

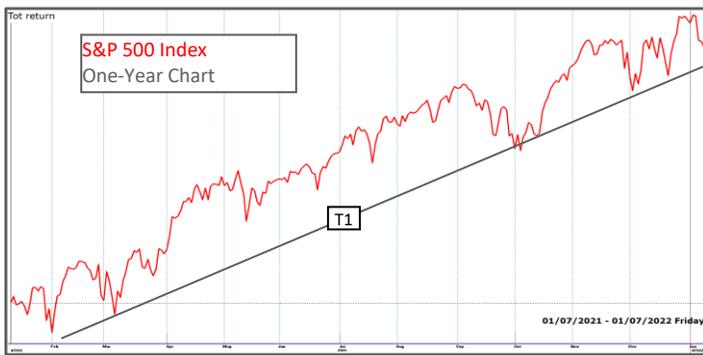


RGB Perspectives

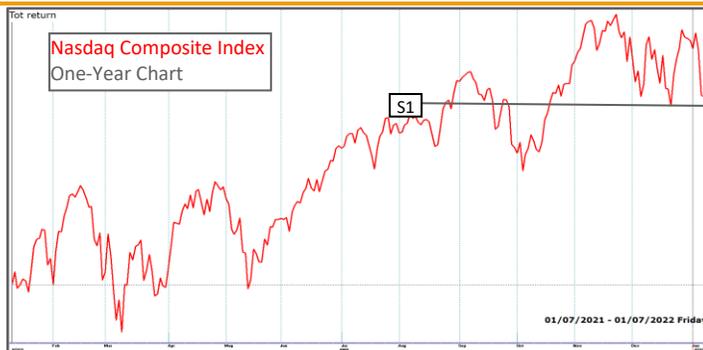
January 10, 2022

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The **S&P 500 Index** has started the year in a short-term down trend. So far the decline has been fairly minor and is consistent with other declines over the last year. The index is 2.5% below its all-time high set just last week and remains above the primary trend line (T1).



The decline in other indices has been a bit more pronounced. The **Nasdaq Composite Index**, comprised of growth and technology stocks, is down 7.0% from its all-time high set back in November. It currently rests at a critical level of support (S1). A decline from this level could lead to additional selling.



The **BAML High-Yield Master II Index** (junk bond index) dropped below its 50-day moving average but remains in a multi-month trading range. While the index is suggesting that risk is elevated, I will be more concerned when the index drops below the bottom of this range which would imply that the balance that has existed over the last several months has broken down.

The market appears to be reacting to recent Federal Reserve communications that it will stop its bond purchasing, increase rates and decrease the size of its massive balance sheet sooner than most investors anticipated. These actions are less accommodative and designed to slow down the economy. Slowing of the economy generally results in lower corporate profits and a decrease in overall stock prices.

Overall market risk has increased. The RGB Core strategies are conservatively positioned but still invested. We will increase exposure to the market in the Core strategies at a time when market risk has subsided. The Flex+ strategy still maintains 100% exposure to the equity market. If the selling continues, the strategy would likely move to a reduced risk profile in the coming weeks. The Balanced strategies, which incorporate both the Core and Flex+ strategies, are invested accordingly.

As a reminder, we are holding a **RGB Strategy and Operations Update webinar on Wednesday, January 26 at 5 pm PST**.

This is a great opportunity for current and former clients, as well as others, who are interested in learning more about RGB Capital Group and their risk management techniques to reduce portfolio volatility, understand how the strategies performed this past year in context of the overall market, and hear about upcoming changes to the operations at RGB Capital Group. Most importantly, this is a great time to get your questions answered so please join us if you can. If you are interested in attending the webinar and have not yet registered, please [register here](#) to reserve your spot.

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