



# Monthly Investment Commentary

November 2019

## Markets

Financial markets welcomed signs of an easing in geopolitical tensions in October, with risk assets generally outperforming traditional safe havens. The US and Chinese authorities moved closer to agreeing to a partial deal on trade, while the UK once again edged back from the precipice of a no-deal Brexit. Global central banks reiterated their dovish stances and the US Federal Reserve cut interest rates for the third time this year.

October was a good month for equity markets, with emerging markets returning 4.2% compared to 2.6% from developed markets. The S&P 500 gained a further 2.2% and made new all-time highs at the end of the month.

### MRM NET COMPOSITE PORTFOLIO RESULTS (As of 10/31/2019)

MRM PLATFORMS VS. BENCHMARK	YTD	1-YEAR	3 Years Annualized	5 Years Annualized
<b>Dynamic Overlay</b>	<b>+10.62%</b>	<b>+7.85%</b>	<b>+10.77%</b>	<b>+4.74%</b>
<i>Morningstar Average Tactical Return</i>	+11.00%	+6.80%	+6.01%	+3.37%
<b>All Equity</b>	<b>+8.77%</b>	<b>+4.42%</b>	<b>+17.55%</b>	<b>+10.61%</b>
<i>S&amp;P 500 Total Return</i>	+23.16%	+14.33%	+14.91%	+10.78%
<b>Dynamic International</b>	<b>+3.63%</b>	<b>+1.30%</b>	<b>+0.07%</b>	<b>-1.66%</b>
<i>MSCIEAFE with dividends</i>	+17.43%	+11.63%	+9.02%	+4.81%
<b>Global Strategies</b>	<b>+6.31%</b>	<b>+2.13%</b>	<b>+7.34%</b>	<b>+5.36%</b>
<i>(50%) S&amp;P/ (50%) MSCIEAFE</i>	+20.30%	+12.98%	+12.04%	+7.96%
<b>Tax-Advantaged Income*</b>	<b>+24.60%</b>	<b>+18.36%</b>	<b>NA</b>	<b>NA</b>
<i>Dow Jones US Select Dividend Total Return</i>	+17.79%	+10.67%	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.*

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### US

The announcement of the first phase of a deal between China and the US is a small breakthrough, we don't expect it to lead to a resolution of the trade war for two key reasons: first, polls suggest that US voters across political parties remain skeptical about the relative fairness of Chinese trade practices; and second, both sides harbor ambitions to be the number one player in global technology. We could well see the trade war pendulum swing back towards escalation in the coming months if President Trump decides to ramp up anti-China rhetoric to boost support ahead of the presidential election in November of next year.

### Financial Markets

While financial markets welcomed the announcement of a potential trade agreement, data out of the US continued to suggest that the US economy is losing momentum. The weakness remains most pronounced in the more trade-dependent manufacturing sector, with the Institute for Supply Management's Manufacturing

Purchasing Managers Index (PMI) indicating that the manufacturing side of the economy is contracting. The more concerning development of late; however, has been that the manufacturing weakness seems to be gradually seeping into the broader economy, with cracks beginning to appear in the US consumer. Consumer confidence fell 0.4 points to 125.9 in October, while the pace of job growth has also been slowing—on average, 160k jobs have been added each month this year, compared to 220k per month in 2018.

### MRM's View

The US earnings season for the third quarter of the year is well underway, with companies so far doing better than expected. Earnings per share and sales are growing at 1% and 4% year on year (y/y), respectively on the S&P 500. However, US companies continue to give lower guidance for next year's earnings, with the trade dispute an ongoing theme.

Source: J.P. Morgan

### 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 ALPHADDEX 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%
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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 (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, 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.***

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