



Monthly Investment Commentary

May 2018

Stocks End Slightly Higher After Turbulent Month

Most of the major benchmarks ended slightly higher in April after late weakness drained away mid-month gains. In an unusual pattern, the small-cap Russell 2000 Index performed best, while the S&P MidCap 400 Index lagged the large-cap benchmarks and recorded a modest decline. A climb in oil prices to their highest levels since 2014 helped energy shares perform best within the S&P 500 Index, while consumer staples and industrials and business services shares suffered the largest declines. Volatility remained elevated during the month, with the S&P 500 seeing eight daily swings of over 1%—the same number recorded in all of 2017.

MRM NET COMPOSITE PORTFOLIO RESULTS (As of 04/30/2018)

MRM PLATFORMS VS. BENCHMARK	YTD	1-YEAR	3 Years Annualized	5 Years Annualized
Dynamic Overlay	-0.72%	+12.00%	+3.89%	+6.46%
<i>Morningstar Average Tactical Return</i>	-1.46%	+6.44%	+3.23%	+3.89%
All Equity	+5.68%	+29.97%	+10.87%	+12.24%
<i>S&P 500 Total Return</i>	-0.38%	+13.27%	+10.57%	+12.96%
Dynamic International	-2.31%	+5.21%	+1.04%	+1.00%
<i>MSCI EAFE with dividends</i>	+0.94%	+15.07%	+5.44%	+6.38%
Global Strategies	+1.00%	+15.75%	+7.04%	+8.24%
<i>(50%) S&P/(50%) MSCI EAFE</i>	+0.28%	+14.17%	+8.07%	+9.87%
Tax-Advantaged Income*	-3.69%	NA	NA	NA
<i>Dow Jones US Select Dividend Total Return</i>	-1.32%	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.

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.*

Earnings Return To The Spotlight...

After a prolonged period dominated by economic and political headlines, the release of first-quarter earnings reports encouraged investors to turn their attention back to corporate fundamentals in April. In general, the reports exceeded the already elevated expectations for corporate profits in the wake of December's tax cuts and amid a healthy global economic expansion. By the end of the month, analysts polled by data and analytics firm FactSet were expecting first-quarter earnings for the S&P 500, as a whole, to have expanded by more than 23% on a year-over-year basis and some even more.

...But Trade Fears Remain

The failure of strong earnings to drive a corresponding rally in stock prices seemed largely due to ongoing trade worries. Stocks headed sharply lower at the start of the month, following China's announcement that it would retaliate on the U.S. aluminum and steel tariffs that were announced in March with USD \$3 billion in new tariffs of its own, targeting roughly 130 U.S. products and concentrated on agricultural exports. The U.S. then upped the ante, outlining a list of USD \$50 billion in proposed tariffs on 1,300 Chinese products.

Actual tariff increases remained limited, however, which helped stocks rally back at mid-month. Trade tensions eased a bit and stocks climbed as President Trump appeared to soften his stance, while China's President

repeated a vow to ease access to sectors ranging from banking to auto manufacturing and to protect intellectual property in a "new phase of opening up."

Signals Are Positive

The month's economic data appeared to have a mixed impact on the market. Stocks fell sharply on April 6 following news of a disappointing rise in March payrolls—although most observers agreed that heightened trade tensions were mostly to blame for the shortfall. Certainly, much of the rest of the month's data confirmed that the almost nine-year economic expansion remained intact. Weekly jobless claims fell to a new multi-decade low, and average hourly earnings rose at a healthy pace. Housing sales and new construction picked up, reversing recent declines, and surveys showed that the manufacturing and service sectors continued to expand.

MRM's View

The economic environment in the U.S. is improving. Faster growth in consumer and business spending suggests that economic growth should continue. Market resilience despite political uncertainty indicates that strong fundamentals are supporting potential further gains. Other countries are also doing well, which has led to the first synchronized global expansion since the financial crisis. With hard data starting to catch up with strong confidence levels, we could see a virtuous cycle. The signs are positive.

Source: T Rowe Price/Commonwealth

MRM model holdings as of March 31, 2018

MRM Global Strategies	
HOME DEPOT INC	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	5.00%
ISHARES MSCI NEW ZEALAND INVESTABLE MARK	10.00%
GENERAL DYNAMICS CORP	5.00%
ISHARES S&P LATIN AMERICA 40 INDEX FUND	5.00%
ISHARES MSCI JAPAN INDEX FUND	5.00%
ISHARES MSCI SOUTH KOREA INDEX FUND	5.00%
NEKTAR THERAPEUTICS	5.00%
MASTERCARD INC COM	5.00%
RAYTHEON CO	5.00%
2U INC COM	5.00%
FDIC CASH NOT COVERED BY SIPC	8.00%

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%
CONSUMER DISCRETIONARY SELECT	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 NEW ZEALAND INV	20.00%
ISHARES MSCI JAPAN INDEX FUND	9.00%
ISHARES S&P LATIN AMERICA 40 INDEX	10.00%
ISHARES MSCI SOUTH KOREA INDEX	9.00%
FDIC CASH NOT COVERED BY SIPC	2.00%

MRM All Equity	
GALLAGHER ARTHUR J & CO	5.00%
ALIGN TECHNOLOGY INC	4.50%
BOEING CO	5.00%
ALIBABA GROUP HLDG LTD	5.00%
CENTENE CORP DEL	5.00%
ANHEUSER BUSCH INBEV	5.00%
2U INC COM	5.00%
FACEBOOK INC CL A	5.00%
GENERAL DYNAMICS CORP	5.00%
HOME DEPOT INC	5.00%
JOHNSON & JOHNSON	5.00%
MICROSOFT CORP	5.00%
HONEYWELL INTL INC	5.00%
NORTHROP GRUMMAN CORP	4.00%
NEKTAR THERAPEUTICS	4.50%
J P MORGAN CHASE & CO	5.00%
MASTERCARD INC COM	5.00%
CONSTELLATION BRANDS INC CL A	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 <i>(When Potential Investments Look Unattractive)</i>
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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All MRM platforms are suitable for long term investing. Please read the fact sheets and disclosures for each platform carefully before investing.