RPg asset management
Defending Capital. Redefining Risk.

MONTHLY COMMENTARY

May 2026

Solutions Based on TAG Macro & RPg Quantitative Strategies

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

OVERVIEW

Continuing enthusiasm for the Artificial Intelligence (AI) trade coupled with a steady stream of solid economic news, helped financial markets to mostly look past the Iran War. Positive comments from President Trump and Treasury Secretary Bessent in the final week of the month regarding progress in the Iran War negotiations, further helped markets look past the War. Overseas, China and Brazil reported positive upgrades in business activity with Japan showing improvement in consumer spending.

The S&P 500 ended the month up 5.15% with Foreign Developed at 3.07% and Emerging Markets at 9.69%, the latter reflecting the rally in chip stocks related to the AI trade. In the US, Large Caps outperformed Small Caps, while Growth outperformed Value, both of which were driven by the AI trade.

US Interest Bonds posted a fractional gain with Blend and Credit posting larger fractional gains, consistent with a more positive economic outlook. The Dollar declined on a retreat from safety which helped Global Bonds to marginally outperform US Bonds.

Commodities were mixed with Oil and Gold retreating on optimism for an end to the Iran War, yet Industrial Metals posting substantial gains in line with the more positive economic outlook.

PERFORMANCE

TAG TACTICAL STRATEGIES: Global Macro

All three *Core Strategies* lagged their proxies due to overweight positions in US and Foreign Small Cap and Value Equities which offset outperformance from US Credit and Blend Bonds and Natural Resources.

Tactical Income posted a fractional loss against a fractional gain for its proxies primarily due to losses in its Energy Pipelines, which traded down in sympathy with Oil. The yield as of May 29, 2026, is at 5.07%.

Tactical Equity trailed its proxies as losses in Brazil Small Cap and Emerging Markets Internet mitigated substantial gains across the balance of the portfolio.

RPg STRATEGIES: Quantitative Formula

Tactical US Equity substantially trailed the S&P 500 due to overweight positions in Value Sectors and an underweight position in Technology. *Tactical US Equity FT* trailed even further due to its Small/Mid Cap weighting.

Tactical Global Equity substantially trailed its proxies due to positions in similar US Equity Sectors and Emerging Market Internet Equity.

OUTLOOK

There has been some surprise that the economic news does not match the increasingly negative consumer sentiment surveys and political headlines. The survey cited in that regard is the *U of M Consumer Sentiment Survey* for May which posted a record low. It should be noted there are other key sentiment surveys on the consumer and small business. The *Consumer Confidence Index* for May registered a modestly positive score that was slightly higher than the prior month with prior month adjustments. The April *Small Business Optimism Index* registered a modestly positive score that was marginally higher than the prior month. We have long discounted the U of M survey, which from our observations is, at best, a fickle reaction to headlines.

We remain wary of a negotiated settlement to the Iran War without the resumption of military action. The "art of the deal" requires the other side to have the same, or basic, values as you. We do not believe theocratic dictators have expressed those values. However, we continue to believe the financial market reaction to renewed military conflict will be substantially more muted than at the start of the war.

The *TAG* and *RPg Strategies* remain allocated to expanding growth in the US and globally.

Your RPg Investment Team

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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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