

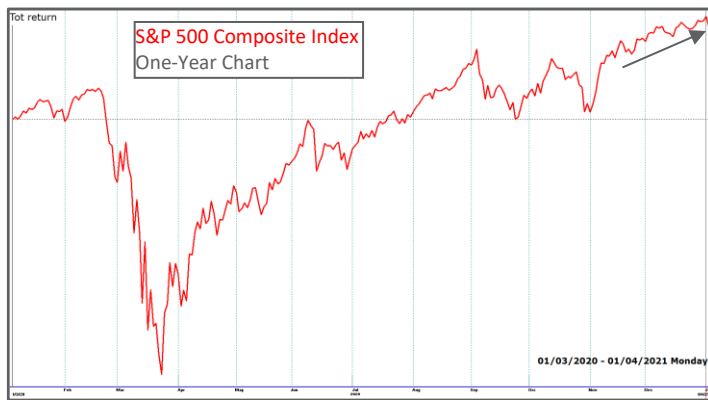


RGB Perspectives

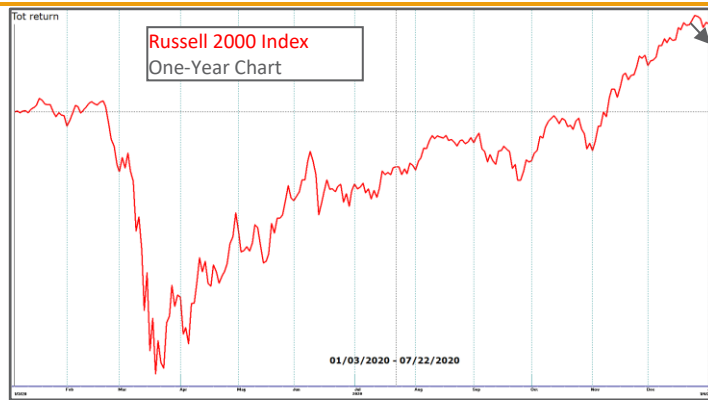
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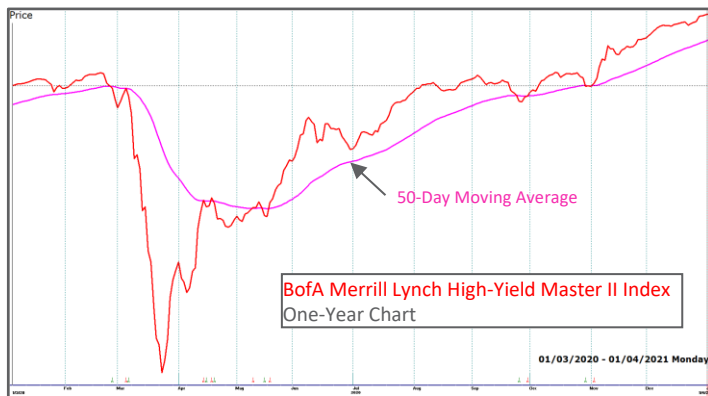
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The stock market ended 2020 with strong returns in December but started out 2021 on a down note. The **S&P 500 Composite Index** was up 3.7% in December but declined -1.5% today. Despite the decline to start the new year, the uptrend remains intact.



Small-cap stocks have outperformed over the last few months but started a short-term decline just before the holidays. The **Russell 2000 Index** is down just over 3% since its December 23rd peak. The decline is not all that concerning at this point given the strong 30%+ rally in the index from the end of October through the recent peak.



Junk bonds tend to trend down when risk is high. However, that is not what we are seeing in the **BofA Merrill Lynch High-Yield Master II Index** (junk bond index). The index is trending comfortably above its 50-day moving average confirming the positive market environment.

Some short-term volatility in the stock market may be a result of the Georgia Senate vote taking place on January 5th that will determine which political party controls the majority in the Senate. If the Democrats win both Georgia Senate seats, the Senate would be split 50/50 and the Democratic party would have control of the White House, the House of Representatives, and the Senate (any tie breaker vote would go to the Vice President). The stock market prefers a divided government as it generally translates into fewer big policy changes. We should know the outcome of this election within the next few days.

The RGB Capital Group investment strategies have entered the year fully invested with the Core Non-Qualified and Balanced Non-Qualified strategies maintaining a margin position to take advantage of the attractive trends that are available in certain low volatility investments. All uptrends come to an end at some point, so I will continue to monitor the market and our portfolios and adjust, as necessary. I hope you all have a fantastic 2021!!

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