

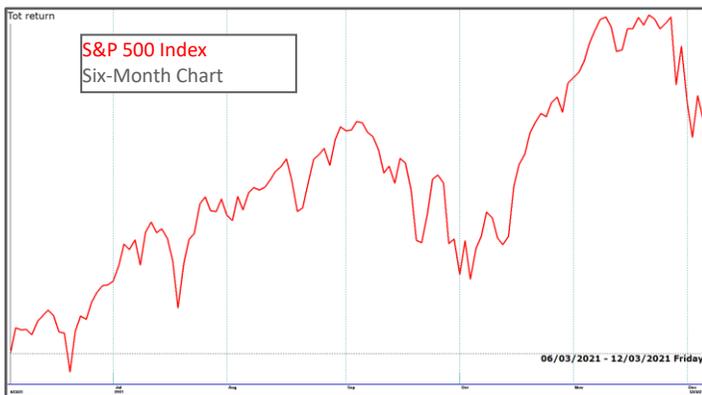


# RGB Perspectives

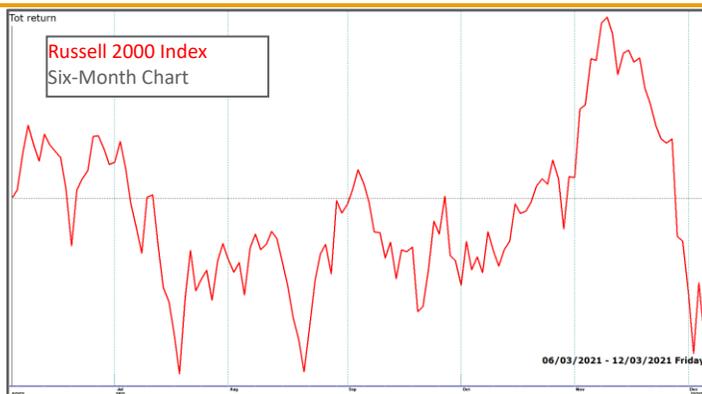
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Risk remains elevated as the major stock market indices are in intermediate-term declines. The **S&P 500 Index** is down -3.5% since peaking about two weeks ago.



Other segments of the market have fared much worse. For example, small-cap stocks, represented here by the **Russell 2000 Index**, is down -11.6% since peaking in early November.



Over the last several months, junk bonds provided an early indication that risk was elevated as they traded sideways while stocks continued to climb higher. The **BAML High-Yield Master II Index** is now in a short-term uptrend. While junk bonds remain below their 50-day moving average, this development is worth monitoring.

The stock market is subject to many forces, most of which we are unable to ascertain in real time. While the new Omicron variant of the COVID-19 virus has been subject to numerous news headlines, I believe the real story is the Federal Reserve, which has indicated that inflation may be more persistent than originally thought. As a result, the Fed is signaling a desire to end their bond purchases earlier than first announced (March 2022 instead of June 2022). This shift could also lead to an increase in short-term interest rates sooner than originally expected. We are likely to learn more about the Fed's intentions during the FOMC meeting scheduled later this month.

I have not made any changes to the RGB Capital Group investment strategies over the last week. The Core strategies are about flat for the month-to-date period as these strategies are currently invested in segments of the market that are not highly correlated to the performance of the stock market. The Balanced and Flex+ strategies are down a little for the month. Thanks for your continued trust and confidence as we navigate through these recent changes in the market.

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