

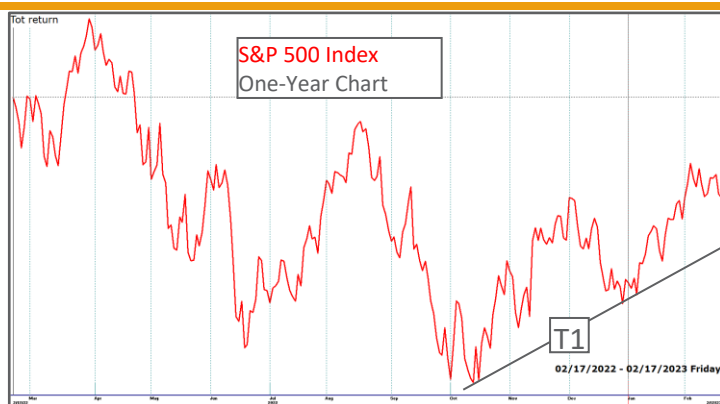


RGB Perspectives

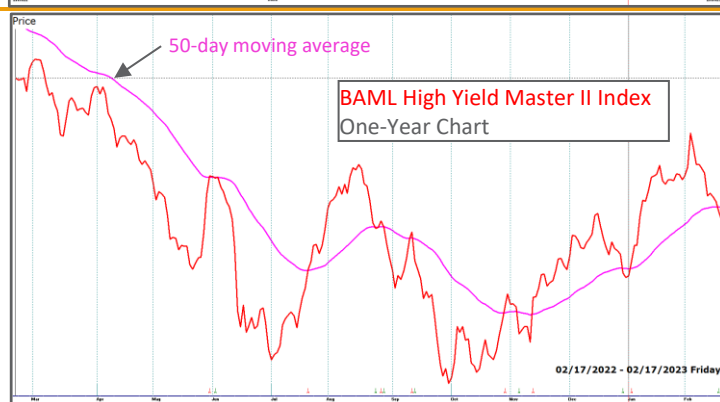
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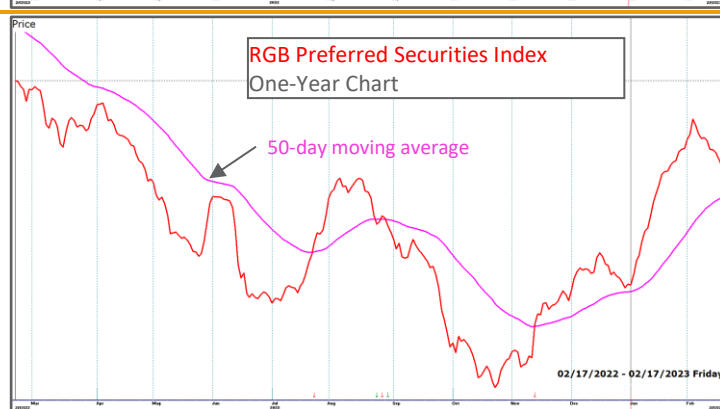
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The stock market has held up relatively well despite recent labor and inflation reports suggesting that the Fed's fight to control inflation may not be over. The **S&P 500 Index** has declined 2.4% from its February high but remains in an intermediate-term uptrend (T1) that started back in October of last year.



Junk bonds haven't fared as well. The **BAML High-Yield Master II Index** has declined sharply this month; down 3.3% from its recent high. The index dropped below its 50-day moving average late last week suggesting that risk is rising for both junk bonds and other risk assets.



It not just junk bonds that have turned down. Most bond and interest rate sensitive sectors are also in short-term declines. The **RGB Preferred Securities Index** which was in a very low volatility uptrend reversed course in early February and is now in a steady decline. This group has not yet hit its 50-day moving average, but it is quickly approaching that level.

The strong rally in the stock and bond markets off the October lows had all the indications that the market had turned the corner and started a new longer-term uptrend. Recent market activity puts that rally into question. I started to reduce our exposure to bond / income mutual funds in the RGB Core and Balanced strategies this past week as our sell stops were met. If the downtrend continues, we will continue to manage risk by liquidating our remaining holdings and wait for a better opportunity to get reinvested. If the downtrend comes to a quick end and heads back up, I will look to get increase our exposure to the market again. This is what risk management is all about.

We remain fully invested in the Flex+ strategy and the equity portion of the Balanced strategies as the decline in the equity markets has been quite mild and at this point looks like nothing more than a countertrend correction in the ongoing uptrend off the October lows. I will continue to monitor these positions and make adjustments as necessary.

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Prepared with data through 2/17/2023