



RGB Perspectives

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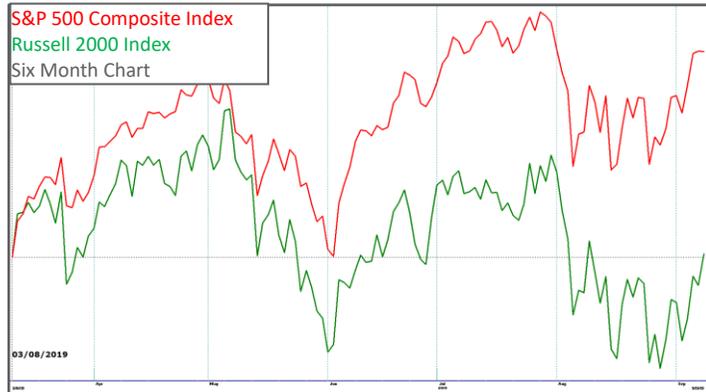
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The RGB Capital Group Annual Meeting is scheduled for Saturday, November 2 at 10 am PDT at the DoubleTree by Hilton San Diego – Del Mar and simultaneously broadcast via a live webinar. The meeting is open to both clients and non-clients that want to learn more about our risk management techniques and business operations. Details of the meeting can be found at www.rgbcapitalgroup.com/events. To attend, you must register using one of the two links below.

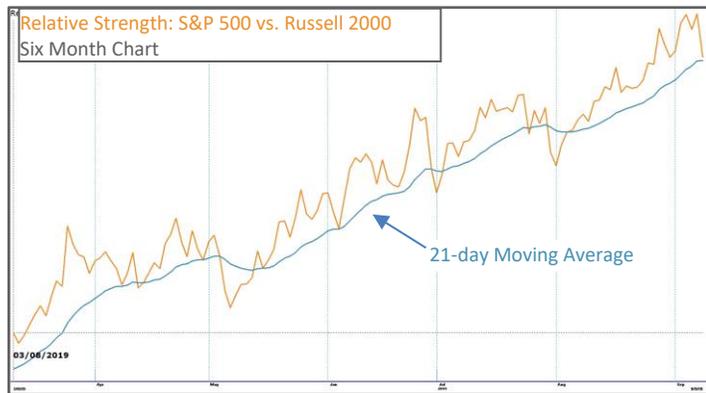
[Register to Attend in Person](#)

[Register to Attend the Webinar](#)

Of course, if you have any questions, please don't hesitate to give us a call in the office (858-367-5200).



The past six months has been a fairly volatile time for stocks. Both **S&P 500 Composite Index** (large-cap stocks) and the **Russell 2000 Index** (small-cap stocks) experienced a period of positive returns for the March/April period, followed by a significant decline in May. Both indices then trended up until late July at which time the next downleg started. For the six month time period, the S&P 500 has provided a 7.5% return compared to a -2.1% return for the Russell 2000.



The relative outperformance of large-cap stocks compared to small-cap stocks can be easily visualized on this relative performance chart. When the S&P 500 is outperforming, the line trends up and when the Russell 2000 outperforms, the line will trend down. The 21-day moving average helps us see the consistent outperformance of large-cap stocks compared to small-cap stocks during both up and down periods over the last six months.



While the divergence between large-cap and small-cap stocks remains a concern, the trend of junk bonds continues to point to a positive short-term environment. When the trend of junk bonds is positive, it is a sign that investors are generally optimistic about the economy and stock market. The **BofA Merrill Lynch High-Yield Master II Index** has recently broken out to a new high.

While there is no way to predict the future, I remain optimistic about the short-term market environment. The recent downside volatility in stocks has subsided and junk bonds are hitting new all-time highs. We remain fully invested in all of the RGB Capital Group investment strategies but are prepared to make adjustments when indicated to do so by our investment models.

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