PVG Asset Management
LOSS AVERSE INVESTING

Market in a Minute

August 4, 2026

Index Performance: As of July 31, 2026			
Index	**Price**	**Last Week**	**YTD**
S&P 500	7,489.72	1.05%	9.41%
Dow Jones	52,485.03	1.04%	9.20%
NASDAQ	25,373.85	1.59%	9.17%
Russell 2000	16,169.59	0.05%	18.85%
Russell 2000 Growth	14,020.83	0.20%	14.47%
Russell 2000 Value	24,333.19	-0.09%	21.76%
Russell 1000 Growth Total Return	4,958.90	0.57%	-0.37%
SPDR Gold Shares	371.54	-0.10%	-6.25%
Powershares US $ Index	28.17	-1.43%	4.22%
Ishares EAFE Index	105.58	2.10%	9.94%
Barclays Aggregate Bond Index	97.03	-0.44%	-2.85%
iShares Barclays 20+ Yr Treasury Bond	82.25	-1.20%	-5.63%
Utilities Select Sector ETF	44.35	-4.19%	3.89%
Vanguard REIT ETF	98.95	-1.85%	11.82%
iShares Mortgage Real Estate	21.5	-0.32%	-3.07%
Alerian MLP ETF	55.32	0.60%	17.65%
iShares Global Telecom	114.98	2.67%	-5.15%
ETFMG Alternative Harvest ETF	22.95	0.83%	-22.96%
Grayscale Bitcoin Trust	48.73	-1.99%	-28.72%
Shanghai SE Index	3,832.26	0.47%	-3.44%

A Word on the Market

By: Patrick Adams, CFA

Market Update:

- **We now have gotten earnings reports from GOOG two weeks ago and last META, AMZN, MSFT, and AAPL**. GOOG, AMZN both had negative free cash flow due to aggressive capital spending but experienced very strong growth. MSFT also had good growth, less in capital spending, as a result they had positive free cash flow but was lower by -23% year over year. META missed badly, $6.18 and expected $7.20, down -13% year-over-year, total quarterly expenses rose 55%. AAPL had a good quarter with revenue up 16% and earnings up 29%, however they now expect much slower growth in the third quarter, due to slower revenue growth and higher component costs.
- **AMZN and GOOG are the two stocks we like for the long term but don't like the current negative cash flow.**
- **Situational Awareness,** a hedge fund managed by Leopold Aschenbrenner, which had $45 billion in AI stocks that blew up due to losses accentuated by leverage, it appears due to margin calls they had to liquidate. Being only 24 years old probably saw his first major decline…he did not handle it well.
- **10-Year Treasury Yield now at 4.69%, which is driven by oil prices and resulting inflationary impact is very important for the market. Above 4.7% we become concerned and do not believe the market can handle a yield much over 5%. The U.S. helping to protect the yen is a positive sign.**

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

S&P Sector Performance: As of July 31, 2026			
Index	**Price**	**Last Week**	**YTD**
Information Technology	6,553.95	-0.12%	15.31%
Consumer Disc.	1,922.36	8.30%	-0.31%
Consumer Staples	940.96	1.15%	8.80%
Health Care	1,893.67	-0.01%	4.86%
Financials	946.79	1.05%	3.86%
Industrials	179.84	-1.54%	15.94%
Energy	912.61	-0.19%	32.77%
Communications Services	456.61	5.37%	0.93%
Utilities	450.17	-4.24%	3.77%
Materials	627.22	-1.72%	9.19%
Real Estate	286.59	-2.22%	12.38%

Source: Bloomberg website, Returns are appreciation only

PVG Strategies			
Tactical Strategies	**QTD**	**YTD**	**Average Annual Return as of 6/30/26**
Tactical Total Return	-2.79%	1.95%	9.53%
Dynamic Core	-0.24%	7.25%	9.87%
Tactical Growth	-3.05%	-4.75%	19.33%
Absolute Return	-7.49	13.35%	8.29%*
Loss Averse			
Loss Averse Equity Income	-0.13%	8.98%	4.51%
Specialty			
Emerging Healthcare	-5.01%	-17.77%	64.91%
Focus			
High Income Focus 10	-0.46%	1.69%	7.22%
Growth Focus 10	-4.11%	-1.94%	13.78%

- **The peaks of the 10-Year during the past 5 years has been, 4.9%, 4.67%, 4.75, and now at 4.69%.**
- **We took our hedges off last week, but are still concerned about the seasonality of August and September.**

10-Year Treasury Yield over past 5 Years

Biotechnology and Big Parma:

- **AZN and BMY** are in discussion about merging, this is interesting, in terms of **consolidation in the sector**, but don't think it is wise for AZN.
- **We wanted to review the opportunities in the major disease areas and some potential opportunities, specifically, Obesity, Alzheimer's, and Hypertension.**
- **Cancer is always important; we are focused on GRAL** which we believe is highly likely to get approved to detect cancer early through a blood test.
- **Obesity and Diabetes: the market for GLP-1 market is expected to be as much as $82 billion in revenues in 2026 and as high as $200 billion by 2030 per JP Morgan. This is a huge and growing sector! LLY as a company is killing it. In the U.S. 40% of the population is obese, defined by over 30 BMI, and is often associated with causing type 2 diabetes, heart disease, stroke, hypertension, and certain types of cancers.**
    - **These drugs are now first generation,** and other drugs are being developed that are potentially better.

Emerging Healthcare Focus 10	-1.80%	-22.47%	12.36%
Strategic			
Tactical Aggressive	-2.40%	-2.38%	15.15%
Tactical Moderate	-1.32%	2.67%	12.00%
Tactical Conservative	-0.05%	4.52%	8.88%
Tactical Income	-0.80%	3.17%	7.83%

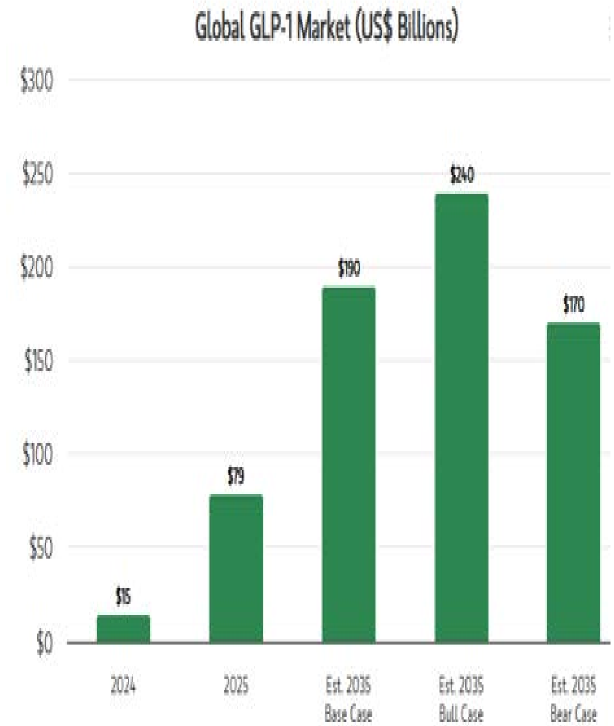
Interest Rates			
Fed Fund	3.63 %	**5-Year**	4.38%
3-Month	3.82%	**10-Year**	4.68%
6-Month	3.98%	**30-Year**	5.21%
2-Year	4.23%		

Source: Bloomberg.com

Economic Events This Week

Date	Report	Forecast	Previous
Aug 4	Trade Balance	-$73.0B	-$77.6B
Aug 4	Factory Orders	0.2%	-1.3%
Aug 5	ADP Employment Change	75K	98K
Aug 5	ISM Non-Manufacturing Index	54.7%	54
Aug 6	Productivity-Prel	0.8%	0.3%
Aug 6	Unit Labor Costs-Prel	1.7%	1.8%
Aug 6	Wholesale Inventories	0.3%	0.3%
Aug 6	Nonfarm Payrolls	86K	57K
Aug 6	Unemployment Rate	4.2%	4.2%

- **LLY will report earnings on August 5th. This company is quickly becoming a dominate company regardless of industry.**
- **VKTX is one of the next generation dual agonist obesity drugs, which will have phase 3 results could be as early as year-end. We would expect VKTX to get at least 10% market share. With a market cap of $3.7 billion the market has clearly identified this stock, but it is very far from its potential if it can get 10% of $200 billion by 2030 or later.**



LLY

- **Alzheimer's- there is no evidence of GLP1 drugs helping with this disease. It is estimated that over 7 million Americans have Alzheimer's and 32**

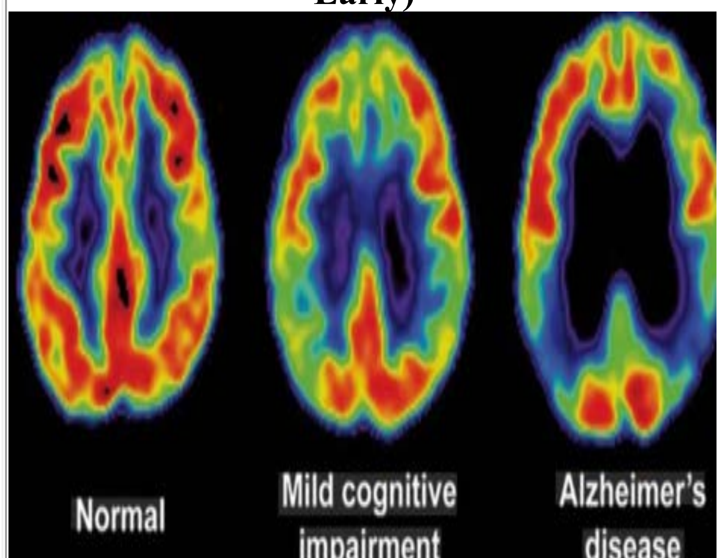
Aug 6	Average Workweek	34.3	34.3

Economic Events Last Week	
July 27	Durable goods orders did well in June, up 0.3% MoM
July 29	Fed voted 9-3 to hold the federal funds rate at 3.50-3.75%
July 30	Real GDP grew at 1.5% annualized rate
July 30	New Home Sales for June rose to 628,000

million globally. Currently, there are two disease-modifying treatments (**LLY and BIIB**). which are antibody infusions that target brain amyloid plaques to slow cognitive decline in early Alzheimer's. The drugs do not work well and are clearing what has already happened they do not prevent the disease. We see a cocktail approach to treating the disease by adding additional drugs that work differently.

- **AVXL has a front-end drug (we call it) in development, that helps clear the brain of toxins before it builds up in the back end like plaque.**
- **Alzheon Pharma (private) also has a front-end cleaner type of drug. Both of these drugs could work in combination with the approved antibodies of LLY or BIIB.**

Images of Alzheimer's (Critical to Catch Early)



- **Hypertension- there are about 120 million adults that suffer from hypertension in the U.S. and a whopping 1.4 billion worldwide. There are new drugs in the U.S. that focus on resistant hypertension and is estimated to be 10 million people in the U.S. This is a very large market with an unmet need.**
  - **AZN acquired a resistant hypertension drug and is just being rolled out.**
  - **MLYS with a $2.5 billion market cap. and has an approval date with the FDA of December 22. We think it is highly likely MLYS is acquired.**

- **Retention Pharma.** is a private company which is in phase 2b, we believe if this company becomes publicly traded it will be at a significant discount to MLYS and could be an attractive investment.

MLYS

AVXL Disclosure: We have been asked why we believe the upside in AVXL was 100x from last week's update.
The stock has massive potential, which we believe could be as high as 100x if this important potential drug gets developed and marketed over time. (It is estimated that 500,000 people have early-onset Alzheimer's disease in Europe (NIH) and 200,000 (Mayo Clinic) in the U.S., which we believe is a low estimate (likely more like 700,000), worldwide it is estimated to be 3.9 million (Alzforum). Assuming the drug cost conservatively $20,000 annually, combining U.S. and Europe the market potential for only early-onset is $14 billion. At 4x revenues, as a common valuation we use, make the potential value of $56 billion for AVXL. We assume half of the market can get penetrated or a value of $28 billion. At a $250 million market cap for AVXL makes the potential of over 100x, assuming no significant dilution of the current shares outstanding.)