

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

## OVERVIEW

More Artificial Intelligence (AI) deals were the primary driver of the US stock market's rally for the month. The second catalyst was a better than expected September *CPI* report. The Federal Reserve did cut its Fed Fund rate at the end of the month by the widely expected 0.25%, which propped up the AI rally but did little for the rest of the market. Overseas, two new trade deals were announced on October 29<sup>th</sup> with South Korea and China, perhaps too late in the month to move any markets.

The S&P 500 ended the month up 2.27% with Foreign Developed at 1.19% and Emerging Markets at 4.19%. US Large Cap Growth (home to the AI tech stocks) dominated the markets. Emerging Markets were also a beneficiary of the AI trade through South Korea and Taiwan. Both US and Foreign Small Caps were laggards.

Treasury yields declined marginally leading to Interest outperforming Blend and Credit, certain categories of which were negative. Global Bonds were fractionally negative in response to a strong rally in the Dollar which was up 1.71%.

Commodities were mixed with Precious and Industrial Metals substantially higher against losses for Energy and Agriculture.

## PERFORMANCE

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

*Tactical Conservative* outperformed its proxies due positions in Natural Resources. *Tactical Moderate* and *Tactical Growth* outperformed their global proxy due to positions in US Interest Bonds and Natural Resources but lagged their domestic proxy due to positions in Foreign and US Small Cap Equities.

*Tactical Income* substantially lagged its proxies as positions in Credit, Blend and Foreign Income Securities mitigated gains from its positions in Interest Income Securities. The yield as of October 31, 2025, is at 5.56%.

*Tactical Equity* substantially lagged its proxies due to an anomaly loss in its Metal Miners and losses in Emerging Market Small Cap and China Internet Equities.

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

*Tactical US Equity* generated a fractional loss due to overweight positions in Value sectors and an underweight position in the Technology sector. *Tactical US Equity FT* generated a larger loss due to its Small/Mid Cap weighting.

*Tactical Global Balanced* generated a fractional loss due to Equity positions in China Internet and US Sectors with their Value and Small/Mid Cap weighting and positions in Foreign Bonds.

## OUTLOOK

We wrote some months ago about what appeared to be an incestuous relationship of deals amongst all the key companies in the AI trade. We have seen the stock market continuously rewarding them with a higher stock price with each announcement of new capital expenditure plans into AI capacity, typically with each other. Of course, this AI trade has conveniently lifted the S&P 500 out of its losses and lagging performance from earlier in the year. We suspect, when the music stops, several players will not have a chair, which could be a long term drag on future S&P 500 returns.

On a more positive note, Pfizer's recent pricing deal with the US government showed how "positive incentives" (versus punitive mandates) could preserve innovation while getting lower drug prices for American consumers. The pharmaceutical and biotechnology sectors of the US stock market were substantial winners outside of the AI trade for the month.

The *TAG* and *RPg Strategies* continue to maintain their significant year to date performance based upon our allocations driven by our proprietary research.

**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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