



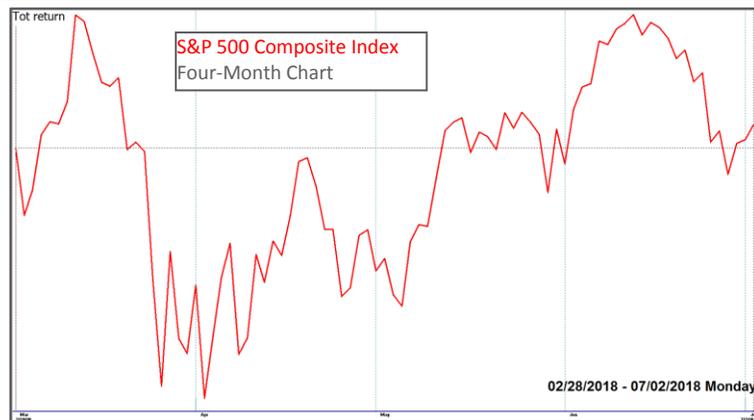
RGB Perspectives

July 2, 2018

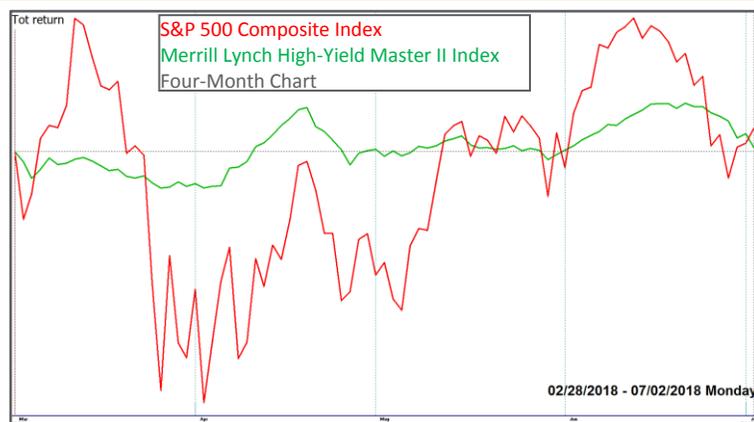
Written by Rob Bernstein (rob@rgbcapitalgroup.com)

RGB Capital Group LLC • 858-367-5200 • www.rgbcapitalgroup.com

All clients and friends of RGB Capital Group are invited to attend our annual meeting scheduled for Saturday, September 29 in Los Angeles and Saturday, October 6 in San Diego. For details and online registration please use the following links: [Los Angeles Meeting Details and Registration](#) or [San Diego Meeting Details and Registration](#). If you would like to attend one of these meetings, you must register. For questions, please contact Lois at lois@rgbcapitalgroup.com or 858-367-5200.



The **S&P 500 Composite Index**, a broad measurement of the large-cap US stock market, has ended the last four month period just about where it started. Just a few weeks ago it touched the March high before turning back down. The decline has been abated over the last few trading days, but it will likely take a little while longer to determine if this is a short-term bottom or just a pause in the recent decline.



Not surprisingly, the **Merrill Lynch High-Yield Master II Index** (junk bonds) ended the four month period about where it started. Junk bonds tend to follow the same general direction as the stock market, although with much less volatility. The index is currently indicating a balance of buyers and sellers as it meanders sideways.

The sideways market action that has persisted for the last four months will not last forever, however, we have no way to know how long it will last. At some point, the market will break out from this trading range either to the upside or downside. Once a break out occurs it will be a clue to the future direction of the market. Until that time, bouncing around in this trading range should be considered noise.

The RGB Capital Group models are conservatively positioned but still subject to some of this same market noise.

Conservative Models: The Conservative models are currently about 80% invested in low volatility funds and ended the month at about break even. I don't expect much movement in these models until the next trend develops.

Flexible Models: The Flexible models have some net long exposure to the market. During the month of June I increased this exposure although the timing of these trades didn't work out well. As a result, the Flexible models turned down with the rest of the market and ended down between 0.5% and 1% for the month. I will continue to look for opportunities to take advantage of the shorter-term trends that present themselves but will reduce all equity exposure if necessary.

The current trading range environment will come to an end and I will adjust the models accordingly. Until that time, some patience will be required. I hope you all have a wonderful 4th of July.

RGB Perspectives is provided for general information purposes only. It does not constitute an offer to sell or a solicitation to buy a security, and is not an offer to provide any specific investment advice. Securities held in the RGB models are subject to change without notice. Past performance is not a guarantee of future performance. It is not possible to invest directly in an index. Individual account results will vary from RGB models due to timing of investment, amount of investment and actual securities used. Advisory fees are deducted within the first month of the quarter for the prior quarter. Most data and charts are provided by www.fasttrack.net or TC2000 (www.worden.com). RGB Capital Group contact info: (858) 367-5200. Email: info@rgbcapitalgroup.com

Prepared with data through 7/2/2018