

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 news showed surges in both manufacturing and services. Within that data were continued signs of building price pressures which hint at increasing inflation pressures. That fueled increasing confidence in further Fed rate increases which, in turn, extended this month's Dollar rally. Foreign news showed continued strength in the Eurozone and improvements in Mexico (Trump Trauma recovery?) and Brazil. Foreign Developed Markets lagged in the US while Emerging markets led all.

Global Bonds continued their month long decline in response to the Dollar's rally and, despite expectations for rising US rates, trailed US Bonds.

Commodities were mixed with oil bouncing back but Gold declining.

Core Portfolios

All the portfolios significantly outperformed their global proxies due in part to their absence of Global Bonds and allocations to Foreign and US Small Cap Equities. The portfolios also captured 100% or more of their domestic proxies for similar reasons.

Specialty Portfolios

Tactical Income slightly trailed its benchmark which was essentially flat. The year continues to be dominated by the broad based selloff in all Bond categories.

Tactical Equity continued its yearlong strong outperformance, led by Foreign Small Caps and Foreign/US Technology.

Outlook

The economic agenda is now focused on rising inflation and rising interest rates in the face of a strong US economy with the added stimulus of the recent Jobs Tax Act and possibly an additional stimulus from the proposed infrastructure spending bill. Economic growth is further fueled by the synchronized global growth. To date, inflation is very low in the major developed economies. The major risk to the US economy remains the heavily indebted consumer in the face of rising interest rates. The risk to the global economy is the abundance of negative and fractional interest rate bonds, the holders of which would be destroyed by rate increases. We can count on the fact the central bankers are fully aware of these risks and they may attempt to micro manage away the bulk of these risks; whether they can is another matter.

Please refer to and read important disclosures that follow.

Important Disclosures:

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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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