

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

OVERVIEW

It was a busy month for economic data. On balance it showed a steady economy, digesting the unfolding realities of tariffs. Any tariff inflationary pressures still had not shown up in any of the key measurements. However, tariffs took center stage again. Early in the month President Trump made clear that the August 1st deadline was a firm date. In the middle of the month, Trump slapped a 50% tariff on Brazil to discourage what he considered a witch hunt on former Brazilian President Bolsonaro. That sent Brazilian Small Cap Equities down -10.86% for the month. Then in the last week of the month, he unveiled a revised tariff plan for copper from what he announced earlier in the month. That sent copper prices down nearly 20% that day and dragged down other metals in sympathy. Perhaps all of that was too much new tariff uncertainty. The last four days of the month, with the impending August 1 deadline, saw Foreign Equities, Foreign Bonds, US Small Cap Equities and Metals down significantly, such that it unwound a substantial portion of their previous month's gains. This was a repeat of the original Trump Tariff Tantrum in the 4th quarter of 2024.

The S&P 500 ended the month up 2.16% with Foreign Developed at -1.39% and Emerging Markets at 2.01%. Both Foreign and US Small Caps substantially trailed US Large Cap Growth, which was a return to the big tech AI trade, and the primary driver of the S&P 500's gain for the month.

Bond yields moved up marginally with the result that Interest and Blend were fractionally negative and Credit was fractionally positive. In another replay of the Q4 2024 action, the Dollar moved up a dramatic 3.36%. As a result, Global Bonds had substantially larger losses than US Bonds.

Commodities were mixed with Industrial Metals negative (Copper impact), yet Oil up substantially.

PERFORMANCE

TAG TACTICAL STRATEGIES: Global Macro

All three *Core Strategies* underperformed their domestic proxies due to allocations in US and Foreign Small Cap Equities. All three outperformed their global proxies due to allocations in US Equities and Natural Resources.

Tactical Income outperformed its domestic and global proxies with a fractional positive return led by Energy Pipelines and US Blend and Adjustable Rate Income Securities. The yield as of July 31, 2025, is at 5.11%.

Tactical Equity substantially lagged its proxies due to positions Brazil Small Cap and Emerging Markets Internet Equities.

RPg STRATEGIES: Quantitative Formula

Tactical US Equity trailed the S&P 500 due to an underweight in Technology and allocations to Value Sectors Financials and Staples.

Tactical US Equity FT was in line with the S&P 500 due to an overweight allocation to the Energy Sector.

Tactical Global Balanced garnered a substantial portion of its domestic proxy due to its US Equity Sectors and Chinese Internet Equity allocations.

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OUTLOOK

The panic around the August 1 deadline is perhaps the last gasp for the Trump Tariff Tantrum trade, given all the substantial trade deals announced. Furthermore, we have reported about the ongoing quiet trade diplomacy between China and the US, which we believe strongly suggests there will be a successful resolution to those trade issues. It remains to be seen if there will be a sustained rebound in the AI big tech trade. The current bull story is rewarding the stocks for the massive amounts of capital expenditure spending by these companies on AI capacity. Normally, we have found that that type of spending is a drag on stock prices in the short term.

The *TAG* and *RPg Strategies* remain allocated toward a transitioning US and global economy.

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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