

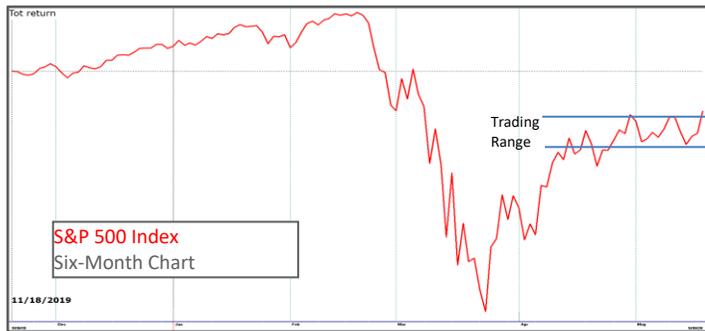


# RGB Perspectives

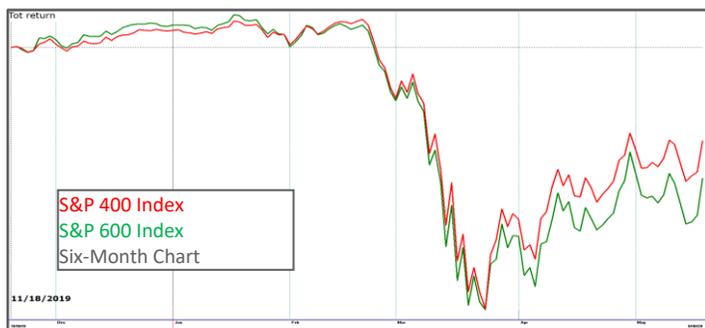
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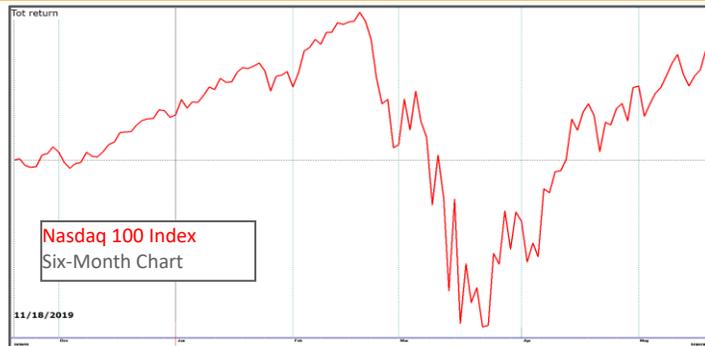
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The **S&P 500 Composite Index** has been range bound for the last several weeks. The distance between the top and bottom of this trading range is approximately 4.0%. The index closed just slightly above the top of the range today. It will take another day or two to determine whether this is a definitive breakout above the sideways trading pattern that has dominated the market since mid-April. The S&P 500 Index remains down -8.6% year-to-date.



Like large-cap stocks, mid-cap and small-cap stocks have generally been trending sideways, but with much more volatility. For example, **S&P 400 Index** (mid-cap stocks) dropped -8.7% between from April 29 and May 13 (a period of 10 trading days) and the **S&P 600 Index** (small-cap stocks) dropped -12.8% during that same period. The S&P 400 Index is down -18.9% and S&P 600 Index is down -25.2% year-to-date.



The technology/growth heavy **Nasdaq 100 Index** has been one of the best performing equity indices this year. While it fell with the rest of the market in February and March, it has recovered much of those losses and continues to trend up. The index is up +6.7% year-to-date and only 4.0% below its all-time high set back in February.



While the Nasdaq 100 Index is trending up, most of the rest of the market is struggling to find direction after the initial bounce off the March lows. This is confirmed by the sideways trading pattern of the **BofA ML High-Yield Master II Index** (junk bonds). The junk bond index is about the same level it was in mid-April. A break above or below the recent trading range will provide clues to the future direction of the stock market.

Despite cities and states starting to open up, meaningful progress on the development of a vaccine and an aggressive Federal Reserve that has clearly indicated it will do more, if necessary, the equity markets have moved mostly sideways over the last several weeks. However, there are some good risk-adjusted return opportunities that are available in the bond / income world. The RGB Core strategies and a majority of the RGB Balanced strategies are invested in these lower volatility trends. No changes have been made to the RGB Capital Group strategies over the last week. I continue to monitor the trends of the equity and bond/income markets and will make adjustments as necessary.

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