

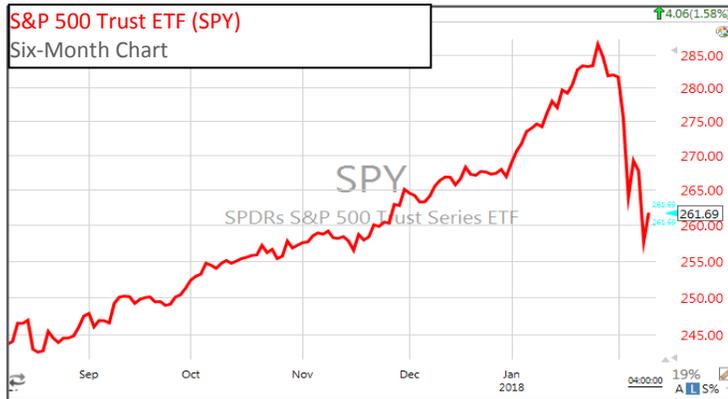


RGB Perspectives

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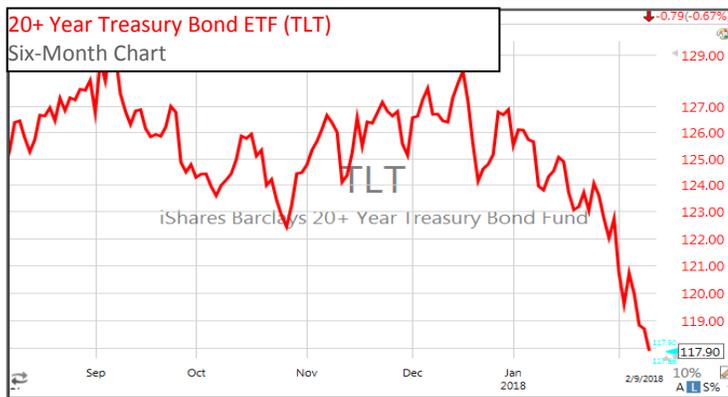
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The financial markets continued to deteriorate throughout the past week. The large-cap **S&P 500 Trust ETF (SPY)** dropped 5.1% this week putting the total peak to trough decline at 8.8%. SPY is now down 2.0% for the year. Although today was a positive day, it did very little to recover the losses that preceded it.



Stocks across the market capitalization continuum have been affected. The **Russell 2000 Index ETF (IWM)** (small-cap stocks) dropped 4.6% this week and is down 8.3% since peaking in late January. IWM is down 3.7% year-to-date.



There have been very few hiding places. Even Treasuries, which tend to be a safe haven for investors during times of elevated risk, have been declining. The **20+ Year Treasury Bond ETF (TLT)** has steadily declined since mid-December. This index is down 8.1% since mid-December.

Many investors are concerned about the elevated risk in the market. Although the decline has been swift, 8% - 10% declines in the market are not uncommon. What was unusual about the recent decline was how quickly market volatility accelerated over such a short time period.

The RGB risk management approach is to react to changes in the market as they happen. As such, we will typically participate in the initial stages of a decline but will move to a more conservative posture to protect capital when necessary. Given the rapid nature of the decline, all the RGB Capital Group models are down from their recent highs and have small declines year-to-date. All the models are defensively positioned while we wait for the recent volatility to subside. At that point we will attempt to align the models with the new trends that develop. If this market decline continues, we are safely positioned and will wait for a more opportunistic time to re-enter the market.

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