PVG Asset Management
LOSS AVERSE INVESTING

Market in a Minute

August 18, 2026

Index Performance: As of August 14, 2026			
Index	**Price**	**Last Week**	**YTD**
S&P 500	7,785.76	0.36%	13.74%
Dow Jones	53,732.41	-0.56%	11.80%
NASDAQ	26,729.16	0.14%	15.00%
Russell 2000	16,934.18	1.15%	24.47%
Russell 2000 Growth	14,948.45	1.42%	22.04%
Russell 2000 Value	25,018.85	0.86%	25.19%
Russell 1000 Growth Total Return	5,250.89	0.52%	5.50%
SPDR Gold Shares	401.48	0.76%	1.30%
Powershares US $ Index	28.11	0.14%	4.00%
Ishares EAFE Index	108.64	0.08%	13.13%
Barclays Aggregate Bond Index	97.48	-0.12%	-2.40%
iShares Barclays 20+ Yr Treasury Bond	82.04	-0.87%	-5.87%
Utilities Select Sector ETF	44.31	1.61%	3.79%
Vanguard REIT ETF	98.83	0.41%	11.68%
iShares Mortgage Real Estate	22.12	0.59%	-0.27%
Alerian MLP ETF	54.96	1.10%	16.89%
iShares Global Telecom	118.03	0.03%	-2.63%
ETFMG Alternative Harvest ETF	24.99	5.58%	-16.11%
Grayscale Bitcoin Trust	48.68	-3.22%	-28.79%
Shanghai SE Index	3,927.18	-0.33%	-1.05%

A Word on the Market

By: Patrick Adams, CFA

Market Update:

- **The probability of a rate increase by the Federal Reserve has dropped to about 33% in September,** as we expected the rate increase would not occur. We got our expected modest inflation report, which was 2.5% Core Inflation, we strongly do not believe the Fed will increase rates in September.
- **As a result, the 10-Year Treasury went above 4.7% recently, which reflects the bond market seeing the economy continue to be fine and the Fed allowing growth. We would be very concerned if the 10-Year spiked above 5% and the resulting negative impact on the stock market. There is tremendous supply of bonds from the technology sector pushing rates up.**
- **Many strategists have pushed their price targets up for the S&P 500, due to strong earnings, by year-end.**
  - JP Morgan year-end 8,000
  - Goldman Sachs 8,000
  - Ed Yardeni 8,400
  - **Tom Lee 8,000, but with a significant decline before year-end.**
  - Morgan Stanley 8,000
  - RBC 8,150 over 12 months
  - **Bank of America 7,100**
- **What stands out is Tom Lee's pullback, we follow his work as he is right a lot and does not seem to be a Perma Bull or Bear.**
- **The other target from Bank of America is worth investigating here is their reasoning:**

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

S&P Sector Performance: As of Aug 14, 2026			
Index	**Price**	**Last Week**	**YTD**
Information Technology	7,042.54	0.22%	23.90%
Consumer Disc.	1,937.95	-1.97%	0.49%
Consumer Staples	950.67	0.99%	9.92%
Health Care	1,949.46	0.98%	7.95%
Financials	966.56	0.90%	6.03%
Industrials	186.51	0.72%	20.24%
Energy	946.99	7.31%	37.78%
Communications Services	458.02	-0.96%	1.24%
Utilities	449.01	1.45%	3.50%
Materials	656.65	-0.87%	14.32%
Real Estate	288.15	0.66%	12.99%

Source: Bloomberg website, Returns are appreciation only

PVG Strategies			
Tactical Strategies	**QTD**	**YTD**	**Average Annual Return as of 6/30/26**
Tactical Total Return	1.82%	-1.29%	9.53%
Dynamic Core	3.24%	-0.48%	9.87%
Tactical Growth	2.67%	-7.75%	19.33%
Absolute Balanced			
Loss Averse			
Loss Averse Equity Income	1.35%	2.87%	4.51%
Specialty			
Emerging Healthcare	0.13%	-16.66%	64.91%
Focus			
High Income Focus 10	0.04%	2.18%	7.22%
Growth Focus 10	-0.81%	-8.89%	13.78%

  - High price-to-earning stocks are outperforming low
  - Valuation of the S&P 500 is stretched
  - Lofty growth expectations
  - Narrow market breadth
  - Credit and Market stress, meaning declining consumer confidence and tighter lending standards
- **We have our own strong views and if you remember our target has been 7850 for a while. We have been looking for volatility like we saw in the first half when we had that roughly -10% pullback. If you remember we took advantage of that decline earlier in the year. We think as we get closer to the mid-term elections the high P/E stocks could fall meaningfully.**
- **As the market approaches the second quarter of 2027 the earnings comparisons are going to be much harder, and the momentum trade will get very difficult. This could spark a large pullback.**

S&P 500 Range of Targets 8,400-7,100

Biotechnology:

- **CAPR has a drug that reported very strong results for Duchesne Muscular Dystrophy (DMD). With these results back in November 2025, the stock had a roughly 10x move in a day. That was fun!!!**
- **The stock imploded on news from the FDA recently, the FDA believes among other issues that the results were not as good and actually failed if an old scale to measure results were used.**

Emerging Healthcare Focus 10	-0.57%	-24.87%	12.36%
Strategic			
Tactical Aggressive	1.03%	-4.05%	15.15%
Tactical Moderate	1.44%	-2.26%	12.00%
Tactical Conservative	0.99%	2.17%	8.88%
Tactical Income	0.37%	1.42%	7.83%

Interest Rates

Fed Fund	3.63 %	**5-Year**	4.32%
3-Month	3.87%	**10-Year**	4.63%
6-Month	3.94%	**30-Year**	5.21%
2-Year	4.15%		

Source: Bloomberg.com

Economic Events This Week

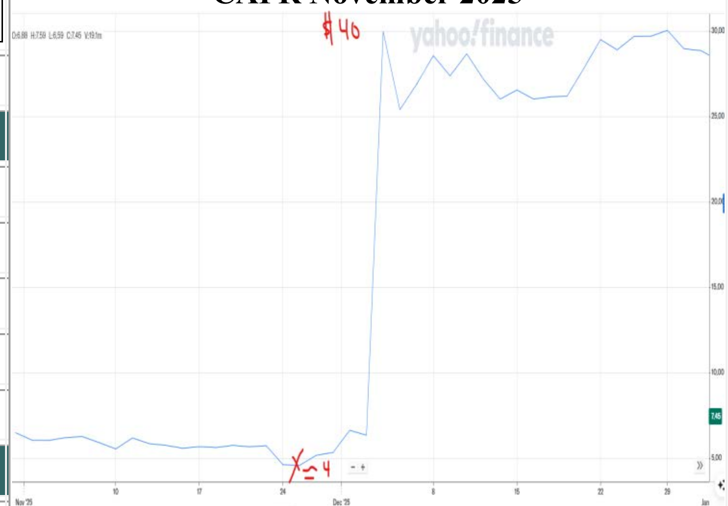
Date	**Report**	**Forecast**	**Previous**
Aug 18	Housing Starts	1360K	1427K
Aug 18	Building Permits	1390K	1367K
Aug 18	Industrial Production	0.3%	76.1%
Aug 18	Capacity Utilzation	76.3%	76.1%
Aug 18	Pending Home Sales	1.3%	-5.4%
Aug 20	Philadelphia Fed Index	25.0	41.4
Aug 20	Leading Economic Index	-0.1%	-0.2%

Economic Events Last Week

August 11	Existing Home sales held steady around 4.1 million annualized

- **The FDA seems to have pushed the advisory committee to vote 9-3 against approval, and then the stock traded below cash of $4.00**
- **It appears now there may be a compromise brewing which could lift the stock. Below $4.00 this seems to be a one direction outcome.**
- **In our opinion, this drug should get conditional approval provided the company agrees to do a confirmatory trial. It is a small patient population and can be easily monitored. There is no other drug for DMD and the outcome of the disease is fatal.**

CAPR November 2025



CAPR YTD

August 12	CPI rose 0.1% MoM and 3.4% YoY
August 13	PPI was flat MoM & Core PPI rose 0.2%
August 14	University of Michigan Consumer Sentiment dropped to 51