

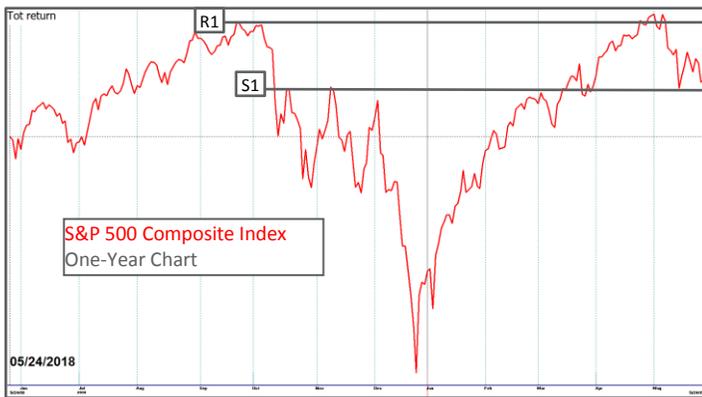


RGB Perspectives

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The **S&P 500 Composite Index** remains at the lower end of a trading range (the area between R1 and S1) that started approximately two months ago. If the future price action of the S&P 500 Index drops below S1, then the current weakness in the market may turn out to be something more substantial. The S&P 500 Composite Index is down 4.1% month-to-date.



The **Russell 2000 Index** also remains in a trading range, however the trading range has been in place for almost four months. Although the Russell 2000 Index is down 4.9% month-to-date, it is at approximately the same level as it was at the beginning of February.



As the equity markets weakened this month, so did the **BofA ML High-Yield Master II Index** (junk bonds). Junk bonds tend to follow the overall trend of the equity markets but on much less volatility. The fact that junk bonds have remained above their 50-day moving average is a positive indication for the market as a whole. Junk bonds are down 0.7% month-to-date.

The market continues to demonstrate short-term weakness, however, at this point, it does not appear to be anything more than a period of consolidation after the strong uptrend off the December 24th lows. Of course, that can change quickly so I will continue to monitor the markets for a change in the trend. A drop below support would certainly get my attention that the downtrend may have further to go, while a break above resistance would bode well for a continuation of the longer-term uptrend.

The RGB Capital Group strategies remain fully invested. The Conservative strategies are just below breakeven for the month, the Flexible strategies are down, but less than that of the overall market and the Flex+ strategy is down in line with the market. I will continue to monitor our holdings and make adjustments as necessary. I hope you all had an enjoyable Memorial Day weekend and were able to honor those that served our country but are no longer with us.

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