

*The following commentary is the opinion of our Portfolio Manager at the time of its writing. Please see important disclosures.*

## OVERVIEW

It was just as well that there was a dearth of economic data released last week due to the government shutdown. Presidents Xi and Trump provided all the fireworks with typical boxing antics in the warmup to their expected meeting next month in South Korea. Xi threw the first punch by announcing on Thursday China would place additional restrictions on rare earth minerals and magnets exports. Trump stood chin to chin and announced on Friday the US would hit China with an “additional” 100% tariff and impose new export controls on critical software products. Financial markets exerted a visceral reaction with significant losses on renewed fears of a global recession from a “hot” trade war that everyone formerly believed was on track to a reasonable resolution.

The S&P 500 ended the week at -2.41%, with Foreign Developed at -1.85% and Emerging Markets at -0.58%. In the US, Large Caps went down less than Small Caps and Growth less than Value. Small Cap Equities and Value Equities are viewed as more economically sensitive, thus more vulnerable in a recession.

US Treasury Bonds led Interest to post a positive return against losses for Blend and Credit. The Dollar staged a strong rally on a flight to safety, which led to greater losses in Global Bonds.

Commodities were likewise broadly negative except for Precious Metals with Gold and Silver up 3.21% and 4.39%, respectively on a flight to safety.

## PERFORMANCE

### ***TAG TACTICAL STRATEGIES: Global Macro***

All three *Core Strategies* had losses in line with or greater than their proxies. Positions in everything outside of US Treasury Bonds and Precious Metals drove the underperformance.

*Tactical Income* posted a loss as sizable losses in Credit and Blend outweighed positive returns from Interest. The yield as of October 10, 2025, is at 5.50%.

*Tactical Equity* underperformed its proxies as losses from Emerging Market, in particular Chinese Internet, positions outweighed relative outperformance from all other positions.

### ***RPg STRATEGIES: Quantitative Formula***

*Tactical US Equity's* loss was in line with the S&P 500 due to its broad sector allocation and a broad selloff in the S&P 500. *Tactical US Equity FT* experienced a larger loss due to its Small/Mid Cap weighting.

*Tactical Global Balanced* experienced a substantially larger loss than its proxies due to positions in Emerging Market Equities and US Sector Equities with their Small/Mid Cap weighting and Foreign Bonds.

## OUTLOOK

We expect President XI's and Trump's managers will reign in their respective combatants and reset the stage for their November meeting.

### **Your RPg Investment Team**

*We welcome your comments and questions regarding the foregoing.*

Please direct them to: [support@riskparadigmgroup.com](mailto:support@riskparadigmgroup.com)

***Please read and refer to important disclosures that follow.***

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