

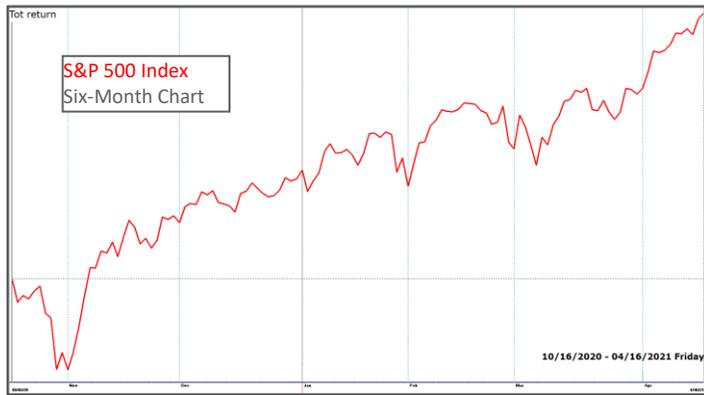


# RGB Perspectives

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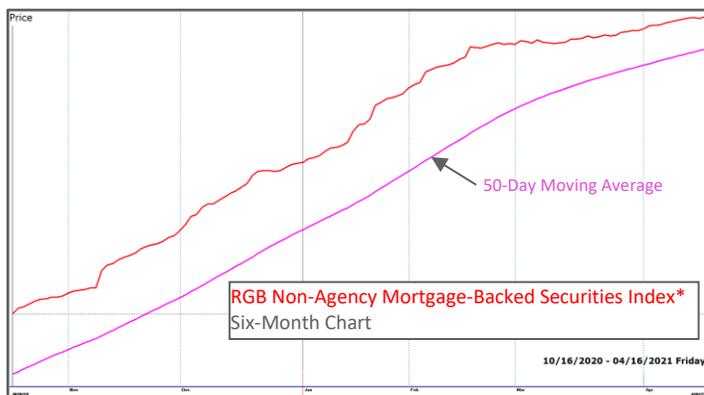
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The stock market environment remains favorable. Many of the stock market indices, including the **S&P 500 Index**, are in well defined uptrends and closed at all-time highs last week.



Many of the factors that influence the stock market, also influence junk bonds. The **BAML High-Yield Master II Index** is trending up above its 50-day moving average and closed at an all-time high on Friday.



Other economically sensitive groups continue to provide excellent risk-adjusted returns as well. The trend of the **RGB Non-Agency Mortgage-Backed Securities Index\*** has slowed when compared to last year but continues to provide great risk-adjusted returns as it continues to trend up with very little volatility.

\*The RGB Non-Agency Mortgage-Backed Securities Index is an equally-weighted average of mutual funds that track this segment of the market. You cannot invest directly in an index.

The stock market is trending up but is a bit extended in the short term. It would not be surprising to see the major stock market indices pull back over the next week or so as the market does not usually move up in a straight line. The longer the uptrend continues without a pullback, the more significant the correction might be as investors try to lock in profits at any sign of downside volatility.

Risk management is critical in this environment as we never know if the next pull back will be a minor pull back to consolidate recent gains or something more significant. I will continue to monitor the market and make adjustments to the RGB investment strategies as I strive to balance our capital preservation focus with earning a fair return. Part of the process includes investing in lower volatility segments of the market such as junk bonds and non-agency mortgage backed securities.

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