

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

OVERVIEW

The market volatility masked solid underlying economic data and strong performance from more economically sensitive asset classes. Perhaps most importantly for the economy is a solid rebound in manufacturing while the services sector remains solid, although housing remains lackluster. Overseas, Japan's new Prime Minister is promising new tax breaks and stepped-up defense and industrial spending and reports from Japan, China and Brazil show no signs of tariff inflation.

The S&P 500 ended the month at -0.87% with Foreign Developed Markets at 4.23% and Emerging Markets at 5.50%. US Large Cap Growth, home to the AI trade, suffered a continued sell off, down -3.38%, on second thoughts about the massive capital expenditures to build out capacity. Meanwhile, US Value Equities, deemed more sensitive to the economy, posted strong gains for the month. This shift from Growth to Value is commonly referred to as the "rotation trade".

Bond yields, perhaps surprisingly, declined with the 10 Year US Treasury Bond closing below an important 4.00% level at 3.96%. Yet, in concerns over risks in the private credit market, Credit Bonds were flat to negative against strong gains in Interest Bonds. The Dollar staged a strong rally which led Global Bonds to trail US Bonds. The outbreak in hostilities with Iran may have been the driver of the Dollar rally.

Commodities were broadly positive led by gains in Precious Metals and Oil which were likely influenced by the Iran situation.

PERFORMANCE

TAG TACTICAL STRATEGIES: Global Macro

All three *Core Strategies* (Conservative, Moderate and Growth) substantially outperformed their proxies. Positions in Foreign Equities and Natural Resources drove the outperformance.

Tactical Income outperformed its proxies due to positions in Energy Pipelines and Long Term Treasuries. The yield as of February 26, 2026, is at 5.33%.

Tactical Equity substantially outperformed its proxies due to positions in Metals Miners, Brazil Small Cap, Aerospace & Defense and Biotechnology.

RPg STRATEGIES: Quantitative Formula

Tactical US Equity outperformed the S&P 500 with a substantial positive gain against a loss for the S&P 500. Overweight positions in Value Sectors drove the outperformance. Tactical US Equity FT generated a similar outperformance for similar reasons.

Tactical Global Balanced substantially outperformed its domestic proxy due to Equity positions in Foreign Developed Markets and US Value Sectors.

OUTLOOK

We previously discussed our expectations that the cost of reversing the Biden Administration's open border policy would be substantial and in the short run could represent some fiscal drag. We also discussed the

inflationary effect of that administration's war on fossil fuels, the impacts of which have begun to be reversed with the substantial decline in oil prices and gasoline at the pump (with some back up now due to the Iran situation). Well, another cost of that war on fossil fuels reared its ugly head when Stellantis announced a \$26 billion write off related to its EV efforts. Add that to Ford's announcement in December 2025 of a \$19.5 billion EV write off and GM's announcement in January 2026 of a \$6 billion EV write off for a grand total of \$51.5 billion of losses pursuing an ideological mandate. When talking about the "affordability" issue, what could a better use of those funds have done to help in that regard?

Part of the solution to the "affordability" issue is earning our way out of the problems of the past. In that regard, we saw signs of that positive trend with the January CPI which reported inflation at 2.4% versus 2.7% year over year in the prior month. The January Jobs Report showed "average hourly earnings" grew at 3.7% versus 3.8% year over year in the prior month. Average hourly earnings of 3.7% minus inflation of 2.4% equals "real earnings" growth of 1.3%.

That could be part of the reason that, despite the political headlines, "sentiment" actually remains quite good, as measured by the January Small Business Optimism and February Consumer Confidence Reports. The *TAG* and *RPG Strategies* remain allocated to a positive outlook for US and Global growth.

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.

Important Disclosures:

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