



Monthly Investment Commentary

September 2022 **ECONOMIC UPDATE**

- Fed Chair Powell delivered another hawkish speech in Jackson Hole, implying a “higher for longer” mantra even as efforts to rein in inflation come with economic pain
- August was another painful month in a historically bad year for fixed income investors, and recent labor market and inflation data suggest the Fed won’t let up anytime soon
- Residential rent prices have surged over the last year, and the lag effect could apply upward pressure on the housing inflation metric of CPI for months to come

MRM NET COMPOSITE PORTFOLIO RESULTS (As of 8/31/2022)

MRM PLATFORMS VS. BENCHMARK	YTD	1-YEAR	3 Years Annualized	5 Years Annualized
Dynamic Overlay	-21.50%	-17.28%	+3.95%	+5.07%
<i>Morningstar Average Tactical Return (fixed & equities)</i>	-13.74%	-12.85%	+4.23%	+3.98%
All Equity	-28.43%	-28.11%	+0.19%	+6.09%
<i>S&P 500 Total Return</i>	-16.14%	-11.23%	+12.39%	+11.82%
Dynamic International	-21.04%	-22.96%	+0.50%	-2.45%
<i>MSCI EAFE with dividends</i>	-19.24%	-19.37%	+2.87%	+2.12%
Global Strategies	-24.02%	-24.04%	+3.40%	+3.50%
<i>(50%) S&P / (50%) MSCI EAFE</i>	-17.69%	-15.30%	+7.84%	+7.41%
Tax-Advantaged Income*	-5.49%	-5.70%	+7.56%	+6.52%
<i>Dow Jones US Select Dividend</i>	-2.82%	+0.52%	+6.88%	+5.32%

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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Rates

Higher for longer. That is the message from Fed leaders of late regarding the fed funds rate, combating market speculation of a Fed pivot at some point in 2023. The bond market has been swifter to accept this guidance from policymakers, with front-end Treasury yields repricing approximately 50 basis points (bps) higher in August leading up to Jerome Powell’s August 26 Jackson Hole speech. However, there had been a large pocket of equity bulls still holding out hope that Fed leaders’ inner-dove would emerge, but the combination of renewed hawkishness from Powell in Jackson Hole and more hot data on inflation and the labor market has effectively poured cold water on hopes that the Fed is contemplating a pause or 2023 rate cuts at this point.

Fed Pivot

Prior to Jackson Hole, Powell had acknowledged that a slowdown in the Fed’s tightening effort may be appropriate “at some point,” and even though he offered no timeframe for the vague observation, it further emboldened the “Fed pivot” camp. With this in mind, Powell delivered a much more concise 10-minute speech, the shortest by a Fed chair at the Jackson Hole conference since 2010, with the likely goal of leaving no room for obscure comments to be misconstrued as dovish. Fed leaders have also made it clearer in recent

weeks that price stability is the priority at this point and that a soft landing for the economy is a secondary and unlikely objective.

Recession

To that end, the data of late have shown little signs of the recession narrative that emerged in mid-June, at least not yet. In the labor market, job growth remains strong and unemployment low. One metric that has been a clear area of focus for Fed Chair Powell is the number of job openings relative to the total number of unemployed persons. After rising to a 2:1 ratio in March, it appeared to be moving in the right direction in the months that followed, albeit still well above historical norms. However, the ratio unexpectedly rose back near the March peak in July, with more than 11.2 million openings.

MRM’s View

August was a painful reminder that financial markets are not out of the woods yet in what has been a historically bad year. As we have noted for several months now, volatility is likely to remain elevated until there is more clarity on inflation turning the corner and heading lower on a sustained basis, and it’s hard for that to happen when the labor market is still burning hot. However we remain bullish on the long term.

Source: ALM First

MRM model holdings as of June 30, 2022

MRM Global Strategies

APPLE INC COM	5.00%
AMAZON COM INC	3.00%
AMERICAN EXPRESS CO	5.00%
CENTENE CORP DEL	5.00%
DEERE & CO	5.00%
WISDOMTREE INDIA EARNINGS FUND	3.00%
ALPHABET INC CAP STK CL C	6.00%
HUMANA INC	5.00%
INTERNATIONAL BUSINESS MACHS	10.00%
ISHARES S&P INDIA NIFTY 50 INDEX	3.00%
J P MORGAN CHASE & CO	5.00%
MICROSOFT CORP	4.00%
NIKE INC CL B	5.00%
NORTHROP GRUMMAN CORP	5.00%
NVIDIA CORP	5.00%
PEPSICO INC	5.00%
PHILIP MORRIS INTL INC COM	5.00%
QUALCOMM INC	5.00%
SPDR S&P 500 TRUST	5.00%
UNITEDHEALTH GROUP	5.00%
FDIC CASH NOT COVERED BY SIPC	1.00%

MRM Dynamic Overlay – ETFs

ISHARES S&P 500 VALUE INDEX FUND	15.00%
ISHARES S&P 100 INDEX FUND	5.00%
POWERSHARES QQQ TRUST	10.00%
GUGGENHEIM S&P 500 EQUAL WEIGHT	14.00%
SPDR S&P 500 TRUST	30.00%
VANGUARD GROWTH INDEX FUND	10.00%
HEALTH CARE SELECT SECTOR	15.00%
FDIC CASH NOT COVERED BY SIPC	1.00%

MRM Dynamic International

WISDOMTREE INDIA EARNINGS FUND	10.00%
ISHARES MSCI CANADA INDEX FUND	15.00%
ISHARES MSCI NETHERLANDS	16.00%
ISHARES MSCI TAIWAN INDEX FUND	10.00%
ISHARES S&P INDIA NIFTY 50 INDEX	20.00%
SPDR S&P 500 TRUST	28.00%
FDIC CASH NOT COVERED BY SIPC	1.00%

MRM All Domestic Equity

APPLE INC COM	5.00%
AMAZON COM INC	5.00%
ALIBABA GROUP HLDG LTD	3.00%
CHIPOTLE MEXICAN GRILL INC CL A	3.00%
CENTENE CORP DEL	6.00%
DEERE & CO	5.00%
ALPHABET INC CAP STK CL C	6.00%
HOME DEPOT INC	5.00%
HUMANA INC	5.00%
INTERNATIONAL BUSINESS MACHS	10.00%
J P MORGAN CHASE & CO	5.00%
MICROSOFT CORP	6.00%
NIKE INC CL B	5.00%
NORTHROP GRUMMAN CORP	5.00%
NVIDIA CORP	5.00%
PEPSICO INC	5.00%
PHILIP MORRIS INTL INC COM	5.00%
QUALCOMM INC	5.00%
UNITEDHEALTH GROUP	5.00%
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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

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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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