

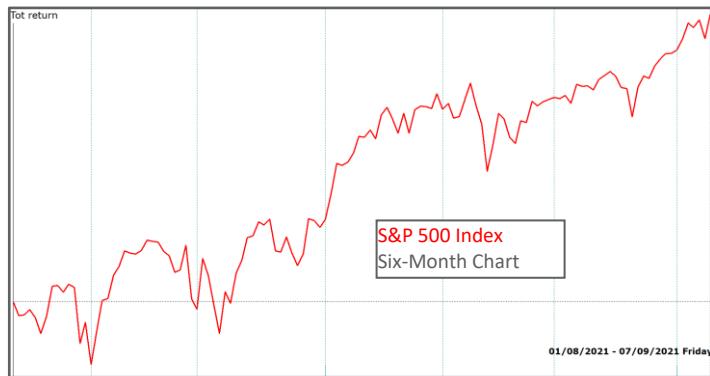


RGB Perspectives

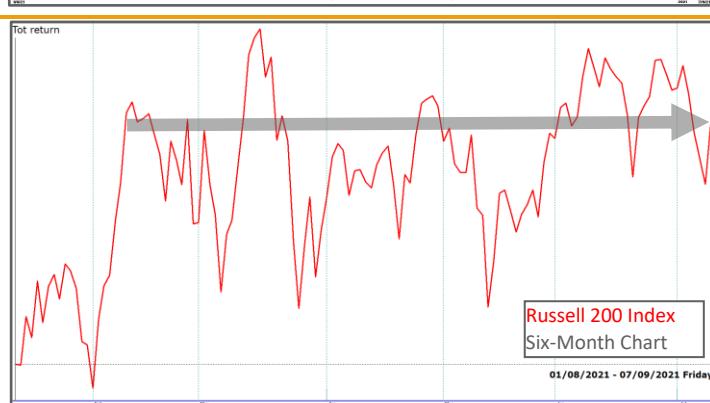
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Not much has changed in the market over the last week with a divided stock market environment. The **S&P 500 Index** continues to trend up and closed at an all-time high on Friday. Many of the other major stock market indices, including the Dow Jones, Nasdaq Composite Index and the Nasdaq 100 have similar chart patterns and closed at all-time highs at the end of last week.



Other segments of the market are stuck in intermediate-term trading ranges. These include the **Russell 2000 Index**, S&P 400 Index, NYSE Composite Index, and the Value Line Arithmetic Index. The Russell 2000 Index is at the same level it was at back in February.



In this type of environment where stocks are giving mixed signals, I use junk bonds to provide additional clues to the overall direction of the market as they are generally a good barometer of the overall health of the market. The **BAML High-Yield Master II Index** continues to trend up above its 50-day moving average on low volatility.

While risk management is always important, it is more important in less certain market environments such as the stock market environment we are experiencing now. I continue to focus on risk management to different degrees in the RGB Capital Group investment strategies.

- **RGB Core Strategy** – focused on creating low volatility portfolios with an emphasis on day-to-day risk management.
- **RGB Flex+ Strategy** – a growth-oriented approach with a focus on minimizing declines during significant bear market environments.
- **RGB Balanced Strategy** – designed to take advantage of the growth potential of the RGB Flex+ Strategy and the day-to-day volatility management of the RGB Core Strategy.

While I am not always successful, the types of risk management deployed in the RGB strategies have historically done a good job of meeting our objectives and avoiding significant declines in the market.

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