



Monthly Investment Commentary

February 2020

- *Financial market volatility reemerged in January amid geopolitical concerns and coronavirus fears*
- *There are some similarities between the current coronavirus outbreak and SARS from 2003/2004, but the response from the Chinese government has been more swift in the current health emergency*
- *The 1/29 FOMC statement was generally perceived to be slightly more dovish, and the IOER rate was increased 5 bps to 1.6%*

MRM NET COMPOSITE PORTFOLIO RESULTS (As of 1/31/2020)

MRM PLATFORMS VS. BENCHMARK	YTD	1-YEAR	3 Years Annualized	5 Years Annualized
Dynamic Overlay	-0.67%	+10.65%	+9.56%	+5.93%
<i>Morningstar Average Tactical Return</i>	-0.21%	+9.50%	+5.82%	+3.93%
All Equity	-0.38%	+15.80%	+17.66%	+12.46%
<i>S&P 500 Total Return</i>	-0.04%	+21.68%	+14.54%	+12.37%
Dynamic International	-3.69%	+2.02%	-0.30%	-0.87%
<i>MSCIEAFE with dividends</i>	-2.08%	+12.68%	+8.30%	+5.63%
Global Strategies	-1.75%	+8.33%	+8.85%	+6.95%
<i>(50%) S&P/ (50%) MSCIEAFE</i>	-1.06%	+17.18%	+11.51%	+9.21%
Tax-Advantaged Income*	-2.51%	+19.26%	NA	NA
<i>Dow Jones US Select Dividend Total Return</i>	-1.74%	+13.22%	NA	NA

MRM Group claims compliance with the Global Investment Performance Standards (GIPS®). Returns are net of fees. For more information visit www.mrminv.com.

Please contact MRM Group to obtain a Compliant Presentation and/or MRM's list of Composite descriptions.

** Tax-Advantaged Income composite started 06/01/2017.*

Monthly Investment Commentary

2020 So Far

It has been a busy start to 2020, with market concerns ranging from war with Iran to the outbreak of a deadly virus in China and a presidential impeachment trial somewhere in between. Despite the headline noise, risk markets performed reasonably well for much of January, but momentum clearly turned in the final week of the month on coronavirus fears in China. Through January 23, the S&P 500 had a robust MTD return of 3.02%, but the index gave up all gains in the final week, finishing the month with a -0.05% return. The move in Treasuries was more straight-line throughout the month, with strong demand emerging from all investor types amid geopolitical (Iran, impeachment, etc.) and coronavirus concerns. Long-end yields fell 40 basis points (bps) in January, and the curve flattened 15 bps.

Coronavirus

Fears that a coronavirus outbreak in China could spread globally sparked a risk-off trade in global financial markets over the last week. The deadly virus initially emerged in Wuhan, China, and quickly spread to every part of the China mainland, as well as confirmed cases in many more countries. One might ask why financial markets would be so concerned about a virus outbreak in one country, and it wouldn't be an unreasonable question. That said, the markets are ultimately focused on the economic impact of a widespread contagion, particularly when it involves the world's second largest economy (impact on consumption, manufacturing, etc.).

China

Adding to those concerns was the start of Lunar New Year celebrations in China, which typically involves heavy travel amongst its citizens (i.e. higher risk of widespread contagion). Some are looking back at the 2002-2003 SARS outbreak as a good point of comparison to assess potential risks. The SARS outbreak also originated in China, ultimately infecting more than 8,000 people with around a 10% mortality rate. It ultimately took 9 months before it was considered "contained" by the World Health Organization (WHO). GDP growth was significantly impacted for one quarter, but it quickly rebounded in the following two quarters. Not surprisingly, tourism was the most affected sector, and retail sales also weakened.

MRM's View

The January 29 FOMC statement was little changed from the prior meeting, although some are interpreting the adjustment of the inflation outlook as a more dovish tone. As expected, there was no change to the fed funds target range. The committee did choose to raise the interest on excess reserves (IOER) rate 5 bps to 1.6%. In our view, we are almost sure we will see enormous liquidity from China and our own FED, which will result in higher equity prices.

Source: ALM First

MRM model holdings as of December 31, 2019

MRM Global Strategies

APPLE INC COM	5.00%
BROADCOM LTD SHS	5.00%
BOEING CO	5.00%
ALIBABA GROUP HLDG LTD	5.00%
BANK OF AMERICA CORPORATION	6.00%
DISNEY WALT CO DISNEY	5.00%
ISHARES MSCI EMERGING MARKETS	5.00%
ISHARES MSCI EAFE MIN VOLATILITY	5.00%
ISHARES MSCI NEW ZEALAND INVEST	5.00%
ISHARES MSCI NETHERLANDS INVEST	10.00%
FACEBOOK INC CL A	5.00%
ALPHABET INC CAP STK CL C	6.00%
INTUITIVE SURGICAL INC NEW	7.00%
J P MORGAN CHASE & CO	5.00%
LOCKHEED MARTIN CORP	5.00%
MICROSOFT CORP	4.00%
SPDR S&P 500 TRUST	5.00%
UNITEDHEALTH GROUP	5.00%
FDIC CASH NOT COVERED BY SIPC	2.00%

MRM Dynamic Overlay – ETFs

ISHARES MSCI EMERGING MARKETS	15.00%
ISHARES MSCI EAFE INDEX FUND	5.00%
FIRST TRUST TECH ALPHADEX	5.00%
ISHARES DOW JONES US AEROSPACE	10.00%
ISHARES DOW JONES US HOME CONST	5.00%
ISHARES S&P 100 INDEX FUND	9.00%
POWERSHARES QQQ TRUST, SERIES 1	5.00%
INVESCO S&P 500 LOW VOLATILITY	5.00%
SPDR S&P 500 TRUST	13.00%
VANGUARD GROWTH INDEX FUND	5.00%
CONSUMER STAPLES SELECT SECTOR	5.00%
HEALTH CARE SELECT SECTOR SPDR	12.00%
CONSUMER DISCRETIONARY SELECT	5.00%
FDIC CASH NOT COVERED BY SIPC	1.00%

MRM All Domestic Equity

APPLE INC COM	5.00%
BROADCOM LTD SHS	5.00%
BOEING CO	5.00%
ALIBABA GROUP HLDG LTD	5.00%
BANK OF AMERICA CORP	6.00%
CENTENE CORP DEL	5.00%
DISNEY WALT CO DISNEY	5.00%
FACEBOOK INC CL A	5.00%
ALPHABET INC CAP STK CL C	6.00%
INTUITIVE SURGICAL INC NEW	7.00%
J P MORGAN CHASE & CO	5.00%
LOCKHEED MARTIN CORP	5.00%
MERCK & CO INC	5.00%
MICROSOFT CORP	4.00%
NIKE INC CL B	5.00%
NVIDIA CORP	5.00%
PEPSICO INC	5.00%
UNITEDHEALTH GROUP	5.00%
VISA INC.	5.00%
FDIC CASH NOT COVERED BY SIPC	2.00%

MRM Dynamic International

ISHARES MSCI EMERGING MARKETS INDEX FUND	10.00%
ISHARES MSCI EAFE INDEX FUND	5.00%

ISHARES MSCI NETHERLANDS INV	25.00%
ISHARES MSCI TAIWAN INDEX FUND	18.00%
SPDR S&P 500 TRUST	20.00%

ISHARES MSCI NEW ZEALAND INV	10.00%
ISHARES MSCI SWITZERLAND INDEX	10.00%
FDIC CASH NOT COVERED BY SIPC	2.00%

IMPORTANT DISCLOSURES

MRM Group, Inc. ("MRM") is an SEC registered investment advisor and an independent management firm that is not affiliated with any parent organization. Using quantitative selection methods, each MRM strategy searches within a well-defined universe of securities, using consistent investment criteria to identify attractive investments and create diversified portfolios. MRM seeks to provide long-term capital growth.

STRATEGY	BENCHMARK	VEHICLES	CASH HOLDINGS (When Potential Investments Look Unattractive)
Dynamic Overlay	Morningstar Tactical Allocation	Domestic Securities	Up to 70%
All Domestic Equity	S&P 500 Total Return	Domestic Securities/ADR's	Up to 60%
Dynamic International	MSCI EAFE Gross	Exchange-Traded Funds (ETF's)/Other Securities	Up to 25%
Global Strategies	50% S&P 500 Total Return/ 50% MSCI EAFE Gross	Exchange-Traded Funds (ETF's)/Other Securities	Up to 50%
Tax-Advantaged Income	Dow Jones US Select Dividend Index	Domestic Securities	Up to 4%

The portfolios do NOT use inverse or leveraged ETFs. Universe vehicles may change, from time to time, when approved by the principal of MRM Asset Allocation Group at its sole discretion.

BENCHMARK NOTES

Morningstar's Tactical Allocation Category averages returns for the peer group based on the return of each fund within the group, for the period shown. The S&P 500 Index with dividends is an unmanaged composite of 500 large-capitalization companies whose data is obtained from the Standard & Poor's website. S&P 500 is a registered trademark of McGraw-Hill, Inc. The MSCI EAFE Gross Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada, with data from the MSCI website using price with reinvestment of dividends. The performance of blended benchmarks is shown for comparison because MRM uses securities which track indices related to these products. The Dow Jones US Select Dividend Index comprises 100 stocks and aims to represent the U.S.'s leading stocks by dividend yield. An investment cannot be made directly into an index.

DISCLOSURES

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If you wish to modify or impose reasonable restrictions concerning the management of your account, or if your financial situation, investment objectives, or risk tolerance have changed, please contact your MRM Group investment advisor representative or contact the Manager at (800) 233-1944. We will contact you at least annually to determine if your investment goals, objectives, and risk tolerance have changed.

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