

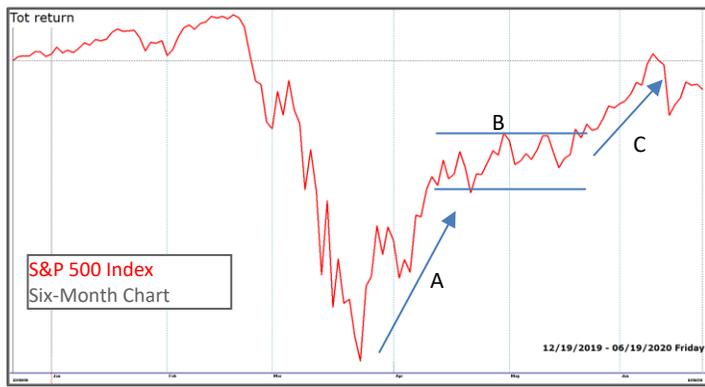


RGB Perspectives

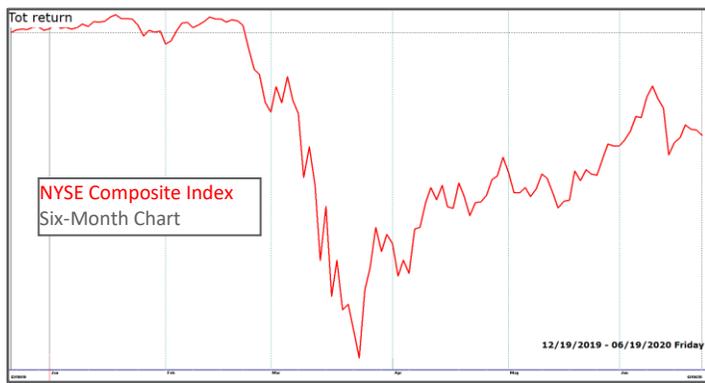
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The recovery from the steep decline due to the uncertainty created by the coronavirus has had a stair-step recovery to this point. An initial surge (A), followed by a consolidation (B), and then another surge (C). The **S&P 500 Index** is now about the same level it was two weeks ago and as a result, may be entering another period of consolidation after the recent strong rally. The large-cap index is up 1.7% month-to-date and down -4.1% year-to-date.



Some of the more diversified indices have not performed as well. For example, the **NYSE Composite Index** which represents over 1,900 stocks listed on the New York Stock Exchange and therefore is a better representation of “the market”, has followed the same general pattern as the rest of the market and remains in an intermediate-term uptrend. However, this broad index is down -13.9% year-to-date.



Junk bonds continue to point to a positive market environment with the **Merrill Lynch High Yield Master II Index** trending above its 50-day moving average. Like the equity market, it has trended sideways over the last two weeks. As long as the junk bond index remains above its 50-day moving average, it is generally a positive indication for the market.

While circumstances surrounding the economic impact of the coronavirus remains uncertain, the stock market continues to trend up off the late March lows. The disconnect between the economy and the stock market has many concerned that the stock market has gone too far, too fast. While I don't know what the market will do in the future, I do know that the market is in an intermediate-term uptrend. How long that uptrend will last is unknown but I will continue to monitor the stock market for a change in the trend. After such a rapid recovery, further consolidation and continued volatility in the weeks ahead would not be surprising.

With the Federal Reserve aggressive action and continued support for the financial system, I believe it would be unlikely that we would see the type of decline that the market experienced earlier this year. With increased purchases of US Treasury and corporate bonds, the Federal Reserve's balance sheet has increased over 70% since March 1st to over \$7 trillion!!

All the RGB Capital Group investment strategies are fully invested. The only change over the last week is a slight increase in our low volatility holdings in our non-qualified strategies as these funds are providing exceptional risk-adjusted returns.

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