MRM GROUP

Monthly Investment Commentary

March 2018

STOCKS BOOM NINE YEARS AFTER CRISIS LOW

Nine years ago, the market decided it wouldn't go any lower: Now we're still wondering just how high it can go. On March 9, 2009, the Standard & Poor's 500 index closed at 676.53, in what would prove to be the closing low of the financial crisis. And while the index has more than quadrupled since then, it proved that it still has some juice left in its tank.

Even as recent as March 5, 2017, the wall of worry appeared relatively low and easy to scale, since the Federal Reserve continued to maintain its gradual, transparent, and predictable interest-rate-tightening policy and spoke dismissively of the adverse effects from the Great Unwind (of the Fed's balance sheet).

However; inflation remained a back-burner issue, as more voiced concern over the likelihood of disinflation than a ramp-up in trajectory. In addition, even though the market was trading at the second-highest multiple of any bull market since 1946, investors exhibited confidence that earnings-per-share growth would soon catch up, since the economy was picking up steam and tax cuts had just been passed.

MRM NET COMPOSITE PORTFOLIO RESULTS (As of 02/28/2018)

MRM PLATFORMS VS. BENCHMARK	YTD	1-YEAR	3 Years Annualized	5 Years Annualized
Dynamic Overlay	**+3.15%**	**+15.99%**	**+4.71%**	**+8.31%**
Morningstar Average Tactical Return	-0.60%	+8.56%	+3.41%	+4.66%
All Equity	**+10.42%**	**+34.35%**	**+12.26%**	**+14.59%**
S&P 500 Total Return	+1.83%	+17.10%	+11.14%	+14.73%
Dynamic International	**+0.27%**	**+10.27%**	**+1.62%**	**+2.35%**
MSCI EAFE with dividends	+0.30%	+20.69%	+6.15%	+7.54%
Global Strategies	**+6.58%**	**+21.89%**	**+9.51%**	**+10.63%**
(50%) S&P/(50%) MSCI EAFE	+1.07%	+18.90%	+8.76%	+11.37%
Tax-Advantaged Income*	**-4.74%**	**NA**	**NA**	**NA**
Dow Jones US Select Dividend Total Return	-2.16%	NA	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

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

Monthly Investment Commentary

Markets

As a result, the market rewarded equity investors who chose to stay the course with a double-digit gain in prices, an above-average number of all-time highs and a near absence of volatility. Yet since the turn of the calendar, the wall seems to have grown in height, reflecting the alterations of expectations of inflation, interest rates, politics, and now the prospects of a global trade war.

European Markets

If the new government in Italy impacts sentiment negatively then we will re-evaluate. Analyst warned that a euroskeptic Italian government could derail the euro zone's economic recovery. A battle to form a coalition government is under way, with the antiestablishment 5 Star Movement jostling with a center-right alliance that involves the populist League party and former Prime Minster Silvio Berlusconi's Forza Italia. Each faction is considering deals with members of the center-left Democratic Party. For now, bulls can still point to a range of encouraging indicators, from sentiment readings to the latest figures on gross domestic product. Investors and consumer confidence remains high in the euro area.

Elevation

Despite the increase in elevation of this wall of worry, 66% of the subindustries in the S&P 1500 trade higher than their 10-week (50 day) moving averages, which is marginally above the average of 65% for all weeks since 1995, and higher than the 60% reading seen on February 9th. In addition, the performance of momentum industries adds additional support to the prospect that investors haven't yet given up on this bull market.

So there you have it. Since the start of the year, the elevation of the wall of worry has been increased by the presumed likelihood of four rather than three rate hikes by the Fed in 2018, along with the possible igniting of a global trade war by President Donald Trump's statement to impose import tariffs on aluminum and steel. In addition, investors have been introduced to renewed whispers soundings the breakup of the European Union as a result of the Italian elections. Yet actions speak louder than worries. Right now, market and subindustry returns hint that these concerns may be overblown.

MRM's View

For many quarters MRM has argued some of the best periods for stocks at past have come when interest rates have risen from low levels. Periods of higher or rising rates have coincided with double-digit annual returns for the S&P 500, on average.

Case in point: From January 1996 through April 1997, 10-year Treasury yields climbed 1.24 percentage points. The S&P 500's annualized return was 20.3% over that period. Again we remain bullish.

MRM model holdings as of December 31, 2017

Source: BARRONS

MRM Global Strategies	
APPLE INC COM	5.00%
BOEING CO	5.00%
ALIBABA GROUP HLDG LTD SPONSORED ADS	5.00%
CENTENE CORP DEL	5.00%
J P MORGAN CHASE & CO	5.00%
ISHARES MSCI EMERGING MARKETS INDEX	12.00%
ISHARES MSCI EAFE INDEX FUND	10.00%
ISHARES MSCI TAIWAN INDEX FUND	5.00%
GENERAL DYNAMICS CORP	5.00%
ISHARES S&P LATIN AMERICA 40 INDEX FUND	5.00%
ISHARES S&P INDIA NIFTY 50 INDEX FUND	10.00%
NEXTERA ENERGY INC	5.00%
NVIDIA CORP	5.00%
MASTERCARD INC COM	5.00%
RAYTHEON CO	5.00%
2U INC COM	5.00%
FDIC CASH NOT COVERED BY SIPC	3.00%

MRM Dynamic Overlay – ETFs	
ISHARES MSCI EMERGING MRKTS IND	20.00%
ISHARES MSCI EAFE INDEX FUND	5.00%
FIRST DOW JONES INTERNET INDEX	5.00%
FIRST TRUST TECHNOLOGY ALPHA	8.00%
ISHARES RUSSELL 1000 GR INDEX	5.00%
ISHARES DOW JONES US AREOSPACE	5.00%
POWERSHARES QQQ TRUST	7.00%
SPDR S&P 500 TRUST	5.00%
SPDR S&P 500 GROWTH ETF	10.00%
VANGUARD GROWTH INDEX FUND	12.00%
FINANCIAL SELECT SECTOR SPDR	5.00%
TECHNOLOGY SELECT SECTOR	5.00%
HEALTH CARE SELECT SECTOR	5.00%
FDIC CASH NOT COVERED BY SIPC	3.00%

MRM Dynamic International	
ISHARES MSCI EMERGING MARKETS	30.00%
ISHARES MSCI EAFE INDEX FUND	20.00%
ISHARES MSCI TAIWAN INDEX FUND	10.00%
ISHARES MSCI MEXICO INVESTABLE	8.00%
ISHARES S&P LATIN AMERICA 40 INDEX	10.00%
ISHARES S&P INDIA NIFTY 50 INDEX	20.00%
FDIC CASH NOT COVERED BY SIPC	2.00%

MRM All Equity	
APPLE INC COM	4.50%
ALIGN TECHNOLOGY INC	4.50%
BOEING CO	5.00%
ALIBABA GROUP HLDG LTD	5.00%
CENTENE CORP DEL	5.00%
HONEYWELL INTL INC	5.00%
2U INC COM	5.00%
FACEBOOK INC CL A	5.00%
GENERAL DYNAMICS CORP	5.00%
ALPHABET INC CAP STK CL C	5.00%
JOHNSON & JOHNSON	5.00%
MICROSOFT CORP	5.00%
NEXTERA ENERGY INC	5.00%
NORTHROP GRUMMAN CORP	4.00%
NVIDIA CORP	5.00%
J P MORGAN CHASE & CO	5.00%
MASTERCARD INC COM	5.00%
OVERSTOCK COM INC DEL	5.00%
RAYTHEON CO	5.00%
VISA INC	4.50%
FDIC CASH NOT COVERED BY SIPC	2.50%

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

MRM Group claims compliance with the Global Investment Performance Standards (GIPS®). MRM has been independently verified for the periods January 1, 2008 through September 30, 2017. The verification report is available upon request. Verification assesses whether (1) MRM has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) MRM's policies and procedures are designed to calculate the present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Valuations are computed and performance is reported in U.S. dollars. Client performance may differ based upon the structure of a particular investment program. For example, some programs are structured as wrap fee programs in which trading costs and brokerage commissions are included in one all-inclusive wrapped fee. As such, these costs may be higher than if the client were to pay trading costs and brokerage commissions separately. The standard management fee is 2.0%. Deviation from the model's diversified structure may result in different risk, return, and diversification characteristics and would therefore not be representative of the models.

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Client has the right to impose reasonable restriction on MRM's management of Client's account by notifying MRM in writing of its desire to impose such restrictions.

All MRM platforms are suitable for long term investing. Please read the fact sheets and disclosures for each platform carefully before investing.

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