

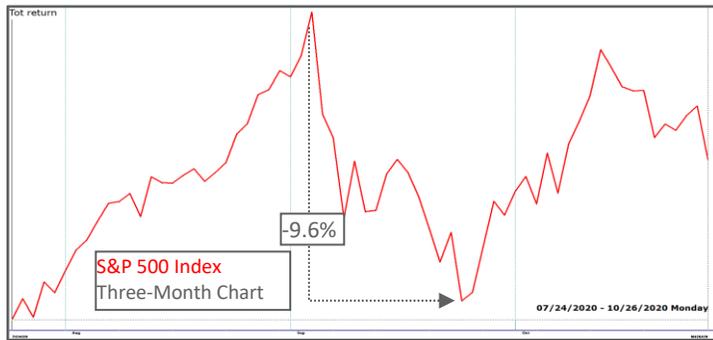


RGB Perspectives

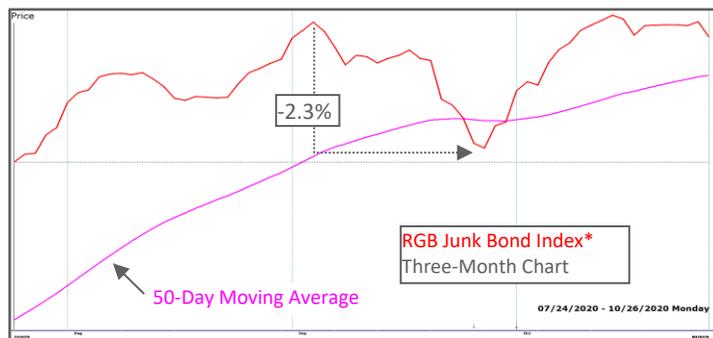
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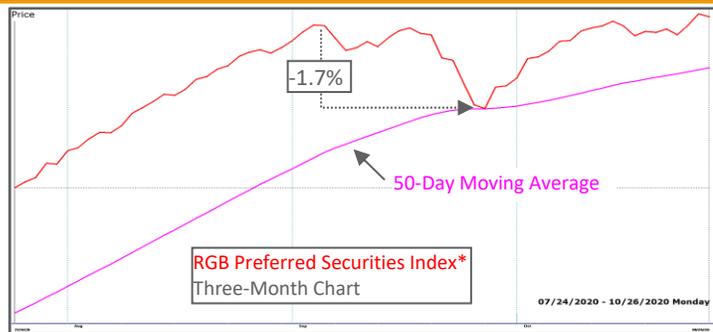
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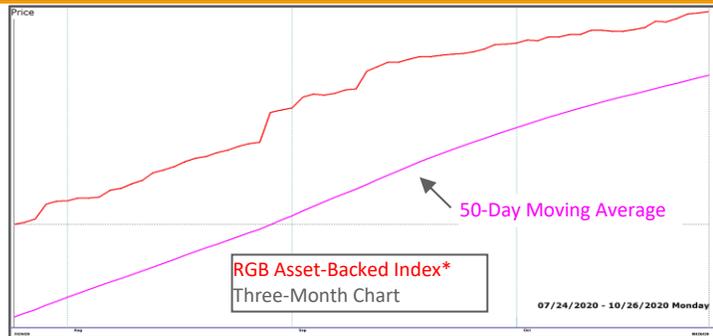
The stock market is trending sideways. The **S&P 500 Index** peaked in early September before falling almost 9.6% to the late September lows. The stock market then bounced and is sitting about halfway between the early September highs and late September lows. In my opinion, given the complete uncertainty surrounding the election, increasing Covid-19 cases, no imminent stimulus package out of Washington and the potential for continued social unrest, the stock market has held up well.



When stock market uncertainty rises, I like to look at junk bonds to get a sense of the overall risk in the market. Junk bonds tend to follow the same general direction as the stock market but on a fraction of the volatility. The **RGB Junk Bond Index** also peaked in early September but only fell 2.3% before bottoming and trending back up. The index is not reflecting any elevated risk in the market.



There are other asset classes that tend to follow the general direction of stocks but on substantially less volatility. The **RGB Preferred Securities Index** fell 1.7% from the early September peak to the late September low. It has bounced back and currently rests near the September peak.



Another group of funds that invest in asset-backed securities has had even less volatility. Despite the volatility in the broader stock market averages, the **RGB Asset-Backed Index** has hardly had a down day in the last three months.

While stock market volatility remains high, most of the major indices are in trading ranges reflecting a balance of buyers and sellers. This is likely to be resolved within the next few weeks as election results start rolling in. The RGB Core and Balanced strategies have a major portion of the strategies invested in the low volatility groups shown above and are not subject to the same type of volatility as the stock market. The RGB Flex+ strategy remains fully invested in equities and has been trending mostly sideways along with the rest of the market. I do not know how the market will react to events that have not yet happened, but I am prepared to act as appropriate if the trend of the market turns down.

*The RGB indices shown above are comprised of an equal weighted group of mutual funds representing each index. You cannot invest directly into one of these indices.

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