RGB Perspectives

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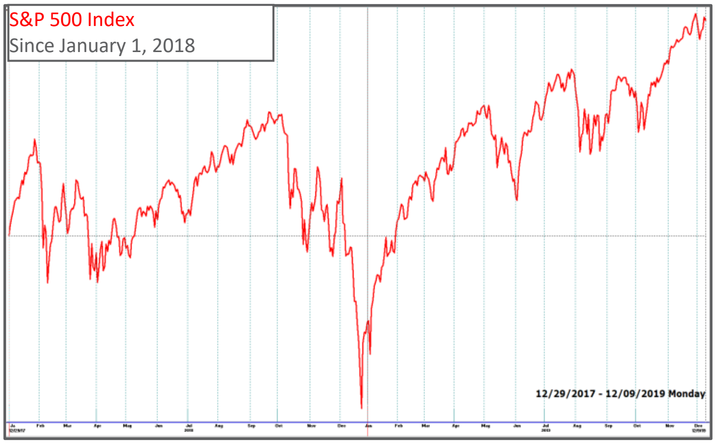
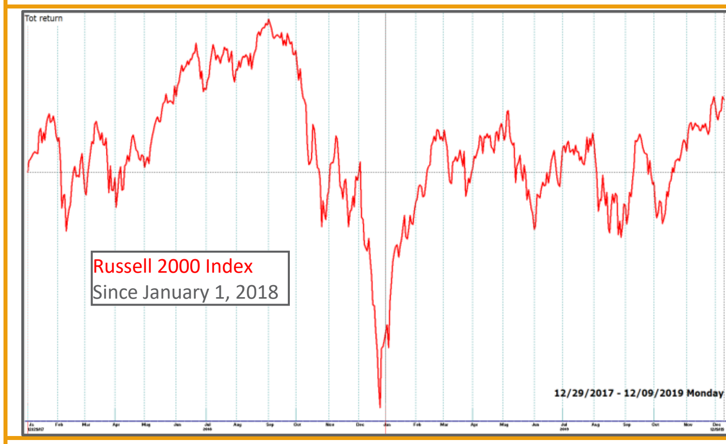
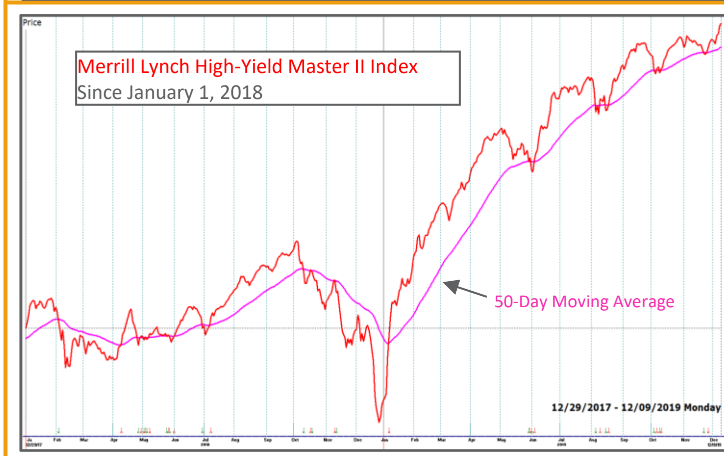


While the S&P 500 Index is up approximately 25% year-to-date, looking at the returns since the start of 2018 helps put that large gain into perspective. Since the start of 2018, the S&P 500 Index is up 17.7% (or 8.8% annualzed). Much of this year's gain was a result of recovering the steep sell off that took place in the fourth quarter of last year.



The Russell 2000 Index is up 21.2% this year. However, since the beginning of 2018 the small-cap index is up only 6.4% (or 3.3% annualized)…not necessarily an overwhelming return. In fact, the small-cap index has not yet surpassed its 2018 highs.



As junk bonds generally follow the same general direction as the stock market, it is not surprising to see that the Merrill Lynch High-Yield Master II Index has shown a similar pattern. The index is up 12.5% year-to-date and up 10% (or 5.1% annualized) since the start of 2018.

It is important to put returns in context of the current market environment. While 2019 returns are impressive, it is important not to forget that these large returns were created as a result of the steep declines experienced in the fourth quarter of 2018.

The market remains in an uptrend and the small decline experienced last week worked off some of the overbought condition. While we never know what will happen tomorrow, the market environment continues to look positive as we head into the end of the year.

Prepared with data through 12/9/2019