

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

OVERVIEW

The economy remained in a steady, modest growth mode. Likewise, inflation, while not posting further declines, also is not rising despite ongoing concerns over tariffs. That left the door open for the real driver of the financial markets, a Fed rate cut. Though the 0.25% (aka 25 basis points or 25 bps) reduction was much anticipated, it stoked optimism for further rate cuts. Meanwhile, the momentum trade for artificial intelligence (AI) was boosted by further announcements of planned massive investments in AI capacity. Overseas, Germany showed signs of a continued recovery and Emerging Market inflation remained subdued.

The S&P 500 ended the month up a substantial 3.53% with Foreign Developed at 1.96% and Emerging Markets at a stunning 7.18%. Large Cap Growth, with its large weighting of AI related stocks, led all equity classes. That AI momentum also accounted for a large portion of the Emerging Markets' returns. US Small Caps, an expected beneficiary of lower rates, were a close second to the S&P 500.

Bond yields declined in reaction to the current and anticipated future rate cuts. Blend and Credit outpaced the return of Interest. Global Bonds trailed US Bonds due to the Dollar remaining almost flat and no overseas rate cuts.

Commodities were driven by outsized returns in Precious Metals; Silver up 17.08% and Gold 11.76%. They are reacting in a traditional way as a store of value against a declining Dollar. Silver is also benefitting from its dual status as an industrial metal used in the AI buildout. Energy was essentially flat.

PERFORMANCE

TAG TACTICAL STRATEGIES: Global Macro

All three *Core Strategies* outperformed their proxies. Positions in Natural Resources, Emerging Market and US Growth Equities drove the outperformance. They continue to outperform their proxies on a year-to-date basis.

Tactical Income substantially trailed its proxies due to an inexplicable loss in Energy Pipelines which mitigated much of the gains from the Interest positions. It continues to outperform or perform in line with its proxies on a year-to-date basis. The yield as of September 30, 2025, is at 5.41%.

Tactical Equity substantially outperformed its proxies due to positions in Metals Miners, Emerging Market Internet, US Small Caps and Aerospace & Defense. It continues to substantially outperform its proxies on a year-to-date basis.

RPg STRATEGIES: Quantitative Formula

Tactical US Equity trailed the S&P 500 due to its overweight allocations to Value Sectors. On a year-to-date basis, it is in line with the S&P500. *Tactical US Equity FT* similarly trailed the S&P 500 due to the same overweight allocations which were only marginally improved by its Small/Mid Cap weighting. It trails the S&P 500 on a year-to-date basis due to its Small/Mid Cap weighting.

Tactical Global Balanced outperformed its proxies due to allocations in Credit and Blend Bonds and Natural Resources. It continues to outperform its proxies on a year-to-date basis.

OUTLOOK

The Fed Chair stated at his press conference announcing the rate cut that the base case is price increases related to tariffs are expected to be a one-time increase, not a source of persistent inflation. He also stated that higher prices reaching the consumer level are smaller than previously expected and slower to arrive. A reason for that was laid out in the August Fed *Beige Book* which stated that the pass-through of these cost (tariff) increases to customers are restrained by hesitancy in raising prices, citing customer price sensitivity and fear of losing business. Therefore, the Trump Tariff Tantrums of the fourth quarter 2024 and Spring of 2025 have not come to pass.

The year to date returns in our *Strategies* is a reminder of the merit of keeping political views and investing separate.

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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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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