

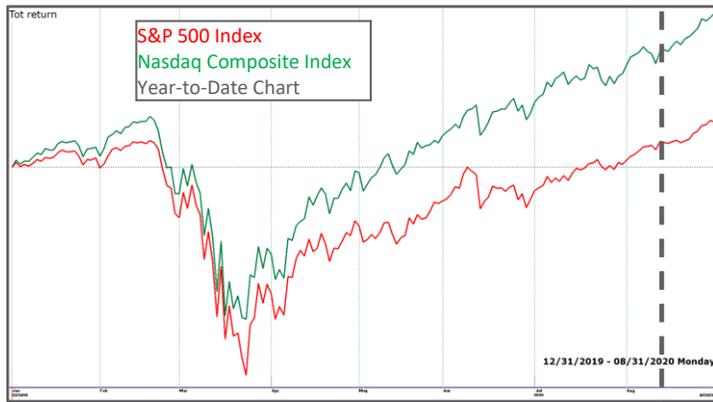


RGB Perspectives

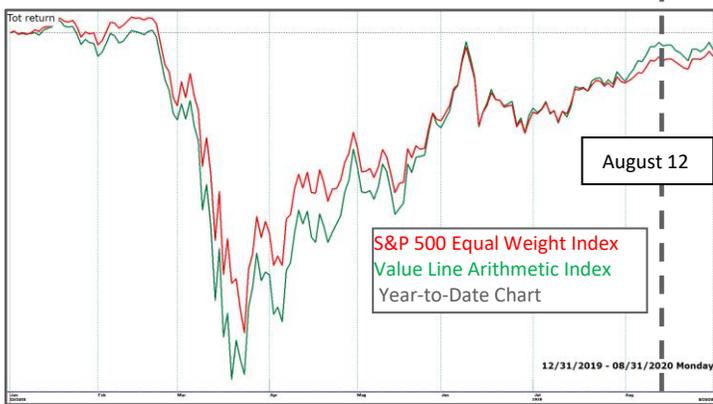
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The **S&P 500 Index** and the **Nasdaq Composite Index** have shown tremendous strength throughout the month of August. Both indices are currently sitting at or near new all-time highs and are in strong uptrends. The S&P 500 Index and the Nasdaq Composite Index are up month-to-date 7.0% and 9.6%, respectively.



Simply focusing on the two indices above does not provide a complete picture of the stock market. While the **S&P 500 Equal Weight Index** and the **Value Line Arithmetic Index** started the month with strong uptrends, they have moved sideways since August 12. Since that time, the two indices have returned 0.1% and -1.2%, respectively; quite a difference from the 3.6% return for the S&P 500 Index and the 6.9% return for the Nasdaq Composite Index.



This divergence is even more prominent when we look at mid-cap and small-cap stocks. The **S&P 400 Index** (mid-caps) and the **S&P 600 Index** (small-caps) started the month strong but have started to trend down since August 12. The S&P 400 is down -1.6% and the S&P 600 is down -2.8% since that time.

The gains in the stock market are concentrated in the largest capitalized, growth and technology stocks. This type of concentration does not represent a robust bull market. Of the six indices shown above, only two (S&P 500 and Nasdaq Composite) are at or near an all-time high and positive year-to-date. I am not implying that the market can't continue to trend up from here; however, the underperformance of a large part of the stock market is an indication that risk is above normal.

The RGB Capital Group strategies are positive for the month and remain positive year-to-date. With the exception of a small purchase of a bond/income fund in the Core Non-Qualified (CN) and Balanced Non-Qualified (BN) strategies, no changes were made to the strategies during the month of August. Our after fee, strategy performance reports are available upon request for those that are interested. Please email Lois at lois@rgbcapitalgroup.com for a copy. I continue to monitor the strategies and will make adjustments as necessary.

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