RPg asset management
Defending Capital. Redefining Risk.

MONTHLY COMMENTARY

June 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.

Mid-Year Review

OVERVIEW

The real economic news showed the economy was still in steady growth mode including solid job hirings. Treasury Bond yields declined for the month which affirmed that oil price inflation is indeed transient. The chaos in the headlines really had more to do with concerns over the profitability of the massive AI buildout and trying to support the last two months S&P 500 rally on the back of the AI trade. Overseas, despite the earlier concerns over oil and supply line disruptions associated with the Iran War, business activity surveys for May and June remained unchanged at mostly moderate to strong levels.

The S&P 500 ended the month at -1.06% with Foreign Developed at 0.06% and Emerging Markets at -1.41%. In the US, Small Caps substantially outperformed Large Caps and Value posted substantial gains against losses for Large Growth.

US Bonds substantially outperformed Global Bonds with a fractional gain against a fractional loss, respectively. The reason for that outperformance was a substantial rally in the Dollar, despite the decline in Treasury yields. We discuss this anomaly in our **OUTLOOK**.

Commodities suffered broad based losses. Oil declined with the resumed supply of oil through the Strait of Hormuz. Precious Metals declined in large part from the strong rally in the Dollar; those declines were likely aggravated with forced selling by speculators. Industrial Metals declined substantially, which seems at odds with the bullish statement from the performance of US Small Cap and Value Equities; the Dollar, again, was likely a partial contributor to their decline.

PERFORMANCE

TAG TACTICAL STRATEGIES: Global Macro

All three *Core Strategies* substantially underperformed their proxies due to positions in Foreign and US Credit Bonds and Natural Resources, which more than offset outperformance from positions in US Small Cap and Value Equities and Foreign Equities. Year to date, all three *Strategies* continue to outperform the vast majority of their proxies due to positions in US Small Cap and Value Equities and Foreign Equities.

Tactical Income posted a fractional loss due to positions in US and Foreign Credit Income Securities and Energy Pipelines, which declined in sympathy with oil. Year to date, the *Strategy* significantly outperformed its proxies due to positions in Energy Pipelines, Foreign Credit and US Long Term Treasury Income Securities. The yield as of June 30, 2026, is at 5.22%.

Tactical Equity substantially underperformed its proxies due to positions in Metal Miners, Brazil Small Cap and Emerging Market Internet. Those same positions account for the year-to-date underperformance of the *Strategy*.

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RPg STRATEGIES: Quantitative Formula

Tactical US Equity substantially outperformed the S&P 500 with a solid positive return due to its overweight in Value Sectors. Year to date, the *Strategy* is in line with the S&P 500 due to those same Value Sectors. *Tactical US Equity FT* outperformed by a larger margin due to its Small/Mid Cap weighting. Year to date, the *Strategy* outperformed the S&P 500 due to its Small/Mid Cap weighting.

Tactical Global Balanced underperformed its domestic proxy due to positions in Foreign and Emerging Market Equities, Natural Resources and Foreign Bonds. Year to date, the *Strategy* is in line with its domestic proxy due to positions in US Value Equity Sectors and Foreign Developed Equites.

OUTLOOK

So, why is the Dollar staging such a strong rally and reversing its earlier in the year losses? We believe the narrative for a possible Fed rate "hike" in 2026, instead of the here to for premise for a rate "cut", is driving the rally. That narrative started with the spike in inflation from the spike in oil prices with the Iran War. We contended that view of inflation was flawed, as it presumed oil prices would stay at those spike levels for a significantly extended period of time. Subsequent facts have now proved that assumption is incorrect.

Just in time, a new narrative has evolved for continuing the speculation for a rate hike – AI! That's right, AI, the bestower of all things wonderful for the stock market is likely going to drive inflation and keep it elevated. There is no doubt that the massive buildout will put strong demand pressure on computer chips, commodities such as Silver and Copper, and building materials. It remains to be seen if "supply" can continue to ramp up to meet that demand and keep price increase to a manageable level.

However, that whole narrative underscores a larger, misguided notion that we can not have strong economic growth without driving up inflation. We disagree with that premise. In a government driven economy, that premise was true and the economy would need to be cooled down with Fed rate hikes. However, in a private sector driven economy, like the present, two factors work to keep inflation under control. The first is "productivity" (output of goods per labor hour). The private economy produces much more in goods, in an efficient manner, than the government economy, thus high productivity rates which correlate with lower to stable inflation. Secondly, lower "regulations" are a significant contributor to productivity. The Trump administration continues to focus on unwinding the record explosion of regulations during the Biden administration.

Therefore, we expect the economic trends in place before the Iran War to resume in full as that effort winds down. Therefore, we do not expect any Fed rate hike in 2026. Furthermore, at their current levels, we find the Fed Funds rate to be very accommodative. Thus, we do not see the need for a rate cut. If our outlook proves correct, Treasury Bond yields will come down on their own, which will further spur several sectors of the economy, including housing.

The *TAG* and *RPG Strategies* remain allocated to that economic forecast.

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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