MONTHLY COMMENTARY

July 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 Memorandum of Understanding (MOU) was apparently not well understood. Iran went back to harassing shipping in the Strait of Hormuz, the US resumed military strikes in Iran and oil prices predictably spiked. That led Treasury Bond yields to rise which hammered US Interest sensitive Bonds and popped the bubble on the AI trade. Yet the economic news remained quite bullish with manufacturing holding its solid growth rebound, the services sector moved to higher levels of solid growth and employers holding on tightly to current employees. Therefore, it is not surprising that the main business and consumer sentiment indexes have remained moderately positive, despite the headlines. While housing is still sluggish, it did have some bursts of life. Overseas, business levels remained strong in the key Emerging Market countries of China, India and Brazil and moved to stronger growth in the UK and Japan.

The S&P 500 ended the month at -0.13% with Foreign Developed Markets at 1.96% and Emerging Markets at -3.07%. US Large Cap and Small Cap Growth and Emerging Markets Large Cap and Small Cap posted sizable losses from the AI trade selloff. US Value, both Large Cap and Small Cap, posted positive returns as did Value in Foreign Developed Markets.

Interest and Blend Bonds posted sizable losses whereas Credit posted fractional losses or gains. Despite a fractional decline in the Dollar, Global Bonds posted gains.

Commodities were mixed. Oil posted a substantial gain with the spike in prices. Industrial Metals posted a substantial gain in recognition of the strong economic news. Silver declined in sympathy with the AI trade selloff, despite its broad industrial and defense applications beyond AI.

PERFORMANCE

TAG TACTICAL STRATEGIES: Global Macro

Tactical Conservative posted a fractional gain against losses for its proxies. Positions in US and Global Credit Bonds and Natural Resources drove the outperformance. *Tactical Moderate* and *Tactical Growth* posted larger losses than their proxies due to positions in US and Emerging Market Small Caps.

Tactical Income substantially outperformed its proxies with a sizable positive return. Positions in Energy Pipelines and US and Foreign Credit Income Securities drove the outperformance. The yield as of July 31, 2026, is at 5.02%.

Tactical Equity posted a larger loss than its proxies due to positions in Metals Miners, Airlines and US Small Caps.

RPg STRATEGIES: Quantitative Formula

Tactical US Equity posted a fractional positive return against a loss in the S&P 500. Positions in US Value Sectors drove the outperformance. *Tactical US Equity FT* posted a slightly larger fractional return due to its Value weighting.

Tactical Global Balanced substantially outperformed its proxies with a much smaller fractional loss. Positions in US and Global Credit Bonds and US Equity Value Sectors drove the outperformance.

OUTLOOK

If it hasn't been clear from the swings in inflation measures with the swings in the price of oil, the Federal Reserve made that relationship clear at its recent FOMC minutes release. They stated the contribution to higher inflation is "due in part" to the oil supply shock. Yet, we still have prognosticators complaining the Fed isn't doing their job by not raising rates. Pushing for a rate hike, which would give Iran negotiators new leverage, and just before mid-term elections, certainly calls into question their motivation.

In that same release, the Fed stated, "Productivity growth is strong". We have previously cited our research which supports strong productivity allowing strong growth without driving up inflation. That is one of the hallmarks of a private sector driving growth versus the public (government) sector driving growth. Therefore, we do not expect the Fed to raise rates. We expect the ultimate outcome of the Iran War to result in, among other issues, the free flow of shipping through the Strait of Hormuz. We do not expect that outcome to be smooth, which could drive more financial market volatility.

The *TAG* and *RPg Strategies* remain allocated to solid global economic growth.

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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