

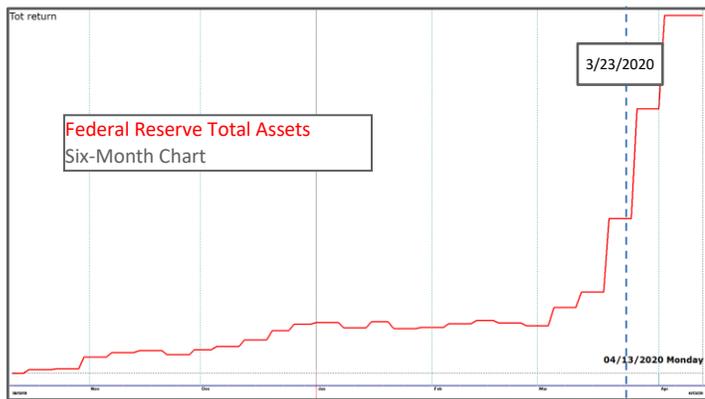


# RGB Perspectives

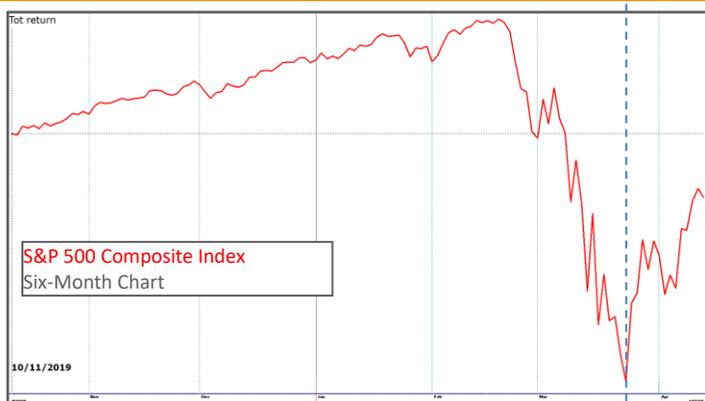
April 13, 2020

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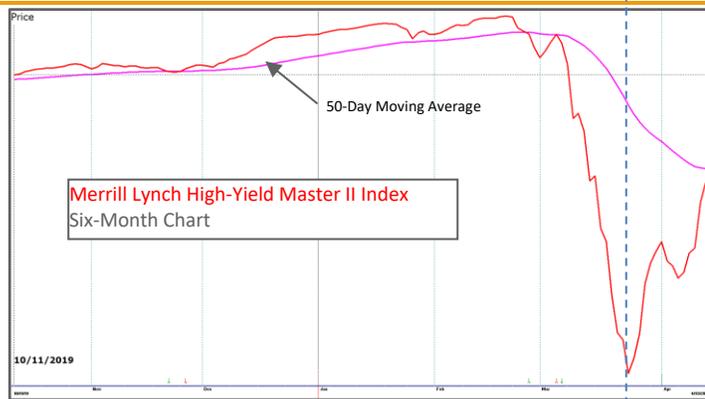
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The Federal Reserve has taken massive steps to protect the US economy from the effects of the coronavirus. On March 23, the Federal Reserve announced a plan to purchase as much government debt as necessary and start lending to small businesses and municipalities. The **Federal Reserve Total Assets** has grown by over 24% since that time, growing from \$4.668T to \$5.812T today. That number is expected to grow as the Federal Reserve continues to purchase bonds and provide liquidity to the market.



It is not all that surprising that March 23 also corresponds to the recent low in the **S&P 500 Composite Index**, as well as, other major stock market indices. Since March 23, the stock market has been in a steep uptrend. The S&P 500 Composite Index has gained 23.4% since that date.



Last Thursday, the Federal Reserve went a step further and announced plans to purchase \$2.3T in loans to support local businesses and governments, including the unprecedented move to purchase junk bonds and junk bond ETFs! The **Merrill Lynch High-Yield Master II Index** has gained 13.9% since the March 23 low.

There is no doubt that the economic fallout from the coronavirus will be significant with millions of lost jobs and businesses that will never return. However, the Federal Reserve's unlimited support for the economy, which now surpasses the support provided in the wake of the Great Financial Crisis, is a strong indication that they will do 'whatever it takes' to keep companies in business, employees in their jobs and consumers in their homes and cars with ample credit when the economy opens back up. With the extraordinary support of the Federal Reserve, news that the impact of the virus may not be as bad as once thought and data suggesting the US might be nearing the peak of the crisis, we have to remain open to the fact that the March 23 low might be the crisis low.

I increased the exposure of the RGB Core and Balanced strategies last week with purchases of junk bond and other low volatility income funds. No changes were made to the Flex+ strategy. I will monitor our holdings during this uncertain time and make adjustments as necessary to protect our capital. Thanks for your continued trust and confidence.

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