

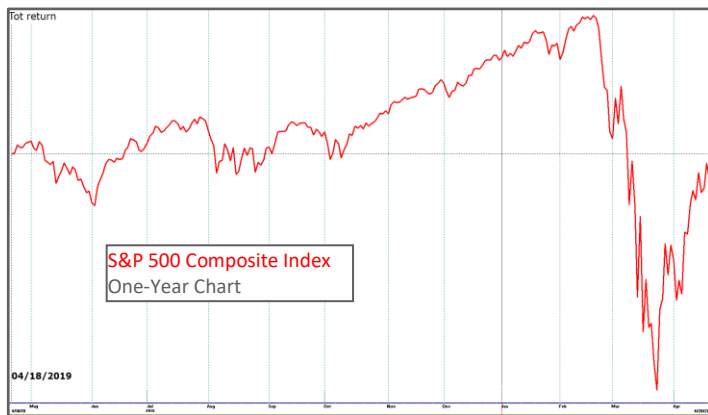


RGB Perspectives

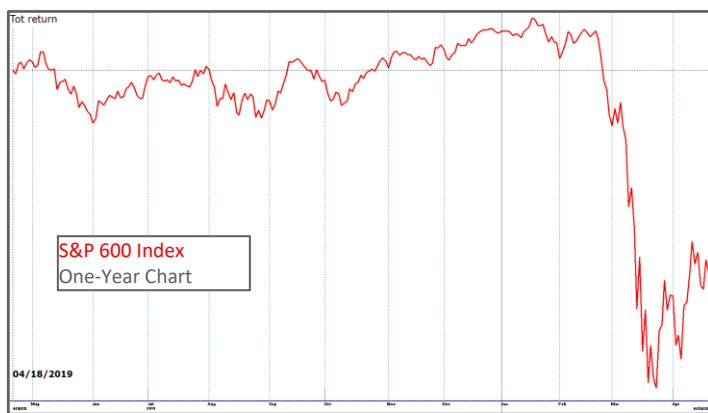
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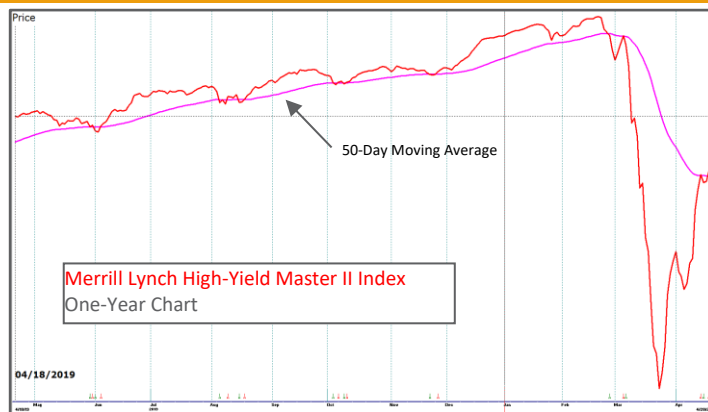
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The stock market continues to claw back a portion of the losses that were incurred during the initial waterfall decline in late February and March. The **S&P 500 Composite Index**, for example, has recovered a little over half of the 34% peak-to-trough decline. The large-cap index now rests 16.6% below its all-time peak and is down 12.6% year-to-date.



Small-cap stocks have not fared as well. The **S&P 600 Index** of small-cap stocks fell 42.8% between mid-January and late-March. The index has recovered approximately one-third of the decline and remains 32.0% below its 2020 peak.



Junk bonds, which generally follow the trend of the stock market, also declined during late February and March. The **Merrill Lynch High-Yield Master II Index** fell 21.5% from the late February peak to the March low. The index rallied off the March low and is now near its 50-day moving average. The rebound so far has been impressive and is an encouraging sign for the stock market.

While the stock market has rebounded over the last few weeks, there is still considerable uncertainty surrounding the impact of the coronavirus on the US economy. Over the short run, economic reports will be downright ugly. This, however, will be counterbalanced by aggressive actions of the Federal Reserve and the US government. Whether these extraordinary actions will be enough to overcome the short-term economic impacts of the virus remains unknown. Over the longer term, the future trend of the stock market is less certain and the trend will depend on the ability for the economy to reopen over the next several months and our ability to prepare for a second wave of the virus.

The RGB Core strategies are fully invested in a variety of bond and income funds including junk bonds and preferred securities. The Flex+ strategy remains in a reduced risk profile. Market risk remains elevated and I will continue to monitor our holdings and take action when necessary.

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