

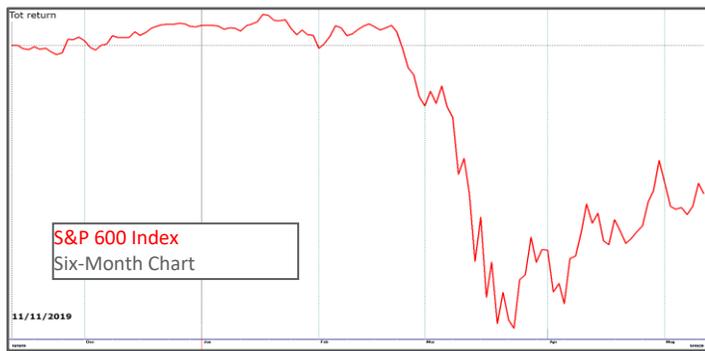


RGB Perspectives

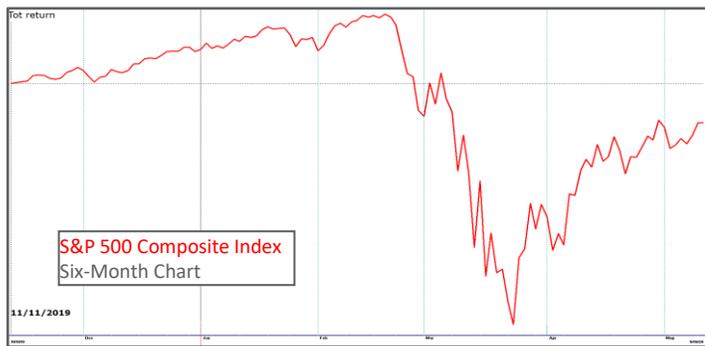
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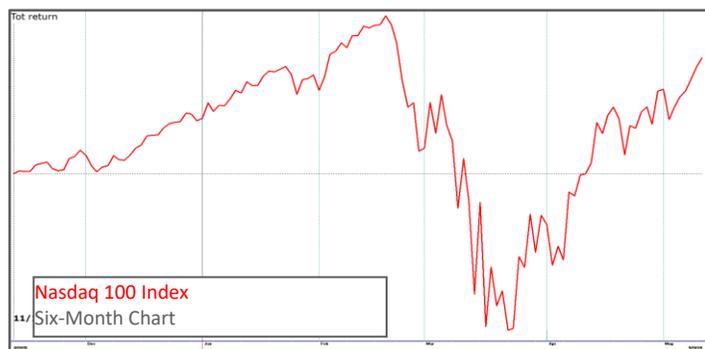
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The stock market continues to trend up on hopes that the worst of the economic impact of the coronavirus is behind us and belief that the Federal Reserve will continue its unlimited bond purchases to support the financial system. Small-cap stocks, as represented by the **S&P 600 Index**, are in an intermediate-term uptrend. It has gained 27.0% since its March low but still has another 37.6% to get back to its 2020 high set back in January. The index is down -25.9% year-to-date.



Large-cap stocks have outperformed small-cap stocks this year. The **S&P 500 Composite Index** has rallied up 31.0% from the March low and remains 13.5% below its all-time high. For the year-to-date period, the S&P 500 Index is down 9.3%.



Technology and growth companies that are positioned to support cashless transactions (i.e. PayPal, DocuSign), working from home (i.e. Zoom Video Communications), home entertainment (i.e. Electronic Arts) and of course healthcare, are all surging. The technology/growth heavy **Nasdaq 100 Index**, which includes many of the large companies in these sectors, has outperformed the rest of the market and has recently moved into positive territory for the year. The index is up 33.0% since the March low and is now up 6.5% year-to-date.



Junk bonds tend to be a good market sentiment indicator. When they are trending up it is an indication that investors are willing to take on risk. A 50-day moving average can help us visualize that trend. The **BofA ML High-Yield Master II Index** has been drifting just below its 50-day moving average in a sideways trading range over the last few weeks. Look for a breakout from this trading range, either up or down, for an indication of the future trend of the market.

While stock market risk remains elevated, there are attractive low volatility trends in other areas of the market. No changes were made to the qualified version of the RGB Capital Group strategies over the last week, however, I did increase our exposure to low volatility mutual funds in the Core Non-Qualified (CN) and Balanced Non-Qualified (BN) strategies. I continue to monitor the trends of our holdings and will take appropriate action when necessary in order to protect our capital. All strategies are up a little for the month of May.

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Prepared with data through 5/11/2020