

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

## OVERVIEW

The financial markets told President Trump he does not have unlimited time to end the Iran War and open the Strait of Hormuz. With his trip to China concluding on last Friday and no announcement of a firm agreement with China on how to reopen the Strait, the bond market ran out of patience. Now it has begun to price higher oil prices for longer. That inflation fear shot up interest rates on bonds globally. That, in turn, took down equity markets globally. The S&P 500 managed to eke out a tiny positive fractional return on the back of the good old AI trade and the economic cycle safety refuge from large growth companies. The actual economic news showed a still steadily growing US economy and some business upticks in select foreign economies. While inflation data remained elevated, it was clearly due to the energy spike, which had not showed up materially in the underlying “core” inflation.

The S&P 500 ended the week up 0.13% with Foreign Developed and Emerging Markets down -1.56% and -2.45%, respectively. In the US, Large Caps outperformed Small Caps, which were down more in line with Foreign Equity Markets. Also, Growth outperformed Value, the latter being more sensitive to the expectation of a negative economic cycle.

Bond yields moved up, resulting in comparable losses for Interest and Blend Bonds, while Credit Bonds had a substantially smaller loss. We see this as an interesting contrast to the negative reaction in US Small Cap and Value Equities. The Dollar posted a strong rally which helped lead Global Bonds to a larger loss than US Bonds.

Commodities were mixed with Industrial Metals posting a fractional gain, while Precious Metals posted much more substantial losses. Oil posted sizable gains from the spike in Oil prices.

## PERFORMANCE

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

All three *Core Strategies* substantially underperformed their proxies due to positions in Foreign Equities and Bonds, US Small Cap Equities and Natural Resources.

*Tactical Income* posted a substantially smaller loss than its proxies due to positions in Energy Pipelines and Credit Income Securities. The yield as of May 15, 2026, is at 5.11%.

*Tactical Equity* substantially underperformed its proxies as all its positions are based on a positive economic outlook.

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

*Tactical US Equity* posted a fractional loss against the fractional gain for the S&P 500. Its broad diversification resulted in gains in some sectors to offset losses in others. *Tactical US Equity FT* posted a substantially larger loss due to its Small/Mid Cap weighting.

*Tactical Global Balanced* substantially underperformed its proxies due to its allocations in US Equity Sectors, with their Small/Mid Cap weighting, and Foreign Equities.

## OUTLOOK

With President Trump back from his trip to China, we believe the next phase in the Iran War is likely imminent. For the financial markets, that next phase cannot come too soon.

The *TAG* and *RPg Strategies* continue to look past the Iran War and an acceleration of the positive economic trends underway prior to its inception.

### **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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