



Monthly Investment Commentary

November 2018

Tech Stocks Saw a Volatile October

Technology stocks just capped off their worst month since the depths of the recession a decade ago.

The Nasdaq plunged 9.2 percent in October, its steepest monthly drop since a 10.8 percent decline in November 2008. At that time the financial markets were in crisis and the tech-heavy Nasdaq was at the tail end of a six-month slump, during which the index lost more than 40 percent of its value.

The tech sector certainly wasn't alone in October. Eight of the 10 subgroups of the S&P 500 fell, led by energy and consumer discretionary stocks, which dropped more than the tech group. The broader S&P 500 declined 6.9 percent, and the Dow Jones Industrial Average slid 5.1 percent.

MRM NET COMPOSITE PORTFOLIO RESULTS (As of 10/31/2018)

MRM PLATFORMS VS. BENCHMARK	YTD	1-YEAR	3 Years Annualized	5 Years Annualized
Dynamic Overlay	+1.94%	+4.91%	+5.38%	+5.04%
<i>Morningstar Average Tactical Return</i>	-4.04%	-1.82%	+4.10%	+3.00%
All Equity	+15.55%	+20.10%	+13.51%	+10.47%
<i>S&P 500 Total Return</i>	+3.01%	+7.35%	+11.52%	+11.34%
Dynamic International	-14.47%	-12.88%	-1.07%	-2.22%
<i>MSCIEAFE with dividends</i>	-8.86%	-6.39%	+4.13%	+2.50%
Global Strategies	+0.86%	+3.09%	+5.23%	+6.10%
<i>(50%) S&P/ (50%) MSCIEAFE</i>	-2.93%	+0.48%	+7.95%	+7.28%
Tax-Advantaged Income*	-7.58%	-5.78%	NA	NA
<i>Dow Jones US Select Dividend Total Return</i>	+0.11%	+5.00%	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.*

Equity Performance



October equity market weakness is not a reflection of current earnings, in our view. Please see the divergence between the blue and green lines in the chart above. Rather, we attribute it to the uncertainty surrounding the sustainability of strong earnings in 2019 and beyond amid rising concern about trade conflicts and their impact on global supply chains. The pace of earnings growth so far has slightly moderated relative to the second quarter as expected, but it's still on track to be very strong year over year.

What's Ahead for Earnings

October's sell-off appears to be a risk-off event, with bond yields falling and defensive stocks outperforming. Our analysis shows a fade in overall market risk positioning not explained by current earnings; even the stocks of many companies beating analysts' expectations sold off.

Market participants look to be increasingly sensitive to the tone of corporate management teams' forward guidance during earnings calls. A number of companies have talked about the impact on global supply chains of a deteriorating U.S. trade relationship with China. Increased tariffs could prompt some companies to shift supply chains out of China.

Moving Forward

It's fair to expect a slower pace of earnings and sales growth in 2019, in our view. This partly reflects a higher year-on-year hurdle after the big boost to corporate earnings from U.S. tax cuts. We also see a moderate slowdown as consistent with our view that the global economy is transitioning to the later stages of the economic cycle. Yet the range of potential outcomes for corporate earnings looks to be widening, just as uncertainty around the growth outlook has risen. The outlook for corporate margins could turn south if trade conflicts escalate in 2019 and pricing pressures build further, potentially hitting earnings, and the equities prices.

MRM's View

Our best case is that solid global growth will support corporate earnings, but the risks to this view have increased as geopolitical tensions and less-stimulative fiscal and monetary policies amplify economic uncertainty. Against this backdrop, we have boosted our portfolio resilience via exposures to quality companies, particularly those with strong balance sheets and solid earnings prospects. Sectors like defensive, health care sectors in particular.

Source: Blackrock

MRM model holdings as of September 30, 2018

MRM Global Strategies

AMAZON COM INC	5.00%
BAIDU COM INC SPON ADR REP A	6.00%
CENTENE CORP DEL	5.00%
DEERE & CO	5.00%
ISHARES MSCI EMERGING MARKETS INDEX	14.00%
ISHARES MSCI EAFE INDEX FUND	9.00%
ALPHABET INC CAP STK	5.00%
INTERNATIONAL BUSINESS MACHS	5.00%
ISHARES S&P INDIA NIFTY 50 INDEX FUND	5.00%
ETF MANAGERS TR BLUESTAR TA	15.00%
J P MORGAN CHASE & CO	5.00%
MASTERCARD INC COM	5.00%
NIKE INC CL B	5.00%
RAYTHEON CO	5.00%
SPDR S&P 500 TRUST	5.00%
FDIC CASH NOT COVERED BY SIPC	1.00%

MRM Dynamic Overlay – ETFs

ISHARES MSCI EMERGING MRKTS	15.00%
ISHARES MSCI EAFE INDEX FUND	5.00%
ISHARES US HEALTHCARE PROV	5.00%
ISHARES RUSSELL 2000 VALUE	5.00%
ISHARES DOW US HEALTHCARE SECT	5.00%
ISHARES DOW TRANSPORTATION	5.00%
POWERSHARES QQQ TRUST	6.00%
SPDR S&P 500 TRUST	10.00%
SPDR S&P 500 GROWTH	5.00%
VANGUARD GROWTH INDEX FUND	12.00%
FINANCIAL SELECT SECTOR SPDR	5.00%
HEALTH CARE SELECT SECTOR	10.00%
CONSUMER DISCRETIONARY	10.00%
FDIC CASH NOT COVERED BY SIPC	2.00%

MRM Dynamic International

ISHARES MSCI EMERGING MARKETS	20.00%
ISHARES MSCI EAFE INDEX FUND	15.00%
ISHARES MSCI NEW ZEALAND INV	10.00%
ISHARES MSCI NETHERLANDS INDEX	15.00%
ISHARES S&P INDIA NIFTY 50 INDEX	17.00%
ETF MANAGERS TR BLUESTAR	20.00%
FDIC CASH NOT COVERED BY SIPC	3.00%

MRM All Equity

APPLE INC COM	5.00%
AXON ENTERPRISE INC	5.00%
ALLERGAN PLC SHS	5.00%
AMAZON COM INC	5.00%
BOEING CO	5.00%
BRUNSWICK CORP	5.00%
BAIDU COM INC SPON ADR REP A	5.00%
CASEYS GEN STORES INC	5.00%
CENTENE CORP DEL	5.00%
DEERE & CO	3.00%
ALPHABET INC CAP STK	5.00%
INTERNATIONAL BUSINESS MACHS	5.00%
J P MORGAN CHASE & CO	5.00%
MASTERCARD INC COM	5.00%
NIKE INC CL B	5.00%
SQUARE INC CL A	5.00%
TELEDYNE TECHNOLOGIES INC	5.00%
UNITEDHEALTH GROUP	5.00%
VISA INC	5.00%
FDIC CASH NOT COVERED BY SIPC	2.00%

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 September 30, 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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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.