PVG Asset Management
LOSS AVERSE INVESTING

Market in a Minute

July 21, 2026

Index Performance: As of July 17, 2026			
Index	**Price**	**Last Week**	**YTD**
S&P 500	7,457.69	-1.55%	8.94%
Dow Jones	52,146.42	-0.93%	8.50%
NASDAQ	25,520.24	-2.90%	9.80%
Russell 2000	16,337.28	-0.51%	20.09%
Russell 2000 Growth	14,237.70	-2.06%	16.24%
Russell 2000 Value	24,460.21	1.12%	22.40%
Russell 1000 Growth Total Return	5,005.09	-3.64%	0.56%
SPDR Gold Shares	368.41	-2.28%	-7.04%
Powershares US $ Index	28.33	-0.21%	4.81%
Ishares EAFE Index	103.33	-0.96%	7.60%
Barclays Aggregate Bond Index	98.2	0.12%	-1.68%
iShares Barclays 20+ Yr Treasury Bond	84.52	0.06%	-3.03%
Utilities Select Sector ETF	45.17	-0.53%	5.81%
Vanguard REIT ETF	100.02	2.77%	13.03%
iShares Mortgage Real Estate	22.29	0.59%	0.50%
Alerian MLP ETF	54.03	2.52%	14.91%
iShares Global Telecom	116.55	-1.35%	-3.85%
ETFMG Alternative Harvest ETF	23.77	-0.17%	-20.21%
Grayscale Bitcoin Trust	49.71	0.30%	-27.28%
Shanghai SE Index	3,764.15	-5.81%	-5.16%

A Word on the Market

By: Patrick Adams, CFA

Market Update:

- **Major Issues for the market:**
  - **Capital spending on AI,** there may be cheaper solutions. Also, the spending cycle may be half done.
  - **Concentration of technology** exposure is so much higher now than ever before at roughly 50% in technology and related.
  - **Inflation** is actually not a big issue when you look at core CPI running at 2.6% year over year in June and all **CPI of 3.5% is still elevated.**
  - The market and the Federal Reserve are concerned about inflation. **Short-term rates on Treasuries indicate the Fed will raise rates.**
  - **Oil prices are above $80 per barrel,** which will make the inflationary trends again in the forefront of the market.
  - **The 10-Year Treasury yield has been stubbornly high,** in a tight range of 4.4%-4.6%, about equal to the earnings yield of S&P 500, 5% kills the market.
  - **Margin Debt is at an all-time high even when adjusted for money growth.**
  - **Valuations are high relative to interest rates.**
  - **Short-term the technicals are weakening in front of seasonally tough months in August and September.**

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

S&P Sector Performance: As of July 21, 2026			
Index	**Price**	**Last Week**	**YTD**
Information Technology	6,533.98	-3.78%	14.95%
Consumer Disc.	1,890.27	-1.28%	-1.98%
Consumer Staples	943.2	1.40%	9.05%
Health Care	1,878.13	0.07%	4.00%
Financials	935.77	0.97%	2.65%
Industrials	179.41	-1.38%	15.66%
Energy	881.27	4.97%	28.21%
Communications Services	461.73	-2.38%	2.06%
Utilities	458.71	-0.52%	5.74%
Materials	630.37	-1.35%	9.74%
Real Estate	289.21	2.26%	13.40%

Source: Bloomberg website, Returns are appreciation only

PVG Strategies			
Tactical Strategies	**QTD**	**YTD**	**Average Annual Return as of 6/30/26**
Tactical Total Return	-0.37%	4.49%	9.53%
Dynamic Core	-0.52%	6.94%	9.87%
Tactical Growth	-0.47%	-2.22%	19.33%
Absolute Balanced	-6.17%	14.61%	8.41%
Loss Averse			
Loss Averse Equity Income	0.39%	9.54%	4.51%
Specialty			
Emerging Healthcare	-2.67%	-15.75%	64.91%
Focus			
High Income Focus 10	1.49%	3.69%	7.22%
Growth Focus 10	-1.92%	0.29%	13.78%

- **Cheaper Chinese AI models** became a concern last week as these firms have taken massive market share recently far out pacing U.S. providers. The Databricks CEO is out saying the Kimi K3 model, are just below Anthropic' s and OpenAI's in terms of performance but are expensive models while this **Kimi K3 model is free!**
- This could have a big impact on capital spending budgets for AI. **Google reports on Wednesday and for sure this needs to be addressed. They may focus the attention on their new AI chip coming in 2028.**
- **Druckenmiller's call for a major bear market could come true but for the wrong reasons. Hard to say what he is currently thinking from earlier in the year, but we are following the issues around his view:**
    - **The Fed is stuck because of inflation and cannot cut rates, that still holds for now.**
    - **Government debt is too high, that is very true, watch the 10-Year going over 5%. Jury is still out.**
    - **Regional banks having credit issues, so the KRE would fall significantly, not happening.**
    - **Credit spreads widening. Not seeing it.**
- **We believe the two big issues** are the war with Iran and now more sanctions against Russia, **causing oil prices to stay high and inflation.** This will prevent the market from having a sustained move from a long-lasting rotation.
- **The second issue is the overexuberance to owning the technology stocks** with an extremely high level of margin debt outstanding.

Emerging Healthcare Focus 10	0.35%	-20.77%	12.36%
Strategic			
Tactical Aggressive	-0.53%	-0.51%	15.15%
Tactical Moderate	-0.49%	3.54%	12.00%
Tactical Conservative	0.36%	4.94%	8.88%
Tactical Income	0.64%	4.66%	7.83%

Interest Rates			
Fed Fund	3.63 %	**5-Year**	4.28%
3-Month	3.84%	**10-Year**	4.57%
6-Month	3.94%	**30-Year**	5.09%
2-Year	4.16%		

Source: Bloomberg.com

Economic Events This Week

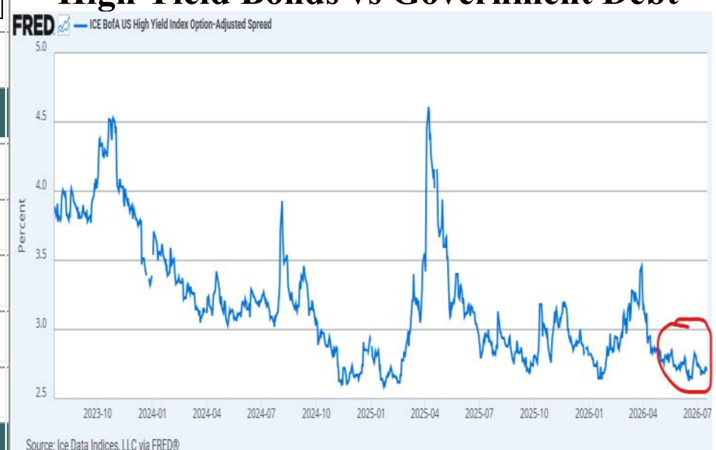
Date	**Report**	**Forecast**	**Previous**
Jul 24	New Home Sales	620K	580K

Economic Events Last Week

July 14	CPI falls sharply in June -0.4% MoM
July 16	Retail sales rose 0.2% MoM getting a boost from car buyers and Amazon Prime Day
July 16	Initial jobless claims came in better than expected at 208K
July 17	June housing starts jumped to 1.42M beating expectations of 1.31M

KRE-Regional Banks

High Yield Bonds vs Government Debt



Technicals:

- **The markets without falling interest rates need the technology sector to hold up. The XLK (technology ETF) has lost momentum and has gotten a soft-sell signal.**
- **The GOOG report is extremely important to hold this market.**
- **S&P 500 is at a critical level.**

XLK

S&P 500 Index

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