



# RGB Perspectives

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The uncertainty of the economic impact of COVID-19 continues to affect the financial markets. The **S&P 500 Composite Index** is in a historic, free-fall decline and down 29.5% since peaking in mid-February.

Index	Market Segment	Returns	
		Since 2020 Peak	Year-to-Date
S&P 500 Composite Index	Large-cap stocks	-29.50%	-26.10%
Dow Jones Industrials	Large-cap stocks	-31.70%	-29.30%
S&P 400 Index	Mid-cap stocks	-36.70%	-35.30%
S&P 600 Index	Small-cap stocks	-39.50%	-38.40%
Nasdaq	Growth/Technology	-29.70%	-23.10%
Nasdaq 100	Large Growth/Technology	-27.80%	-19.60%
New York Stock Exchange	Broad Index	-32.50%	-31.20%

All the major stock indices are in bear market declines, defined as a decline of 20% or more from a recent peak.



High-yield bonds are influenced by similar factors that drive stocks and are confirming the elevated risk levels in the market. The **Merrill Lynch High-Yield Master II Index** is down over 13.4% since its February peak. This is now the third largest decline in the history of the index (index start = 1/1/1997). Each of the previous large declines in the junk bond market have resulted in great buying opportunities and that will happen again, once this crisis passes. The larger the decline we experience now, the bigger the future opportunity.

I anticipate that market volatility will continue for some period of time but the exact timeline is unknown. Investors will eventually figure out that prices have dropped enough to reflect the new economic reality that has been caused by the coronavirus. The good news is that the current decline in the market is setting up a great opportunity for those who can navigate through the uncertain times.

As an active investment advisor, I attempt to avoid life-altering declines for myself and my clients based on three different risk profiles. All of the RGB Capital Group strategies are either in cash or in a reduced-risk profile. While we can never get out right at the top of a market, avoiding the majority of a decline will allow us to take advantage of the opportunity that is being created. As always, if you have any questions, we are available to you. Just give us a call or send an email. Thank you for your continued trust.

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