

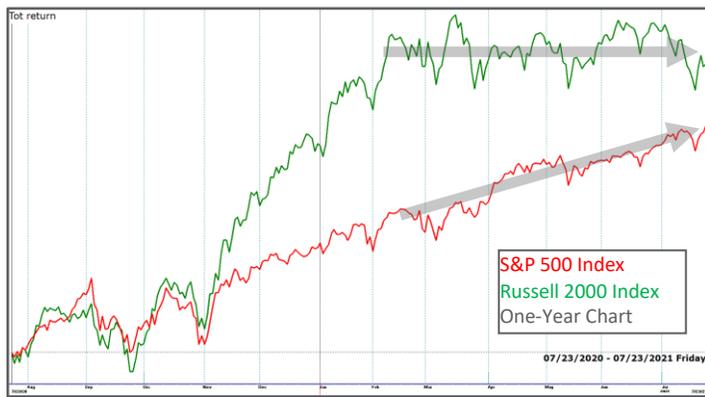


# RGB Perspectives

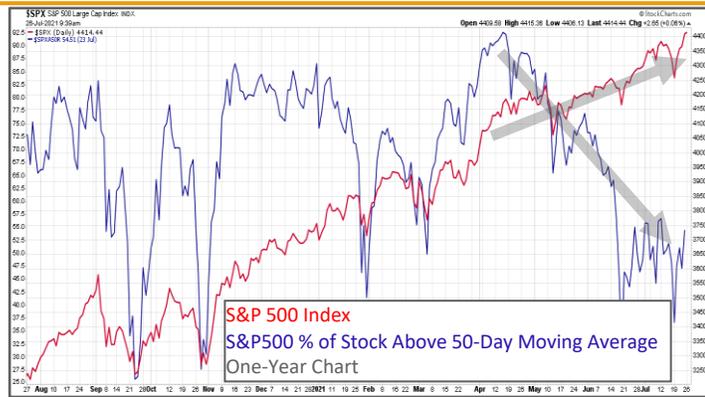
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The stock market environment remains mixed with large-cap and technology/growth stocks continuing to trend up and many other segments trending sideways. For example, the **S&P 500 Index** notched out a new all-time high on Friday while the **Russell 2000 Index** of small-cap stocks remains at about the same level it was last February.



Some market breadth indicators are signaling some weakness under the surface. The **S&P 500 % of Stocks Above 50-Day Moving Average** has declined over the last three months while the **S&P 500 Index** continued to make new highs. This divergence is generally not an indication of a strong market uptrend.



I tend to overweigh the behavior of junk bonds in my analysis of the stock market as they do a good job of providing clues to the overall health of the economy. When risk rises, junk bond investors tend to demand a higher yield to compensate them for the additional risk they are taking and therefore drive junk bond prices lower. We are not seeing that now as the **BAML High-Yield Master II Index** remains in a low volatility uptrend, trending above its rising 50-day moving average.

The stock market generally does not provide clear signals to the future direction of stock prices and now is no different. The mixed signals that we are seeing indicates that there is some underlying weakness, but it does not mean the stock market will decline in the future. However, some additional caution is warranted until these conflicting signals are resolved.

The RGB Capital Group investment strategies are all up a bit month-to-date as we head into this last week of the month. Over the last week, no changes have been made to the RGB Core strategies. However, I increased our exposure in the RGB Flex+ and Balanced strategies as the fundamental model has once again ticked back up to a positive reading. Thank you for your continued trust and confidence!!

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