



# Monthly Investment Commentary

July 2019

## Party Out of Bounds

The stock market rallied, with the Dow Jones Industrial Average topping 27,000 and the S&P 500 index eclipsing 3,000, after Jerome Powell, the current Fed chairman, all but confirmed in congressional testimony that the central bank will be lowering its key federal-funds target at its next policy meeting at the end of the month.

Lower rates would help offset the uncertainties resulting from slower global growth, Powell said, cheering risk markets and sending stocks to new highs.

### MRM NET COMPOSITE PORTFOLIO RESULTS (As of 06/30/2019)

MRM PLATFORMS VS. BENCHMARK	YTD	1-YEAR	3 Years Annualized	5 Years Annualized
<b>Dynamic Overlay</b>	<b>+8.64%</b>	<b>+6.50%</b>	<b>+10.25%</b>	<b>+4.42%</b>
<i>Morningstar Average Tactical Return</i>	+9.22%	+1.66%	+5.57%	+2.79%
<b>All Equity</b>	<b>+9.07%</b>	<b>+5.21%</b>	<b>+17.62%</b>	<b>+11.12%</b>
<i>S&amp;P 500 Total Return</i>	+18.54%	+10.42%	+14.19%	+10.71%
<b>Dynamic International</b>	<b>+6.76%</b>	<b>-1.31%</b>	<b>+1.16%</b>	<b>-2.15%</b>
<i>MSCIEAFE with dividends</i>	+14.49%	+1.60%	+9.65%	+2.74%
<b>Global Strategies</b>	<b>+8.51%</b>	<b>+0.03%</b>	<b>+7.58%</b>	<b>+5.59%</b>
<i>(50%) S&amp;P / (50%) MSCIEAFE</i>	+16.52%	+6.01%	+12.66%	+7.02%
<b>Tax-Advantaged Income*</b>	<b>+19.31%</b>	<b>+11.79%</b>	<b>NA</b>	<b>NA</b>
<i>Dow Jones US Select Dividend Total Return</i>	+13.64%	+5.80%	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](http://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

**Growing Economy**

The economy grew by 2.3% in the first half, based on the reported 3.1% first-quarter and the Atlanta Fed’s GDPNow 1.4% estimate for the second quarter. Unemployment is near half-century low 3.7%. The main shortfall cited by Powell was inflation, despite the core consumer-price index (excluding food and energy costs) rising at a 2.1% annual rate, he writes in an email.

The Fed has completely changed tacks since last December, when stocks skirted an “official” bear market of a 20% drop from its high as it raised rates. Since then, Powell has gone from professing “patience” about further rate boosts to signaling preemptive reductions. In essence, the Fed has extended the economic expansion.

**“The Force”**

The bond vigilantes once ruled, central banks have become “The Force” in the market. That’s produced \$13 trillion of negative-yielding bonds, unprecedented in history, and \$25 trillion of bonds yielding less than inflation.

And notwithstanding the “hype” about independent central banks, they are servants of the governments that created them. So they print money to lower borrowing costs to help

fund budgets and social programs without the unpleasantness of taxes. Central bankers are the only people on earth who won’t go to jail for creating money.

Bond yields will stay low, owing to this “governmental intervention on a scale never before seen in history.” Decry this state of affairs, but all you can do is play along and try to front-run what the central banks will do next.

However; the reality is that investors are surfing the tidal wave money created by central banks. Of course, you need wealth to play this rigged game of asset inflation. Those who don’t play get left behind, widening the already yawning gap of inequality.

**MRM’s View**

Against these signs of ample liquidity the weak economic data is old news. So party like it’s the 1990s! But don’t forget how that decade ended.

At MRM we are cognizant of the fact that fair valuations cannot be achieved in a vacuum or price to earnings, price to sell, etc. The most important things is interest rates. As long as rates are declining, in our opinion, equities will go higher.

Source: BARRON’S

**MRM model holdings as of June 30, 2019**

**MRM Global Strategies**

APPLE INC COM	5.00%
AMAZON COM INC	5.00%
BROADCOM LTD SHS	5.00%
SALESFORCE COM INC	5.00%
DISNEY WALT CO DISNEY	5.00%
ISHARES MSCI EMERGING MARKETS	10.00%
ISHARES MSCI EAFE MIN VOLATILITY	5.00%
ISHARES MSCI SINGAPORE INDEX FUND	5.00%
ISHARES MSCI BRAZIL INDEX FUND	5.00%
FACEBOOK INC CL A	5.00%
INTUITIVE SURGICAL INC NEW	7.00%
J P MORGAN CHASE & CO	5.00%
LOCKHEED MARTIN CORP	5.00%
MCDONALDS CORP	7.00%
MICROSOFT CORP	4.00%
NETFLIX COM INC	5.00%
SPDR S&P 500 TRUST	5.00%
ULTA BEAUTY INC NEW	5.00%
FDIC CASH NOT COVERED BY SIPC	2.00%

**MRM Dynamic Overlay – ETFs**

ISHARES MSCI EMERGING INDEX	20.00%
ISHARES MSCI EAFE MIN VOLATILITY	5.00%
FIRST TRUST TECH ALPHADEX	3.00%
ISHARES NASDAQ BIOTECH INDEX	5.00%
ISHARES DOW JONES US AEROSPACE	10.00%
ISHARES RUSSELL 1000 VALUE INDEX	5.00%
ISHARES RUSSELL 2000 INDEX FUND	5.00%
ISHARES DOW JONES US HEALTH	5.00%
MIDCAP SPDR TRUST, SERIES 1	5.00%
ISHARES S&P 100 INDEX FUND	4.00%
POWERSHARES QQQ TRUST	5.00%
INVESCO S&P 500 LOW VOLATILITY	5.00%
SPDR S&P 500 TRUST	13.00%
VANGUARD GROWTH INDEX FUND	5.00%
HEALTH CARE SELECT SECTOR SPDR	4.00%
FDIC CASH NOT COVERED BY SIPC	1.00%

**MRM All Domestic Equity**

APPLE INC COM	5.00%
AMAZON	5.00%
BROADCOM LTD SHS	5.00%
CENTENE CORP DEL	5.00%
SALESFORCE COM INC	5.00%
DISNEY WALT CO DISNEY	5.00%
FACEBOOK	5.00%
INTUITIVE SURGICAL INC NEW	7.00%
J P MORGAN CHASE & CO	5.00%
KANSAS CITY SOUTHN INDS INC	5.00%
LOCKHEED MARTIN CORP	5.00%
MCDONALDS CORP	7.00%
MERCK & CO INC	5.00%
MICROSOFT CORP	4.00%
NETFLIX COM INC	5.00%
PEPSICO INC	5.00%
PAYPAL HLDGS INC	5.00%
ULTA BEAUTY INC NEW	5.00%
VISA INC.	5.00%
FDIC CASH NOT COVERED BY SIPC	2.00%

**MRM Dynamic International**

ISHARES MSCI EMERGING MARKETS	35.00%
ISHARES MSCI EAFE MIN VOLATILITY	7.00%
ISHARES MSCI NEW ZEALAND INVEST	15.00%
ISHARES MSCI SINGAPORE INDEX	15.00%
FDIC CASH NOT COVERED BY SIPC	2.00%

ISHARES FTSE CHINA 25 INDEX	16.00%
ISHARES MSCI BRAZIL INDEX FUND	10.00%

## 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

MRM Group claims compliance with the Global Investment Performance Standards (GIPS®). MRM has been independently verified for the periods January 1, 2008 through June 30, 2019. 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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