



# Monthly Investment Commentary

October 2019

## Markets Outlook

Stocks rose globally on optimism that Chinese and U.S. officials made progress in negotiations that laid the groundwork for a truce on additional tariffs. Positive comments on the Brexit front added to the optimism, leading international developed-market stocks to record their biggest weekly rise in four months. We think reduced uncertainty can be a catalyst for improved returns in international equities, but we would also caution that trade negotiations are ongoing, and more twists and turns could prompt volatility, as they have in the past.

### MRM NET COMPOSITE PORTFOLIO RESULTS (As of 09/30/2019)

MRM PLATFORMS VS. BENCHMARK	YTD	1-YEAR	3 Years Annualized	5 Years Annualized
<b>Dynamic Overlay</b>	<b>+8.86%</b>	<b>+0.54%</b>	<b>+8.97%</b>	<b>+4.89%</b>
<i>Morningstar Average Tactical Return</i>	+9.85%	-0.37%	+4.96%	+3.29%
<b>All Equity</b>	<b>+5.65%</b>	<b>-5.22%</b>	<b>+14.61%</b>	<b>+10.39%</b>
<i>S&amp;P 500 Total Return</i>	+20.55%	+4.25%	+13.39%	+10.84%
<b>Dynamic International</b>	<b>+1.27%</b>	<b>-5.58%</b>	<b>-2.35%</b>	<b>-1.75%</b>
<i>MSCIEAFE with dividends</i>	+13.35%	-0.82%	+7.01%	+3.77%
<b>Global Strategies</b>	<b>+4.71%</b>	<b>-6.13%</b>	<b>+5.09%</b>	<b>+5.42%</b>
<i>(50%) S&amp;P/ (50%) MSCIEAFE</i>	+16.95%	+1.72%	+10.29%	+7.54%
<b>Tax-Advantaged Income*</b>	<b>+24.55%</b>	<b>+10.64%</b>	<b>NA</b>	<b>NA</b>
<i>Dow Jones US Select Dividend Total Return</i>	+17.71%	+6.31%	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

**Slower Growth but No Recession**

We don't see a recession materializing in the coming year, extending this already longest-ever expansion through 2020. A healthy labor market and fresh stimulus from the Federal Reserve are key pillars of support, but trade, election and geopolitical uncertainties are increasing headwinds.

Domestically, household debt levels remain elevated and housing investment continues to slow, which we think will dictate a slower pace of growth. We suspect the combination of impaired business confidence stemming from the U.S./China trade spat, along with the lagged effects of the Fed's rate hikes will be on display as we enter 2020. However, lower corporate and household borrowing costs and further progress on trade negotiations make a case for sustained growth.

**International Outlook**

Overseas equities underperformed last quarter as trade tensions escalated, manufacturing activity contracted, and the U.S. dollar rose. Trade and other

geopolitical uncertainties, including Brexit, are likely to keep volatility elevated, but we expect growth to stabilize and returns to improve.

Global manufacturing activity continues to struggle in the face of weaker global trade and shaken business confidence, with export-reliant economies such as Germany the most affected. Positively, most major economies are experiencing better trends in their services sectors and tight labor markets, which reassures us the global economy is not likely headed into a recession. Headwinds remain, but we believe any de-escalation in trade tensions could be a catalyst for a rebound in international equities also.

**MRM's View**

Tariff tensions, geopolitical challenges such as Brexit, and tepid global growth pose challenges for equity returns. An impeachment inquiry in the U.S. adds to the headline risk that may, at times, unsettle investor sentiment. However, history shows that economic and corporate conditions, not politics, are what matter most for long-term stock performance.

Source: Kourkafas

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

**MRM Global Strategies**

APPLE INC COM	5.00%
BROADCOM LTD SHS	5.00%
BOEING CO	5.00%
CASEYS GEN STORES INC	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 NEW ZEALAND INVEST	10.00%
FACEBOOK INC CL A	5.00%
INTUITIVE SURGICAL INC NEW	7.00%
J P MORGAN CHASE & CO	5.00%
LENNAR CORP	5.00%
LOCKHEED MARTIN CORP	5.00%
MCDONALDS CORP	7.00%
MICROSOFT CORP	4.00%
SPDR S&P 500 TRUST	5.00%
FDIC CASH NOT COVERED BY SIPC	2.00%

**MRM Dynamic Overlay – ETFs**

ISHARES MSCI EMERG MARKETS INDEX	20.00%
ISHARES MSCI EAFE MIN VOLATILITY	5.00%
FIRST TRUST TECH ALPHADEX FUND	5.00%
ISHARES DOW JONES US AEROSPACE	10.00%
ISHARES DOW JONES US HOME CON	8.00%
ISHARES S&P 100 INDEX FUND	9.00%
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%
CONSUMER STAPLES SELECT SECTOR SPDR FUND	9.00%
CONSUMER DISCRETIONARY SELECT	5.00%
FDIC CASH NOT COVERED BY SIPC	1.00%

**MRM All Domestic Equity**

APPLE INC COM	5.00%
BROADCOM LTD SHS	5.00%
AMERICAN EXPRESS CO	5.00%
BOEING CO	5.00%
CASEYS GEN STORES INC	5.00%
SALESFORCE COM INC	5.00%
DISNEY WALT CO DISNEY	5.00%
FACEBOOK INC CL A	5.00%
INTUITIVE SURGICAL INC NEW	7.00%
J P MORGAN CHASE & CO	5.00%
LENNAR CORP	5.00%
LOCKHEED MARTIN CORP	5.00%
MCDONALDS CORP	7.00%
MERCK & CO INC	5.00%
MICROSOFT CORP	4.00%
NVIDIA CORP	5.00%
PEPSICO INC	5.00%
PAYPAL HLDGS INC	5.00%
VISA INC.	5.00%
FDIC CASH NOT COVERED BY SIPC	2.00%

**MRM Dynamic International**

ISHARES MSCI EMERGING MARKETS	10.00%
ISHARES MSCI EAFE MIN VOLATILITY	5.00%

FDIC CASH NOT COVERED BY SIPC	2.00%
-------------------------------	-------

ISHARES MSCI NEW ZEALAND INV	55.00%
SPDR S&P 500 TRUST	28.00%

## 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 <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

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

All information contained herein is for informational purposes only. This is not a solicitation to offer investment advice in any state where it would be unlawful. There is no assurance that this platform will produce profitable returns or that any account will have results similar to those of the platform. Past performance is not a guarantee of future results. You may lose money. Factors impacting client returns include individual client risk tolerance, restrictions client may place on the account, investment objectives, choice of broker/dealer or custodians, as well as other factors. Any particular client’s account performance may vary substantially from the program results due to, among other things, commission, timing of order entry, or the manner in which the trades are executed. The investment return and principal value of an investment will fluctuate dramatically, and an investor’s equity, when liquidated, may be worth more or less than the original cost. Investors should consider the investment objective, risks, charges, and expenses carefully prior to investing.

Investors should not rely on charts and graphs alone when making investing decisions. Investments in securities of non-US issuers involve investment risks different from those of U.S. issuers, including currency risks, political, social, and economic risks. Net-of-fees returns are presented after advisor, management, custodial and trading expenses. The net of fee returns are calculated using actual management fees. The actual fees charged vary and range from .5% to 2.2%, depending on the size of the account and the custodian.

***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.***

**All MRM platforms are suitable for long term investing. Please read the fact sheets and disclosures for each platform carefully before investing.**