RPg asset management
Defending Capital. Redefining Risk.

MONTHLY COMMENTARY
October 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

There are no more qualifiers* to the strong economic data, as the economy continued to report strong growth in October. While persistent inflation is an irritant to consumer sentiment, both consumer and small business confidence indicators remain at moderately positive levels, which is a reflection of that growth reality. The consumer's "actions" also speak to that confidence with September's headline and core *Retail Sales* soaring to stronger positive levels. Underpinning consumer strength is a solid job market, with the strong growth beginning to pull in more people to the job market, including the small independent and sole proprietor businessperson. Housing remains in the doldrums from higher mortgage rates, due to energy inflation from the Iran War. Rates are also contributing to slowing new supply which would help bring down prices. Overseas, business activity surveys continue to report overall moderate growth.

The S&P 500 ended the month at -0.87% with Foreign Developed at -0.74% and Emerging Markets at -8.05%. The loss in Emerging Markets reflects the selloff in the AI trade which also led US Large Cap Growth to a -6.09% loss. In the US, Value posted positive returns from a rotation to more defensive sectors, including Small Cap Value which benefited from falling interest rates.

Treasury yields fell on a flight to safety from the AI selloff. Interest and Blend posted sizable gains with Credit posting a much more modest fractional gain, which is somewhat at odds with the rotation to the most economically sensitive Small Cap Value Equity. The Dollar posted a fractional gain which helped Global Bonds to only half the gain in US Bonds.

Commodities were broadly negative except for Oil which rose in anticipation of renewed military action in Iran.

PERFORMANCE
TAG TACTICAL STRATEGIES: Global Macro

All three *Core Strategies* underperformed their proxies with losses. Positions in Natural Resources, Emerging Market Equities and Credit Bonds drove the underperformance.

Tactical Income underperformed its proxies as positions in Credit Income Securities mitigated outsized gains in Interest and Energy Pipeline Income Securities. The yield as of October 30, 2026, is at 5.85%.

Tactical Equity substantially underperformed its proxies due to positions in Natural Resources and Emerging Markets.

* The good to very good economic news coming down in July, Aug, Sept (which we reported on in our Weekly Commentaries) often had editorial "qualifiers" in the media, suggesting the data was not as good as we read on the surface

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RPg STRATEGIES: Quantitative Formula

Tactical US Equity substantially outperformed the S&P 500 with a gain from an overweight in Value Sectors.

Tactical US Equity FT posted a smaller positive gain as its Small/Mid Cap weighting held back gains in some Sectors.

Tactical Global Balanced underperformed its domestic proxy with a loss. Positions in Natural Resources, Emerging Market Equities and Credit Bonds drove the underperformance.

OUTLOOK

Despite the aforementioned strength in the economy, the American electorate was apparently not willing to look past the affordability issue as a short term consequence of the Iran War. The massive Democratic victories present an interesting challenge to the Trump agenda. Trump has voiced a willingness to work with the new Congress but, he also stressed the power of the Presidential veto.

There is much concern that the new Congress will significantly slow the development of AI, with Data Centers as the poster child of that debate. While that is contributing to a significant sell off in AI related stocks, there is fear that this will substantially slow the economy. While it remains to be seen how much slowing there will be in AI, we see a few bumper rails limiting its impact on the economy. Firstly, our research suggests AI is only approximately 7% of total year to date Cap Ex in the US. We are at record levels of Cap Ex from a general reshoring industrial policy. There are new plants for steel, automotive and drugs to name a few. Secondly, American industry has no choice but to pursue development of AI and the new Congress will be hard pressed to retard job growth; there's another election in two years.

We will continue to monitor facts in the economy versus rhetoric in Congress

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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