ETFMG Alternative Harvest ETF	35.3	-4.72%	31.32%
Grayscale Bitcoin Trust	83.46	-8.71%	12.75%
Shanghai SE Index	3,839.76	-1.47%	14.56%

A Word on the Market

By: Patrick Adams, CFA



Stock Market Update:

- As you know, we do a lot of work on emerging healthcare stocks. One of our favorite stocks has been GRAL and has been a huge winner this year. They released data on their cancer blood test to detect in very early stage and with specificity as to the location. Very positive results. We believe the test could be approved for wide use (Medicare) as soon as late 2026. This will save a lot of lives. EXAS has the colon cancer test, and the stock has a \$11.5 billion market cap and GRAL is only \$2.8 billion with 10x the potential (that might be low).
- The technicals of the markets are starting to deteriorate, now below the 20-day moving average, but held the 50-day.
- So where is the weakness from the markets recent high on October 8th coming from, and where is strength?
 - Weakness: Energy, Materials, Industrials, Healthcare a little, Financials, Tech/Mag7
 - The VIX (volatility) is up a lot! That is a big negative signal and needs to be monitored, as the VIX rises volatility is increasing.
 - Strength: is in Gold, Staples, Utilities, Real Estate, and Biotech. These are recessionary sectors!!!!
- The concern of the market is due to the bankruptcy of First Bands and Tricolor, both auto-

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

S&P Sector Performance: As of October 21, 2025			
Index	Price	Last Week	YTD
Information Technology	5,632.95	2.09%	22.20%
Consumer Disc.	1,873.86	1.89%	2.33%
Consumer Staples	886.21	1.95%	3.81%
Health Care	1,669.18	0.74%	4.01%
Financials	867.99	0.02%	7.90%
Industrials	151.73	1.22%	15.16%
Energy	659.14	0.94%	0.66%
Communications Services	423.26	3.64%	23.88%
Utilities	464.9	1.53%	20.77%
Materials	559.24	1.03%	5.56%
Real Estate	264.27	3.44%	3.26%

Source: Bloomberg website, Returns are appreciation only

PVG Strategies			
Tactical Strategies	QTD	YTD	Average Annual Return as of 6/30/25
Tactical Total Return	0.51%	5.36%	8.11%
Dynamic Core	-0.52%	5.94%	8.48%
Tactical Growth	1.19%	4.00%	18.50%
Loss Averse			
Loss Averse Equity Income	-0.27%	3.48%	3.66%
Specialty			
Emerging Healthcare	1.48%	13.83%	68.64%
Focus			
High Income Focus 10	-0.46%	6.73%	6.80%
Growth Focus 10	-0.23%	6.90%	11.66%

related, with debt estimated to be \$12 billion and \$1 billion respectively. **The fear is that there could be more to follow and this to become a bigger issue.** The issue has reminded the market of the commercial office sector that may not have been resolved...regional banks.

- Credit spreads did react but nothing alarming.

S&P 500 Index



BB or Lower Debt-Treasury Yields



How to Play Falling Interest Rates:

- The markets are thinking about **interest rates cuts in October, December and now January.** This would bring the Federal Funds rate down to 3.5% which is where it should be, roughly equal to the 2-Year Treasury currently of 3.4%.
- Every cycle is a little different, but **when interest rates fall it tends to raise the value of all assets,** but the setup is a little different this time as we

Emerging Healthcare Focus 10	3.59%	20.78%	11.29%
Strategic			
Tactical Aggressive	1.01%	8.57%	15.66%
Tactical Moderate	0.62%	4.62%	10.45%
Tactical Conservative	-0.31%	4.76%	7.56%
Tactical Income	-0.24%	6.77%	7.21%

Interest Rates			
Fed Fund	4.11 %	5-Year	3.55%
3-Month	4.02%	10-Year	3.99%
6-Month	3.79%	30-Year	4.58%
2-Year	3.41%		

Source: Bloomberg.com

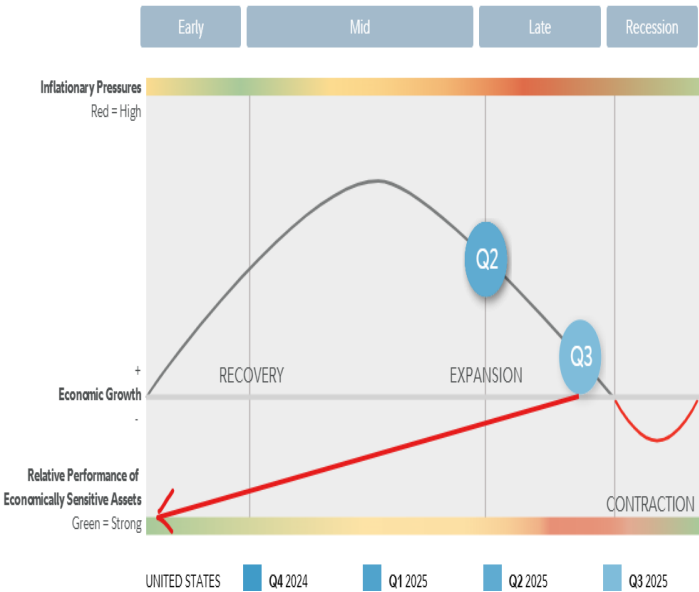
Economic Events This Week			
Date	Report	Forecast	Previous
Oct 23	Existing Home Sales	4.05M	4.00M
Oct 24	CPI	0.4%	0.4%
Oct 24	Core CPI	0.3%	0.3%
Oct 24	New Home Sales	710K	800K
Oct 24	Univ. of Michigan Consumer Sentiment – Final	55.0	55.0

Economic Events Last Week			
---------------------------	--	--	--

have not had a recession and cleansing of the economy and have had a super cycle in AI infrastructure spending.

- **Perhaps rates will not fall as much as if we had a recession**, and the market is hypnotized by AI spending, none-the-less will have the same knee-jerk reaction as other cycles, **Early Cycle sectors will perform.**
- As interest rates drop, financing costs drop for both businesses and consumers. The home builders are very leveraged to interest rates. **The AI infrastructure build has very little sensitivity to interest rates directly.**
- **The economy has been naturally slowing** as interest rates have been too tight and have been supported by massive AI spending.
- **We think a new cycle may start and moving the economy from Late to Early Cycle in 2026** as interest rates drop, the Federal Reserve finally stops quantitative tightening, and both businesses and the consumer benefit from Trump’s economic policies.
- **Relative performance of economically sensitive stocks should improve significantly.**

Economic Cycle and Where We Are Going (Fidelity)



The sectors of the market that typically perform well in early cycle are:

- **Small Caps**-this sector has been performing, buy a pullback

- **Biotechnology**- just getting started, lower rates make financing easier, very long duration assets.
- **Financials**-regional banks, credit cards
- **Real Estate**- MREITs, and Equity REITs
- **Consumer Discretionary**- we like the non WMT, COST types and like housing related, specialty retailers and related.
- **Technology**-cyclical semiconductors
- **Industrials**-play the reshoring
- **Materials**- big upside in chemicals

We think that the staples may begin to perform as the dividends are very high, they may act like bonds as rates fall.

The Sectors that Typically Underperform in Early Cycle:

- **Healthcare**- should perform better as the cloud over the group is dissipating
- **Energy**- we like the natural gas sector, but the group will likely underperform
- **Communications**- we think that VZ is finally turning
- **Utilities**- but the AI demand is strong for energy is strong

Early Cycle markets tend to be very broad based, unlike what has been occurring with the concentration in Mega Cap Tech.

Business cycle



Historical performance of sectors during business cycle phases.

Sector	Early	Mid	Late	Recession
Financials ✓	+			—
Real Estate ✓	++	—	+	— —
Cons. Disc. ✓	++		— —	
Info Tech. ✓	+	+	—	— —
Industrials ✓	++			— —
Materials ✓	+	— —		—
Cons. Stap.	— —	—	+	++
Health Care	— —			++
Energy	— —		++	— —
Comm. Serv.		+		—
Utilities	— —	—	+	++

Individual Stock Examples:

- As we say, timing is everything and perfect timing is very difficult, so when do you buy these stocks. TXN is reporting this week and if the stock comes down it likely does not change our \$276 target in a few years. We think, as we get more rate cuts, more of a portfolio should be invested in Early Cycle.
- TXN has exposure in cyclical end markets like industrials, automotive, and personal electronics. TXN about doubled in earnings from 2018 cyclical high to 2022 cyclical high, earnings could go as high as \$12 in a few years out...target price \$276.
- DHI earnings in 2020 went from \$4 in 2020 to \$17 in 2022, we believe a doubling in earnings from \$12 to \$24 and a doubling in the stock.
- FND is one of our favorite growth/cyclicals.
- DOW is deep value and could go back to earning \$8.00 a few years out and 4x-5x the stock price with a 6.4% dividend yield.

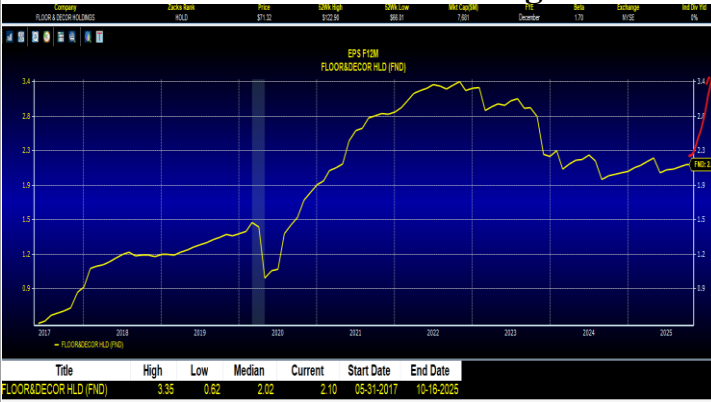
TXN 12-Month Earnings



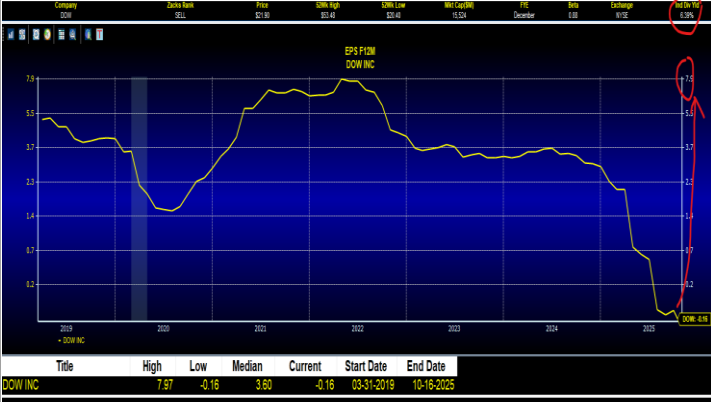
DHI 12-Month Earnings



FND 12-Month Earnings



DOW 12-Month Earnings



--	--

There are no warranties, expressed or implied as to the accuracy, completeness, or results obtained from any information provided herein or on the material provided. This document does not constitute a complete description of our investment services and is for informational purposes only. It is in no way a solicitation or an offer to sell securities or investment advisory services. Any statements regarding market or other financial information is obtained from sources which we believe to be reliable, but we do not warrant or guarantee the timeliness or accuracy of this information. Neither our information providers nor we shall be liable for any errors or inaccuracies, regardless of cause, or the lack of timeliness of, or for any delay or interruption in the transmission thereof to the user. All investments involve risk, including foreign currency exchange rates, political risks, market risk, different methods of accounting and financial reporting, and foreign taxes. All performance results have been compiled solely by PVG Asset Management and have not been independently verified. To be a client of PVG you must sign an investment advisory agreement, review our ADV, Form CRS and privacy policy. For performance and risk information on any strategy it is contained in the specific tear sheet of the strategy, along with important disclosures. We will also desire to answer your questions on our strategies. Hypothetical or simulated performance results have certain limitations. Unlike an actual performance record, simulated results do not represent actual trading. No representation is being made that any account will or is likely to achieve profit or losses similar to those shown. It should not be assumed that investors who actually invest in the adviser's strategies will be profitable or achieve the hypothetical performance results reflected or any corresponding index presented. Weights and allocations are subject to change. Please see our website for complete performance for each strategy, the performance record for each strategy displayed on this weekly update is not intended to display a complete history due to available room on this report. Do not invest without reviewing the tear sheets, ADV, Form CRS, and talking with our portfolio managers to make sure these strategies fit your risk profile.