

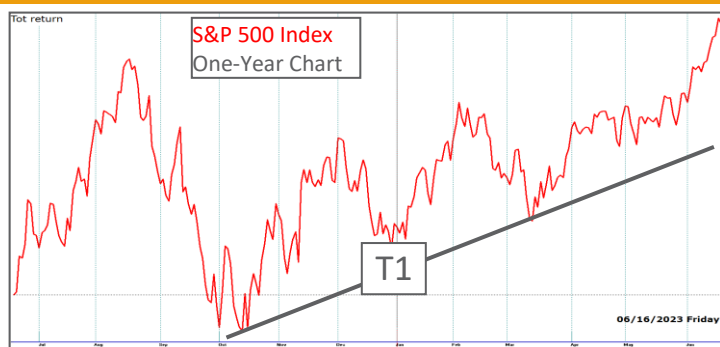


RGB Perspectives

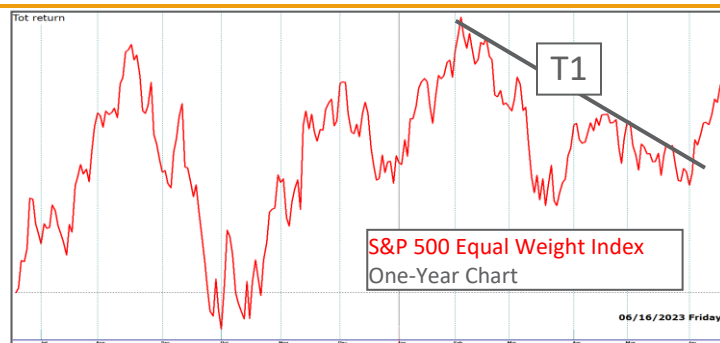
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Written by Rob Bernstein (rob@rgbcapitalgroup.com)

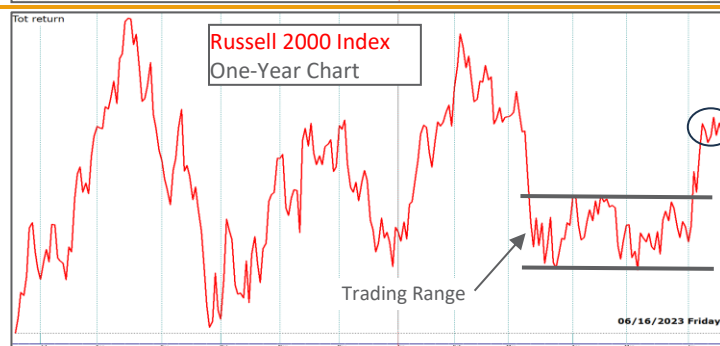
RGB Capital Group LLC • 858-367-5200 • www.rgbcapitalgroup.com



As widely expected, the Fed left short-term interest rates unchanged at the conclusion of the FOMC meeting last week. However, most FOMC members anticipated rates will rise at future meetings this year. Despite this somewhat hawkish view, the stock market, as measured by the **S&P 500 Index**, responded favorably. The uptrend off the October lows (T1) remains intact but is a bit extended in the short-term.



The **S&P 500 Equal Weight Index**, which had been lagging the cap-weighted S&P 500 Index, also responded favorably. The index broke above the intermediate-term downtrend (T1) two weeks ago and continued to move higher following the FOMC meeting last week. This is an indication that there is now broader participation in the uptrend than we saw earlier this year.



The **Russell 2000 Index** has broken out of its recent trading range as more stocks started to participate in the rally. However, the index took a pause last week (see circled area). It is too early to tell if this is just a consolidation within an ongoing uptrend or the start of potential topping pattern.



Junk bonds are suggesting that we have entered a more favorable time for the stock market. The **BAML High-Yield Master II Index** (junk bond index) has decisively broken above the top of its recent trading range and is trending up on low volatility.

The RGB investment philosophy is to reduce emphasis on risk management when market conditions are favorable and that is what I have done. We have moved to a fully invested posture in both the Core and Balanced strategies by increasing our exposure to some of the low volatility asset classes that tend to trend in the same direction as stocks. The Flex+ strategy remains fully invested in equities. Of course, I will continue to monitor our holdings and make adjustments to the portfolios as market conditions change.

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