

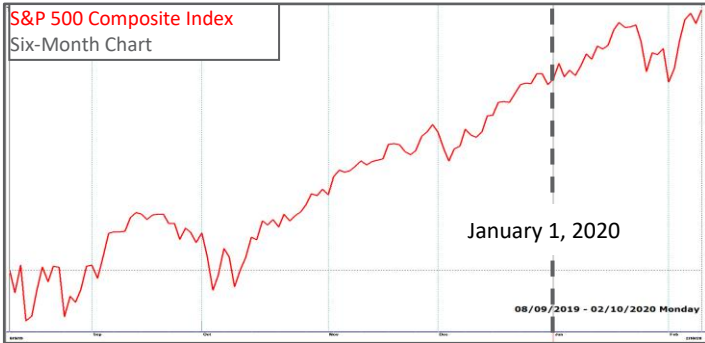


RGB Perspectives

February 10, 2020

Written by Rob Bernstein (rob@rgbcapitalgroup.com)

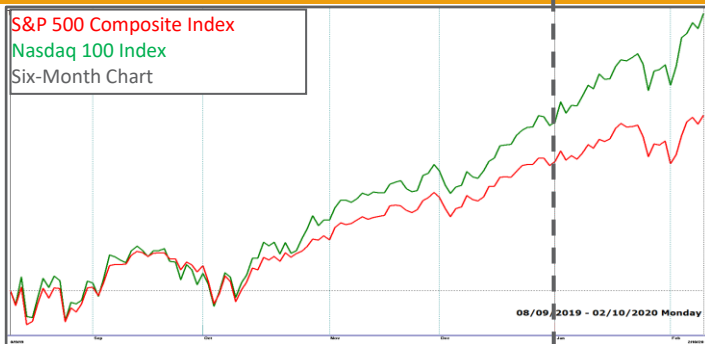
RGB Capital Group LLC • 858-367-5200 • www.rgbcapitalgroup.com



During the last two weeks of January, the **S&P 500 Composite Index** sold off on fears that the coronavirus would have a negative economic impact on China and the rest of the world. While the threat of the virus remains, particularly in China, the stock market formed a V-shaped bottom last week and shot back to new highs.



The gains in the S&P 500 are fairly concentrated in the biggest companies in the index. Comparing the **S&P 500 Composite Index** to the **S&P 500 Equal-Weight Index**, the average stock in the index has not performed as well. The S&P 500 Composite and the S&P 500 Equal-Weight Index are up 3.75% and 1.14% year-to-date, respectively. This divergence, while more pronounced recently, started back in October 2019.



The largest capitalized companies in the **S&P 500 Composite Index** are technology and growth stocks that include Microsoft, Apple, Google, Amazon and Facebook. Using the **Nasdaq 100 Index** as a proxy for large, technology and growth stocks, we can visualize the impact that these types of stocks are having on the indices. The Nasdaq 100 Index is up 8.97% year-to-date and has consistently outperformed S&P 500 Composite Index since last October.



Small-cap stocks on the other hand, have drastically underperformed during this same time period. The **S&P 600 Index** (small-cap stocks) is down -1.53% year-to-date.

Strong uptrends are characterized by strong breadth that lifts stocks across the market capitalization spectrum. However, that is not the case right now as the market has become highly concentrated in large-cap, growth and technology stocks. We have made a change to the equity allocations in the RGB Flex + and Balanced strategies. We have been overweight in equities since November and have recently reduced that exposure. No changes have been made to the RGB Core strategies. I will continue to monitor the market and attempt to keep in sync with the primary market trends.

RGB Perspectives is provided for general information purposes only. It does not constitute an offer to sell or a solicitation to buy a security, and is not an offer to provide any specific investment advice. Securities held in the RGB models are subject to change without notice. Past performance is not a guarantee of future performance. It is not possible to invest directly in an index. Individual account results will vary from RGB models due to timing of investment, amount of investment and actual securities used. Advisory fees are deducted within the first month of the quarter for the prior quarter. Most data and charts are provided by www.fastrack.net or TC2000 (www.worden.com). RGB Capital Group contact info: (858) 367-5200. Email: info@rgbcapitalgroup.com