

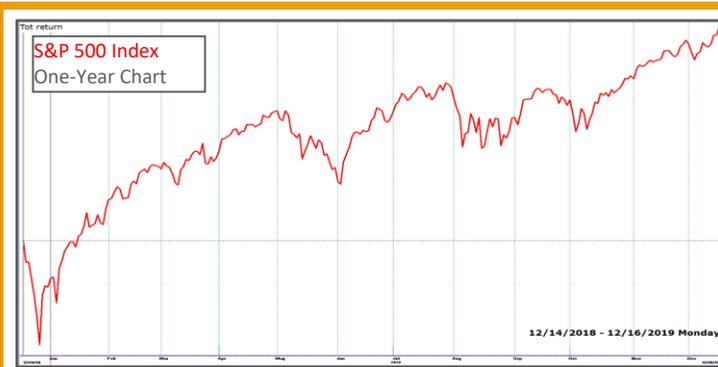


RGB Perspectives

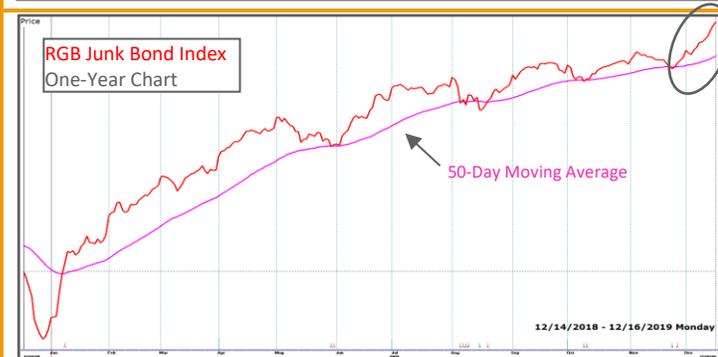
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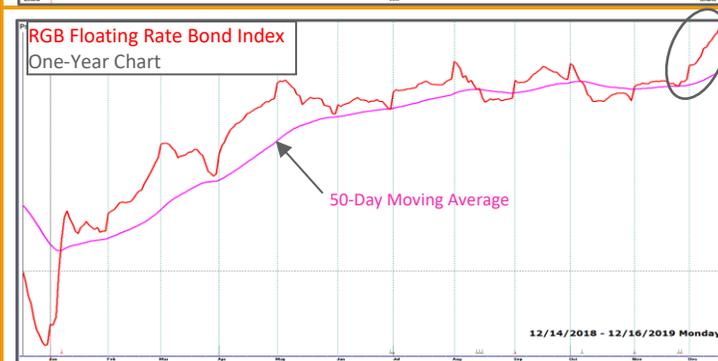


The stock market is in a low volatility uptrend. As you can see in the chart to the left, the **S&P 500 Index** is in a strong uptrend over the last two months and ended today at another all-time high. Other major stock indices (i.e. Nasdaq Composite Index, Russell 2000, S&P 400, NYSE Composite Index) have similar trends, with many of them at new all-time highs, or at least new 52-week highs.



There are other segments of the market that are also in nice uptrends and may be attractive for investors concerned about what happens when the current equity trends reverse and go the other way.

One example are junk bonds that tend to trend in the same direction as stocks but do so on significantly less volatility. The **RGB Junk Bond Index** has been trending up all year. This uptrend has recently accelerated to the upside confirming investors willingness to take on risk in this environment.



Floating rate bonds, which are debt instruments that have a variable interest rate, have trended sideways since May. However, floating rate bonds, as reflected by the **RGB Floating Rate Bond Index**, has broken out of that trading range and resumed its uptrend. Floating rate bonds, like junk bonds, tend to do well during periods of economic strength.



Preferred securities, which have characteristics of both bonds and stocks, have been in an extremely low volatility uptrend all year. The **RGB Preferred Securities Index** is trending above its 50-day moving average at an annualized rate of over 12%. This is a good example of a great risk-adjusted return.

Over the last week, good news has been delivered on many fronts including a Phase 1 trade deal with China, removal of additional tariffs against China, significant progress on a U.S. - Mexico - Canada trade deal, the Fed announcing that it has no plans to raise interest rates for the foreseeable future and a conservative landslide in the UK. All of these events have removed some uncertainty from the markets and have helped push equities and economically sensitive bonds higher.

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