



Monthly Investment Commentary

March 2022

ECONOMIC UPDATE

- Heightened uncertainty has weighed on financial markets in 2022, and the escalating conflict in Ukraine presents new complexities to the domestic and global economic outlooks
- Fed is set to raise the federal funds rate at the March 16 FOMC meeting, and Fed Chair Powell said the economic impact of the Russian invasion of Ukraine remains “highly uncertain”
- The U.S. economy remains on strong footing as we approach the end of Q1, but elevated financial market volatility could persist in the near-term due to uncertainty related to monetary policy and geopolitical events

MRM NET COMPOSITE PORTFOLIO RESULTS (As of 2/28/2022)

MRM PLATFORMS VS. BENCHMARK	YTD	1-YEAR	3 Years Annualized	5 Years Annualized
Dynamic Overlay	-13.39%	+3.43%	+7.80%	+8.18%
<i>Morningstar Average Tactical Return (fixed & equities)</i>	-6.06%	+4.19%	+8.30%	+6.65%
All Equity	-17.97%	-10.70%	+4.70%	+10.64%
<i>S&P 500 Total Return</i>	-8.01%	+16.39%	+18.24%	+15.17%
Dynamic International	-9.86%	-4.75%	+4.15%	+1.45%
<i>MSCI EAFE with dividends</i>	-6.50%	+3.30%	+8.29%	+7.67%
Global Strategies	-14.54%	-5.26%	+6.67%	+7.59%
<i>(50%) S&P / (50%) MSCI EAFE</i>	-7.26%	+9.85%	+13.48%	+11.67%
Tax-Advantaged Income*	-4.96%	+10.53%	+10.79%	NA
<i>Dow Jones US Select Dividend Total Return</i>	+1.12%	+22.24%	+12.63%	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.

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Markets

Financial markets do not like uncertainty in its many forms. Uncertainty regarding fiscal policy, monetary policy, geopolitical tensions, and public health crises, just to name a few, make financial asset modeling and valuation even more challenging. Uncertainty is risk, and when elevated, healthy two-way market flows can (and likely will) dissipate. This is an appropriate characterization of what we have experienced so far in 2022, and as we discussed in last month’s commentary, volatility could remain elevated until we get a clearer picture of the inflation outlook and the Fed’s subsequent response via interest rate and balance sheet policy. However, the worsening situation in Ukraine and questions surrounding Vladimir Putin’s ultimate military intentions have inflamed what were already-volatile markets.

Fed

The Fed has a difficult job ahead of them, and the situation in Ukraine/Europe only adds complexities. January inflation readings set new multi-decade highs, and prior to Russia’s invasion, markets were pricing for an aggressive response from the FOMC with regard to rate hikes and balance sheet reduction. As a result, bond yields surged higher, particularly in the front-end and belly of the yield curve, and fixed income spreads widened sharply. Prior to Russia’s invasion of Ukraine, the bond market was pricing in 150 basis points (bps) of rate hikes in 2022, including a high probability of a 50 basis point rate hike for the initial liftoff at the March 16

FOMC meeting. However, as the situation deteriorated, a global flight-to-quality trade sent short and intermediate Treasury yields 20-27 bps lower, and the market is now pricing for one less rate hike in 2022.

Economy on Strong Footing

While the situation in Ukraine (and beyond) introduces uncertainties to domestic and global economic growth, the current economy remains on very strong footing. The New York Fed’s Weekly Economic Index (WEI) tracks a basket of ten daily and weekly economic indicators, and has historically been a good leading gauge of GDP growth (4-quarter moving average). WEI continues to hold above 5, and the most recent reading of WEI (February 19) was 6.84. That suggests an annual GDP rate 2-3x the pre-COVID trend rate for the US economy. This theoretically provides ample cushion for tighter monetary policy without materially impacting demand, but it remains uncertain how strong aggregate demand will remain in the face of higher inflation and tighter Fed policy.

MRM’s View

Financial market volatility will likely remain elevated until there is more clarity on the Fed’s intentions and the geopolitical turmoil in Europe. The Fed could provide more guidance at the March 16 meeting, but Powell is likely to resist committing to any predictable path of rate hikes as experienced in the last cycle.

Source: ALM

MRM model holdings as of December 31, 2021

MRM Global Strategies		MRM Dynamic Overlay – ETFs		MRM All Domestic Equity	
APPLE INC COM	5.00%	ISHARES MSCI EAFE INDEX FUND	1.00%	APPLE INC COM	5.00%
AMERICAN INTL GROUP INC	5.00%	ISHARES RUSSELL 1000 GROWTH	5.00%	AMERICAN INTL GROUP INC	5.00%
AMERICAN EXPRESS CO	5.00%	ISHARES RUSSELL 3000 INDEX FUND	6.00%	AMAZON COM INC	5.00%
CENTENE CORP DEL	5.00%	ISHARES DJ US REAL ESTATE	5.00%	CENTENE CORP DEL	2.00%
COSTCO WHSL CORP NEW	5.00%	ISHARES S&P 100 INDEX FUND	10.00%	COSTCO WHSL CORP NEW	5.00%
CSX CORP	5.00%	POWERSHARES QQQ TRUST	8.00%	CSX CORP	5.00%
ISHARES MSCI NEW ZEALAND	6.00%	SPDR S&P 500 TRUST	23.00%	GENERAL MTRS CO COM	5.00%
ISHARES MSCI SWEDEN INDEX FUND	3.00%	SPDR S&P 500 GROWTH ETF	7.00%	ALPHABET INC CAP STK CL C	6.00%
GENERAL MTRS CO COM	5.00%	VANGUARD GROWTH INDEX FUND	13.00%	HOME DEPOT INC	5.00%
ALPHABET INC CAP STK CL C	6.00%	GUGGENHEIM RUSSELL TOP 50	10.00%	INTERNATIONAL BUSINESS MACHS	5.00%
HOME DEPOT INC	4.00%	TECHNOLOGY SELECT SECTOR	5.00%	MICROSOFT CORP	6.00%
INTERNATIONAL BUSINESS MACHS	5.00%	HEALTH CARE SELECT SECTOR	6.00%	METTLER TOLEDO INTERNATIONAL	5.00%
MICROSOFT CORP	4.00%	FDIC CASH NOT COVERED BY SIPC	1.00%	NETFLIX COM INC	5.00%
METTLER TOLEDO INTERNATIONAL	5.00%			NIKE INC CL B	5.00%
NIKE INC CL B	5.00%	MRM Dynamic International		NVIDIA CORP	5.00%
NVIDIA CORP	5.00%	WISDOMTREE INDIA EARNINGS FUND	14.00%	SHOPIFY INC CL A	5.00%
SHOPIFY INC CL A	5.00%	ISHARES MSCI CANADA INDEX FUND	20.00%	TARGET CORP	5.00%
SPDR S&P 500 TRUST	5.00%	ISHARES MSCI SWEDEN INDEX FUND	25.00%	TJX COS INC NEW	5.00%
TJX COS INC NEW	3.00%	ISHARES MSCI NETHERLANDS	25.00%	TRACTOR SUPPLY CO	5.00%
TRACTOR SUPPLY CO	3.00%	ISHARES MSCI TAIWAN INDEX FUND	10.00%	ZSCALER INC COM	5.00%
ZSCALER INC COM	5.00%	SPDR S&P 500 TRUST	5.00%	FDIC CASH NOT COVERED BY SIPC	1.00%
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IMPORTANT DISCLOSURES

MRM Group, Inc. ("MRM") is a state-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

Effective Nov. 1, 2016 the Dynamic Overlay benchmark was changed to Morningstar's Tactical Allocation. The benchmark was applied retroactively to the beginning of the performance period, January 1, 2008. This change had the net effect of placing the Dynamic Overlay Model Portfolio in a more favorable light than would otherwise have been the case if we used the blended benchmark described below. Although this change had a favorable impact on the comparative effect on the model's performance but we believe the change in benchmark more appropriately aligns with our Dynamic Overlay Strategy in that it is designed a tactical allocation rather than a static blended benchmark of 75% S&P 500 Index Total Return and 25% MSCI EAFE. 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 December 31, 2021. 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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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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