

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

## OVERVIEW

The month started out with a bang with US Small Cap Equities far outperforming US Large Cap based upon bullish sentiment for the US economy and expectations for further rate cuts from an incoming new Federal Reserve Chairman in May. The economic data supported that bullish sentiment. Manufacturing looks to be at the beginning stages of a rebound. The services economy remained steady and solid. *Existing Home Sales* moved up strongly in December and into positive territory for the year over year. The jobs market remained in a holding pattern with slow, low hiring but with slow, low firing. Despite all the fears about tariffs, inflation looks stabilized at just under 3%. The end of the month saw some market theatrics in reaction to the theatrics over Greenland and, later, the nomination of a new Fed Chairman. Overseas, the economies of the major foreign developed nations and emerging market nations remained in steady moderate to strong growth.

The S&P 500 ended the month up 1.37% with Foreign Developed at 5.22% and Emerging Markets at 8.85%. Foreign markets were aided by improving economies, the implementation of more pro pro-growth policies and more attractive equity valuations. A Dollar decline of -1.27% for the month provided further impetus for their returns. In the US, Small Caps outperformed Large Caps and Value outperformed Growth. US Large Cap Growth was negative for the month due to some sell off in the AI trade.

US Treasury yields ticked up a bit which put downward pressure on Interest Bonds. However, the positive economic sentiment led Blend and Credit to post positive fractional returns. The decline in the Dollar led to substantial outperformance by Global Bonds.

Commodities were broadly and strongly positive with Precious Metals and Industrial Metals continuing their strong performance from last year.

## PERFORMANCE

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

All three *Core Strategies* (Conservative, Moderate and Growth) dramatically outperformed their proxies. Positions in Natural Resources, Foreign and US Credit Bonds and Foreign and US Small Cap Equities drove the outperformance.

*Tactical Income* dramatically outperformed its proxies. Positions in US and Foreign Credit Income Securities drove the outperformance. The yield as of January 30, 2026, is at 5.71%.

*Tactical Equity* dramatically outperformed its proxies. Positions in Metals Miners, Brazil Small Cap, Aerospace & Defense and US Small Caps drove the outperformance.

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

*Tactical US Equity* substantially outperformed the S&P 500 due to overweight positions in US Value Equity Sectors. *Tactical US Equity FT* further outperformed due to its Small/Mid Cap weighting.

*Tactical Global Balanced* substantially outperformed its proxies. Positions in Natural Resources, Foreign Bonds, Foreign Equities and US Value Equity Sectors drove the outperformance.

## OUTLOOK

That the announcement on Friday January 30 of Kevin Warsh for Fed Chairman nominee should result in the extreme financial market volatility that day makes one wonder whose agenda drove that volatility. Articles with titles such as “Friend or Foe? Wall Street Can’t Decide” might provide a clue to whose agenda. To suggest that President Trump would nominate a Fed Chairman who would be a foe to financial markets, who would, in turn, drive up financing rates for home mortgages, auto loans and other financing which, in turn, would depress business confidence, which would result in less investment and hiring defies all credibility, not to mention shines a light on the audacity to try and move markets.

We disagree with some of the conventional thinking that stronger economic growth must lead to higher inflation and, therefore, the need for the Fed to raise rates. What we believe is different this time is that growth will come from a private sector driven economy, not from a government sector driven economy. We have previously discussed the unprecedented trillions of dollars of foreign direct investment (FDI) commitments. There is no lack of discussion about the miracles forthcoming from AI. All these factors suggest to us that we are on the cusp of a productivity boom. If that comes to pass, rising productivity can lead to rising incomes without triggering higher inflation.

The *TAG* and *RPg Strategies* remain positioned for that positive economic outlook , both here and abroad.

### 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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### **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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