MRM GROUP

Monthly Investment Commentary

June 2018

The Facts

•Technology stocks have been star performers of the recent past; responsible for almost 30% of the total gains of the S&P 500 Index over the past five years. Can the good times roll on?

•Primarily there are three reasons:
- strong earnings momentum,
- significant cash balances and
- longer-term disruptive trends.

Investors flocked to the technology sector last year with tech posting a great return. In spite of the solid gains across the market, we remain overweight in stocks.

MRM NET COMPOSITE PORTFOLIO RESULTS (As of 05/31/2018)

MRM PLATFORMS VS. BENCHMARK	YTD	1-YEAR	3 Years Annualized	5 Years Annualized
Dynamic Overlay	**+1.52%**	**+13.08%**	**+3.98%**	**+6.72%**
Morningstar Average Tactical Return	-0.44%	+6.72%	+3.50%	+4.29%
All Equity	**+11.15%**	**+32.14%**	**+10.70%**	**+13.16%**
S&P 500 Total Return	+2.02%	+14.38%	+10.97%	+12.98%
Dynamic International	**-5.69%**	**+0.89%**	**-0.63%**	**+1.37%**
MSCI EAFE with dividends	-1.19%	+8.50%	+4.83%	+6.42%
Global Strategies	**+3.31%**	**+14.47%**	**+5.95%**	**+9.18%**
(50%) S&P / (50%) MSCI EAFE	+0.42%	+11.44%	+7.99%	+9.89%
Tax-Advantaged Income*	**-3.80%**	**NA**	**NA**	**NA**
Dow Jones US Select Dividend Total Return	+0.04%	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.***

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Strong Earnings Momentum

Making up a quarter of the broad index, information technology is central to the U.S. market. The earnings thesis supporting our view to U.S. stocks equally applies to technology companies, and builds on the sector's existing earnings momentum. This reporting season, 88% of IT companies in the S&P 500 index posted positive earnings surprises – the highest proportion of all the sectors – while recording 22.5% aggregate year-on-year earnings growth compared to the broader market index's 14.3%. This has translated into strong equity market performance year to date.

Significant Cash Balances

Many established technology companies are cash rich, commanding strong balance sheet positions and ample investment firepower. For example, Apple, Microsoft and Alphabet each sit on excess of $100 billion. This offers a number of advantages. First, these companies potentially are insulated from the impact of rising interest rates, and may even benefit. Technology historically has been among the sectors the most insulated from yield curve shifts.

In addition, one of the consequences of the recent tax legislation is the prospect of companies repatriating cash back to the U.S. at favorable rates. This increases the potential for dividends, share buybacks or increased mergers and acquisition activity. At the same time, increasing capital expenditure or research & development (R&D) spending is supportive of the sector in the longer term. For example, Apple, has already announced plans to invest $30 billion in capital expenditures in the U.S. over the next five years as a result of the tax law change and its plan to repatriate its cash.

Investing In Long-Term Trends

The impacts of technological disruption extend beyond the confines of old fashioned sector classifications. Investing in technology allows investors to tap into large scale, transformational shifts in the way entire industries operate – whether it be the growth of "big data," cloud-based enterprise and infrastructure solutions, cyber security or the intrinsic importance of semiconductors. Additionally, the growth of online shopping is displacing traditional brick-and-mortar retail and could change the face of commercial real estate markets. These forces result in the tech sector exhibiting a strong secular growth profile and in our view, justify a premium in the form of higher valuations.

MRM's View

New Fed Chairman, Jerome Powell, was reportedly hand picked by Treasury Secretary Mnuchin to be more "market friendly." The Fed wants stable financial markets, since it is good for the banking industry that they regulate, especially now that some major money center banks are under stress from troubled emerging markets and the flattest Treasury yield curve in more than a decade. So again, we expect a relatively dovish FOMC statement that will continue to boost both bond and stock markets. We remain bullish.

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 MAR	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 INDE	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 *(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 March 31, 2018. 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.