

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

Mid-Year Review

OVERVIEW

The month sure offered up enough headlines for everybody. Markets rallied on the announcement of a June 10, 2025 US/China framework to resolve trade issues. Then markets sunk with Israel's attacks against Iran's nuclear and military facilities. Then they rallied with the successful US strike on Iran's nuclear facilities and the ensuing Israel/Iran cease fire. Meanwhile, the hard economic data continued to show a still steady US economy with some further progress on subdued inflation. Overseas, the EU has called for scrapping their European Green Deal as part of a series of efforts to make the bloc more competitive. China and the US further announced on June 27th an agreement loosening restrictions by China on the export to the US of rare earths and the US doing the same on a number of exports to China.

The S&P 500 ended the month up 4.96% with Foreign Developed at 2.22% and Emerging Markets at 6.14%. Growth led Value as part of the snapback rally that began in May and brings the S&P all the way back to a positive 5.50% for the year to date as of June 30. However, for that same period, Foreign Developed Markets were at 19.92% and Emerging Markets at 15.57%. While US Small Caps participated well in the May and June rallies, they still ended at -1.46% for that same year to date period.

Bonds rallied on improved inflation data with Interest, Blend and Credit all posting solid returns. Global Bonds continued their outperformance. For the year to date as of June 30, they are up 180% of US Bonds, in large part due to the decline in the Dollar.

Commodities were positive led by Silver, Oil and Industrial Metals which was a reflection of improved economic outlooks from the US domestic agenda and improved US/China trade relations. For the year to date as of June 30, Precious Metals led all commodities with substantial returns due in large part to the decline in the Dollar.

PERFORMANCE

TAG TACTICAL STRATEGIES: Global Macro

All three *Core Strategies* outperformed their proxies due to overweight positions in Natural Resources and Foreign Bonds and Equities. They also outperformed their domestic proxies and were in line with their global proxies for the year to date as of June 30.

Tactical Income substantially outperformed its proxies due to overweight positions in US Credit and Foreign Bonds. It also outperformed its domestic proxy and was in line with its global proxy for the year to date as of June 30 due to those same overweight positions. The yield as of June 30, 2025, is at 5.24%.

Tactical Equity outperformed its proxies due to positions in Precious Metals Miners, Brazil Small Cap, China Internet and US Aerospace & Defense. These positions also drove substantial outperformance for the year to date as of June 30.

RPg STRATEGIES: Quantitative Formula

Tactical US Equity lagged the S&P 500 due to an underweight in Growth Sectors and an Overweight in Value Sectors. It outperformed the S&P 500 for the year to date as of June 30 due to an overweight in Value Sectors. *Tactical US Equity FT* gained a substantial portion of the S&P 500 due to its overweight in the Energy Sector. It lagged the S&P 500 for the year to date as of June 30 due to its Small/Mid Cap weighting.

Tactical Global Balanced outperformed its proxies for the month and year to date as of June 30 due to positions in Natural Resources, Emerging Market Equities, European Equities and Foreign Bonds.

OUTLOOK

While geopolitical risks remain in the Ukraine and, seemingly now to a lesser extent, in the Middle East, the US domestic agenda looks to be firming up in a positive direction. As of this writing, the Big Beautiful Bill looks on track to pass Congress and move to President Trump for signature in July. Also, the Trump administration won a major victory when SCOTUS ruled that Federal District judges cannot issue universal (i.e., national) rulings. That would seem to significantly weaken the lawfare efforts against the administration's agenda.

Coupled with the expected further settlement of trade deals, this could be setting up a strong increase in economic growth later this year. Likewise, those trade deals could also spur a new round of global growth.

With numerous and rapidly evolving events, the TAG and RPg proprietary research processes will provide a clearer focus for our asset allocation decisions in the Strategies.

Your RPg Investment Team

We welcome your comments and questions regarding the foregoing.

Please direct them to: support@riskparadigmgroup.com

Please read and refer to important disclosures that follow.

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Important Disclosures:

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References to Indexes: The S&P 500 Index is an unmanaged index of 500 stocks that is generally representative of the equity performance of larger companies in the U.S. Please note that an investor cannot invest directly into an index.

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