TAG TACTICAL PORTFOLIOS

Monthly Market Commentary

JULY 2016

MARKET PERFORMANCE

Index	Monthly Return (July)	YTD Return (as of 7/31/16)
90-Day U.S. Treasury Bill	0.26%	0.49%
Barclays Capital Aggregate Bond Index	0.36%	4.64%
Barclays Capital Global Aggregate Bd Ind Unhedged	-0.08%	9.70%
Standard & Poor's 500 Index ("S&P 500")	3.56%	6.34%
MSCI Europe Australia Far East Index ("EAFE")	3.97%	-1.17%
MSCI Emerging Markets Index ("EMI")	4.72%	9.99%
Commodities	-6.35%	7.87%

Market Commentary

EQUITIES

The *S&P 500* rallied based upon a strong June *Employment Report* showing 287,000 new jobs, thus relieving the fears from May's very poor report of only 38,000 new jobs (plus -59,000 jobs revision downward for prior two months). Other economic data during the month (*Vehicle Sales, Retail Sale, Housing*) lent ongoing support to the bullish mood. More importantly, the *ISM Non-Manufacturing* index came in at a strong positive reading, which suggests solid economic activity into the fourth quarter.

Foreign Developed Markets (EAFE) were led by a snapback rally from the late June Brexit selloff. That rally was further supported by the Bank of England introducing aggressive monetary stimulus to counter any negative repercussions from Brexit. Also, the Bank of Japan has joined hands with Abe government to aggressively expand monetary support and also introduce fiscal stimulus. Meanwhile, continental Europe continued its slow recovery. *Emerging Markets* continued to rally in anticipation of increased exports due to global Central Banks' stimulus efforts and technology sector strength.

BONDS

Domestic and global bond indexes were flat due to renewed interest in "credit" bonds consistent with stronger economic data; likewise, the potential for a Fed rate hike increased.

COMMODITIES

Oil reversed its first half of the year rally, declining by approximately 20% on renewed concerns over a global oil glut. *Gold* was up only marginally as financial assets increased in attraction.

TAG PORTFOLIOS

Despite elevated *Cash* levels and neutral *Equity* allocation, all three portfolios captured close to 100% of both global and domestic relative index blends. Outperformance in *Foreign Developed* and US *Large* and *Small Cap Growth* equities and "credit" bonds (including REITS) were the key drivers of performance capture. US stock market leadership changed in July; tech and health care (both significantly represented in "growth" equities) outperformed utilities, telecom, and energy (leaders in the first half) by 2-to-1.

We continue to view this as an opportune time to establish and/or adjust point of entry in the TAG portfolios. They are currently positioned to materially participate if risk assets continue to go up and to underparticipate if risk assets go down.

This material contains the current opinion of the manager and such opinions are subject to change without notice.

Please continue to page 2 for definitions and disclosures.

Definitions

90-Day U.S. Treasury Bill:	The 90-Day U.S. Treasury Bill (90-Day T-Bill) is a United States issued treasury bill with a 90-day maturity date. The 90-Day T-Bill represents the shortest and safest fixed income investment.
Barclays Capital U.S. Aggregate Bond Index:	The Barclays Capital United States Aggregate Bond index is comprised of U.S. Treasury, mortgage and corporate bonds and provides a broad-based measure of the U.S. investment grade fixed-rate debt market.
Barclays Capital Global Aggregate Bond Index Unhedged:	The Barclays Capital Global Aggregate Bond Unhedged index is comprised of U.S. Treasury, mortgage and corporate bonds as well as investment grade bonds from Europe, Asia and Canada and provides a broad-based measure of the global investment grade fixed-rate debt market.
Standard & Poor's 500 Index:	The Standard & Poor's 500 index (S&P 500) is a capitalization-weighted index of 500 stocks. S&P 500 is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
MSCI EAFE Index	The MSCI EAFE index is a broad-based index comprised of equities from developed countries in Europe, Australia, and the Far East. EAFE is a reference of equity performance outside of the United States.
MSCI Emerging Markets Index	The MSCI Emerging Markets index was created by Morgan Stanley Capital International (MSCI) designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index that consists of indices in 23 emerging economies.
Commodities	The iPath Dow Jones-UBS Commodity index reflects the returns that are potentially available through futures contracts on physical commodities, plus the rate of interest that could be earned on cash collateral invested in specified Treasury Bills.

Sources: Bloomberg, Morningstar, Barclays, and MSCI

Disclosures

Tactical Allocation Group (TAG) joined Risk Paradigm Group, LLC a/k/a RPg Asset Management (RPg) on July 22, 2016. 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.

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