Risk Paradigm Group seeks to defend capital through our managed ETF strategies based on a rules-based methodology. The below portfolio insights are related to the TAG Tactical ETF managed portfolios available as separately managed accounts.

**Overview**

US economic data displayed an economy caught in cross winds. On the positive, manufacturing continued its summer rally which supported steady jobs growth. These are supporting strong sentiment readings, particularly among small business. Yet, housing has been unsteady and drifting lower, retail sales have been drifting lower and auto sales are negative year over year. Bank lending standards have been improving, yet consumer debt is at new record levels. The debacle of health care reform failure in July and August gave way to renewed confidence in government with the Trump/Dems deal to extend the debt and Trump’s rollout of the proposed income tax reform. As a result, the S&P500 rallied strongly in the last two weeks of the month leading to a strong 2% return for the month. This renewed economic confidence raised expectations for the Fed to start reducing its balance sheet and to proceed with an expected interest rate hike in December ’17. As a result, the Dollar reversed its yearlong decline with a solid gain for the month. Along with continued solid economic news out of the Eurozone and Japan, Foreign Developed Equities outperformed the S&P500. Within the US, Small Caps outperformed Large Caps and Value over Growth. As would be expected, US Credit Bonds outperformed Interest and US Bonds outperformed Foreign Bonds. Commodities rallied, led by Oil, on further conviction in global growth.

**Tactical Income**

Tactical Income’s slight decline for the month was led by larger losses in its Interest which offset the gains in Credit; the loss was in line with the benchmark. The quarter and year to date performance continued strong outperformance led by the Credit and Blend positions.

**Tactical Conservative**

Positions in Foreign Developed, hedged and unhedged and US Value Equities along with Credit and Blend Bonds and no allocations to Foreign Bonds drove significant outperformance for the month against both global and domestic proxies. Performance for the quarter and year to date continues strong against the domestic proxy but less so against the global due to the lingering influence of the Dollar’s decline. The absolute return is tracking at the high end of Tactical Conservative’s target return.

**Tactical Moderate**

Tactical Moderate had similarly strong monthly performance for similar reasons in addition to an overweight in US Small Cap Growth. Then quarter and year to date performance continues strong against both proxies and its absolute return is in excess of the target returns upper range.

**Tactical Growth**

Tactical Growth had similarly strong monthly performance for similar reasons in addition to an allocation to US Mid Cap Growth. Year to date performance remains very strong for similar reasons and is tracking above the lower end of its target return range.

**Tactical Equity**

Overweights to Foreign Equities, hedged and unhedged and allocations to US Banking (value) and Biotech (small cap) drove solid outperformance for the month. Those allocations plus US Technology and Healthcare are the key drivers of the continued year to date outperformance.
**Outlook**

The US economy is on watch over the next 6 months to see if it can continue reasonable growth until such time that some of the Trump fiscal stimulus proposals can take effect. We do not believe US interest rates will go much higher, as the negative rates on foreign sovereign bonds and continued foreign central banks’ stimulus will keep a lid on US rates. Absent resurgent inflation or even stronger economic growth, we believe the Fed will likely stop raising rates after December ’17. The TAG allocations continue a slight bias to economic growth, both domestically and globally while maintaining hedges against unexpected setbacks.

**Important Disclosures:**

Tactical Allocation Group (TAG) joined Risk Paradigm Group, LLC and became a division of the firm on July 22, 2016. Risk Paradigm Group, LLC (“RPg Asset Management” or “RPg”) is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). Additional information regarding Risk Paradigm Group, LLC can be found on our website at [www.rpgassetmanagement.com](http://www.rpgassetmanagement.com).

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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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Concentration, volatility, and other risk characteristics of a client’s account also may differ from the information shown herein. There is no guarantee that any client will achieve performance similar to, or better than, the strategy mentioned herein.

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