

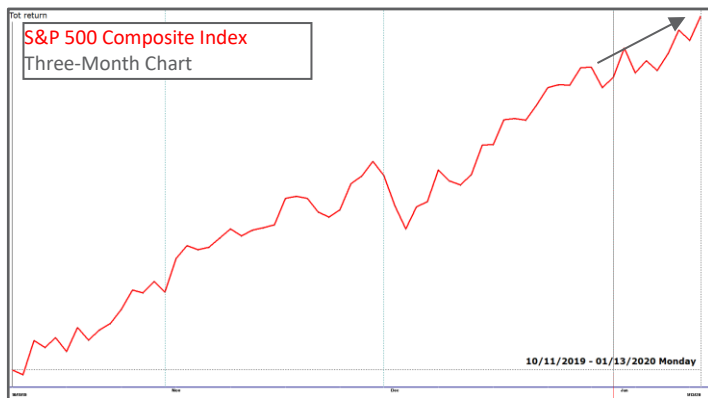


RGB Perspectives

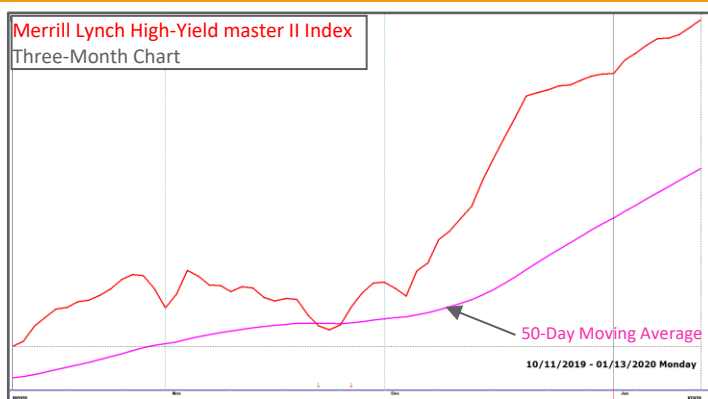
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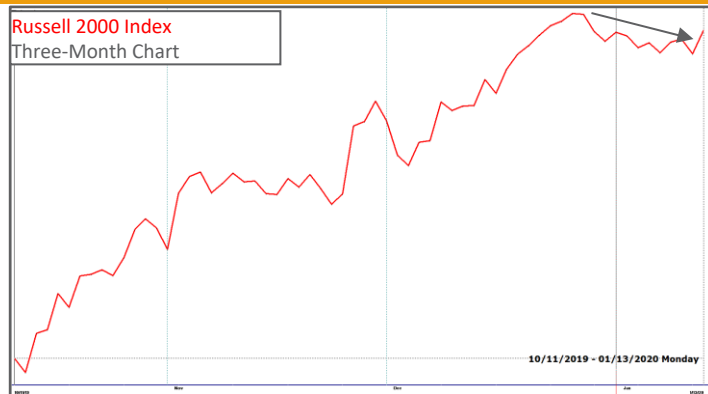
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Many of the major stock market indices closed today at new all-time highs. As an example, the **S&P 500 Composite Index** set a new all-time high and is up 1.8% this year. By all indications, the stock market is in a strong uptrend.



Junk bonds are confirming this positive market environment. Junk bonds, as represented by the **Merrill Lynch High-Yield Master II Index**, have trended up along with stocks and show no signs of slowing down. In fact, the uptrend in junk bonds accelerated in December indicating investors continue to take on risk.



However, there are segments of the market that are not participating in the strong uptrend. The most notable is the performance of small-cap stocks. The **Russell 2000 Index**, for example, has been trending down since late December. The Russell 2000 Index is breakeven for the first part of the new year.

While small-cap stocks are underperforming, the majority of the market continues to climb higher. By most measures that I track, this is an extremely positive market environment. However, all good things come to an end and that is especially true when dealing with the stock market. The current uptrend will falter at some point. I will attempt to recognize those changes when they happen and make adjustments, as necessary.

The RGB Capital Group investment strategies remain fully invested. The Core strategies are invested in economically sensitive bond/income funds including junk bonds, floating rate bonds and preferred securities. The Flex + strategy has an overweight allocation to large-cap stocks. The Balanced strategies, by design, are benefiting from both these strategies as it is designed to be a 60%/40% blend of the Core and Flex + strategies, respectively.

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