RPg asset management
Defending Capital. Redefining Risk.

MONTHLY COMMENTARY
September 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

The real economy is defying consumer sentiment. The manufacturing sector's growth is accelerating at a strong level. The services sector's growth is also accelerating at a strong level. The August *Jobs Report* showed 162,000 new jobs; when adjusted for upward revisions to the prior two months' reported jobs, the number is a very strong 217,000 new jobs. In watching "what they do, not what they say", August *Core Retail Sales* came in at a very strong 5.6% versus 4.7% the prior month, year over year. However, inflation is driving the headlines and market sentiment. While energy costs are the obvious culprit, August *Core CPI* and *Core PCE Price Index* declined to 2.4% and 2.7% (adjusted for prior month's revision), respectively, suggesting underlying inflation is moving down. Nonetheless, the Fed did raise rate 0.25%. Overseas, business indicators remained at solid growth levels and the consumer also remained solid in Japan, Germany, The UK and Brazil.

The S&P 500 ended the month at -0.45% with Foreign Developed at -3.05% and Emerging Markets at -0.56%. In reaction to a negative outlook for the economy from the Fed rate hike, Large Cap Growth – led by a rush to the safety of the AI trade – substantially outperformed all other equity asset classes with a strong positive return against substantial losses for all others; Small Caps were down a whopping -5.40%.

Treasury yields rose substantially on concerns for inflation and more Fed rate hikes hysteria. Interest, Blend and Credit were all substantially negative. The Dollar rallied in response, yet Global Bonds were generally down less than US Bonds.

Commodities were broadly negative on that negative economic outlook.

PERFORMANCE
TAG TACTICAL STRATEGIES: Global Macro

All three *Core Strategies* substantially underperformed their proxies due to positions in Natural Resources and US and Foreign Small Cap Equities. Year to date performance was dramatically affected by the September sell off, yet *Tactical Conservative* is substantially outperforming its proxies, *Tactical Moderate* is in line and *Tactical Growth* is trailing, the latter affected by its larger policy weighting to Equities.

Tactical Income substantially underperformed its proxies from an anomaly of both Credit and Interest Income Securities underperforming. Year to date, *Tactical Income* is substantially outperforming its proxies with a positive return against losses for the proxies. The yield as of September 30, 2026, is at 5.72%.

Tactical Equity substantially underperformed its proxies due to positions in Metals Miners, Aerospace & Defense and US Small Caps. Year to date it is also substantially underperforming across a broad spectrum of offensive positions.

RPg STRATEGIES: Quantitative Formula

Tactical US Equity substantially underperformed the S&P 500 due to its overweight in Value Sectors and Underweight in Technology, which propped up the S&P 500 with the AI trade. Year to date, it is similarly underperforming for similar reasons.

Tactical US Equity FT likewise underperformed for the month and year to date for similar reasons.

Tactical Global Balanced substantially underperformed its proxies due to positions in US Equity Value Sectors and Foreign Developed and Emerging Market Equities. Year to date, it is similarly underperforming due to positions in interest sensitive US Equity Value Sectors and Emerging Market Internet Equities.

OUTLOOK

We believe the stampede out of everything tied to a positive economic growth story and piling into the safety of AI is a gross over reaction to expectations for inflation and further Fed rate hikes. It completely ignores the role of energy in headline inflation, masking the relatively tame and declining underlying inflation. Perhaps that messaging is aggravated by the political season.

Furthermore, the most recent Fed rate hike leaves our measure of the Fed policy rate at an accommodative level; even a second 0.25% hike would leave the rate accommodative. Therefore, we believe the hysteria that the Fed is driving the economy into a recession is just simply at odds with the facts.
The *TAG* and *RPg Strategies* remain allocated to an accelerating US growth and solid 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.

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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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