



RGB Perspectives

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Thanks to everyone who attended our webinar this past Saturday. It certainly isn't the same as meeting in person, but I am glad that I was able to connect with so many clients and others who are interested in our risk management techniques. If you did not attend, but would like to watch a recording of the session, please [click here](#). After you register, you will be requested to enter a password. Please use password: nEZ8&?dB



The **S&P 500 Index** has entered into a well-defined rising channel as shown by the two parallel lines on the chart. As you can see the majority of the price action over the last three months has remained within the the two channel lines. While a break out above the top of the channel may indicate the trend is accelerating, I think a drop below the trendline is of more importance and might indicate that the trend since mid-April is in jeopardy. This is a strong uptrend and represents over a 60% annualized rate of return.



The **Russell 2000 Index** has a very different chart pattern. The uptrend that began in late-March transformed into a sideways trading range environment. Small-cap stocks broke above the top of this trading range about two weeks ago and have managed to remain above that level. It would be encouraging to see small-cap stocks trend up along with the large-cap market.



The **Merrill Lynch High-Yield Master II Index** (junk bond index) is generally a good indicator of overall market sentiment. When junk bonds are trending up, as they are now, it is a good indicator that investors are willing to take on risk. The 50-day moving average works similar to a trend line and helps us visualize the trend.

Investors are taking on risk but primarily in large-cap and technology/growth stocks. These stocks continue to pull the large, capitalized weighted indices higher while the smaller capitalized stock indices lag. Some caution is warranted as a strong bull market generally lifts stocks across the market capitalization spectrum but that is not currently the case.

No changes have been made to the RGB Capital Group investments strategies and we remain fully invested and leveraged in our non-qualified strategies.

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