

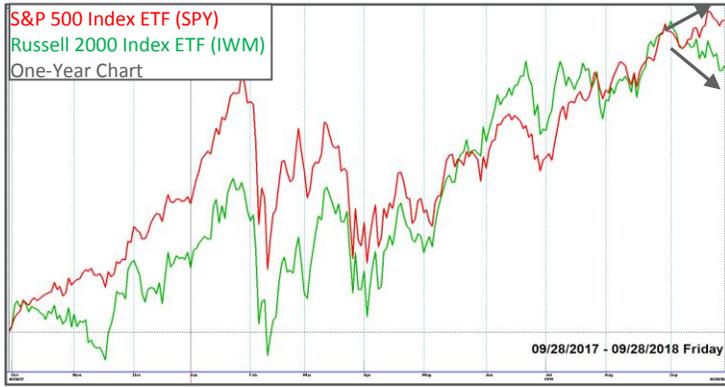


RGB Perspectives

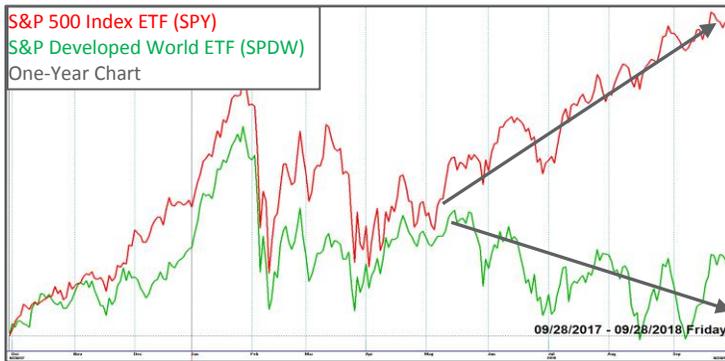
October 1, 2018

Written by Rob Bernstein (rob@rgbcapitalgroup.com)

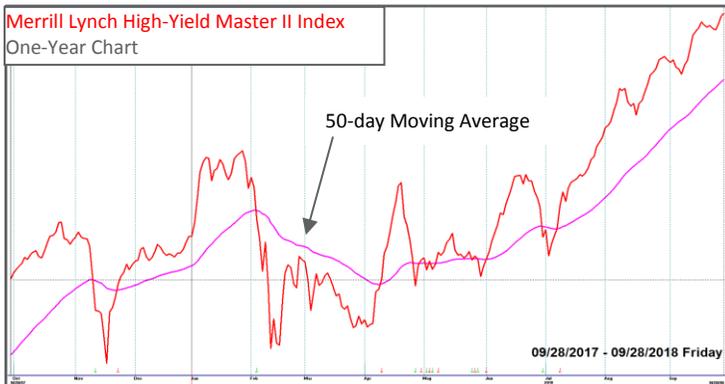
RGB Capital Group LLC • 858-367-5200 • www.rgbcapitalgroup.com



On a short-term basis, large- and small-cap stocks continue to diverge. The **S&P 500 Index ETF (SPY)** (large-cap stocks) was up +0.6% last month while the **Russell 2000 Index ETF (IWM)** (small-cap stocks) was down -2.3%. While this divergence can last for a short while, it is unlikely to continue for an extended period of time. Either large-caps will turn down or small-cap stocks will bottom and trend higher.



Over the last five months, an even larger divergence has developed between US large-cap stocks and other developed countries. The **S&P 500 Index ETF (SPY)** is up 10.9% over the last five months compared to the **S&P Developed World ETF (SPDW)**, which excludes the US, is down -1.8% over the same time period. The market is certainly preferring US stocks in the current environment.



The two charts above are indications that the market is not extremely strong. However, I believe this may be a temporary weakness. When the **Merrill Lynch High-Yield Master II Index** (junk bonds) is trending up above its 50-day moving average it indicates a market environment where investors are willing to take on risk and is a good sign for the market as a whole.

We conducted our first of two annual meetings this last Saturday in Los Angeles. It was good to see everyone that was able to attend. We will be holding our second meeting in San Diego this coming Saturday, October 6. We will discuss the RGB Capital Group investment approach and business operations. If you have specific questions that you would like addressed during this meeting, please send me an email. If you haven't signed up but are interested in attending, please contact Lois (lois@rgbcapitalgroup.com) as soon as possible as there are only a few spots remaining.

I am excited to announce a new, growth-oriented equity strategy that is designed to align with the major moves in the market (i.e. be invested when moving up and out of the market during protracted declines). I will be holding a webinar later this month to share details of the strategy if you are unable to attend one of our two annual meetings.

The RGB Capital Group Conservative strategies were up a little for the month of September and the Flexible strategies were down just a little.

RGB Perspectives is provided for general information purposes only. It does not constitute an offer to sell or a solicitation to buy a security, and is not an offer to provide any specific investment advice. Securities held in the RGB models are subject to change without notice. Past performance is not a guarantee of future performance. It is not possible to invest directly in an index. Individual account results will vary from RGB models due to timing of investment, amount of investment and actual securities used. Advisory fees are deducted within the first month of the quarter for the prior quarter. Most data and charts are provided by www.fasttrack.net or TC2000 (www.worden.com). RGB Capital Group contact info: (858) 367-5200. Email: info@rgbcapitalgroup.com