



# Monthly Investment Commentary

December 2019

## Markets

It wouldn't be a market commentary without news on trade. Last month, after gaining some positive momentum, the trade narrative took a step backward as news broke that it was unlikely a "phase-one" deal would be signed in 2019. Stocks dipped following the news and remained unstable through some parts of the month. On the positive side, data from the housing sector showed signs that the Federal Reserve's rate cuts are perhaps filtering through the broader economy. And, in the final earnings report before the holiday shopping season, retailers reported mixed results — but that's not necessarily a sign of consumer weakness.

This month, we also received another solid read on consumer confidence and spending, which are important metrics as consumers have driven growth while other sectors of the economy have slowed.

### MRM NET COMPOSITE PORTFOLIO RESULTS (As of 11/30/2019)

MRM PLATFORMS VS. BENCHMARK	YTD	1-YEAR	3 Years Annualized	5 Years Annualized
<b>Dynamic Overlay</b>	<b>+13.50%</b>	<b>+10.14%</b>	<b>+10.42%</b>	<b>+4.72%</b>
<i>Morningstar Average Tactical Return</i>	+12.24%	+7.19%	+6.21%	+3.36%
<b>All Equity</b>	<b>+15.34%</b>	<b>+10.71%</b>	<b>+18.40%</b>	<b>+10.96%</b>
<i>S&amp;P 500 Total Return</i>	+27.63%	+16.11%	+14.88%	+10.98%
<b>Dynamic International</b>	<b>+5.42%</b>	<b>+2.42%</b>	<b>+1.83%</b>	<b>-1.62%</b>
<i>MSCIEAFE with dividends</i>	+18.78%	+13.04%	+10.17%	+4.77%
<b>Global Strategies</b>	<b>+11.84%</b>	<b>+7.41%</b>	<b>+10.14%</b>	<b>+5.80%</b>
<i>(50%) S&amp;P/ (50%) MSCIEAFE</i>	+23.21%	+14.58%	+12.58%	+8.05%
<b>Tax-Advantaged Income*</b>	<b>+27.87%</b>	<b>+19.16%</b>	<b>NA</b>	<b>NA</b>
<i>Dow Jones US Select Dividend Total Return</i>	+19.72%	+10.13%	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

**Wall Street Wrap**

Trade talks stall, deal could slide into 2020: News broke that completion of a “phase-one” trade deal between the United States and China could drift into 2020, at least according to trade experts and sources close to the White House. China wants to see broader rollbacks of tariffs, while President Trump wants to address intellectual property issues and push China to purchase more agricultural products. Trump, while touring an Apple manufacturing plant in Texas, was asked why he hasn’t inked a deal yet. “I haven’t wanted to do it yet because I don’t think they’re stepping up to the level I want,” he replied.

**Home Builders Upbeat**

We’re seeing signs that the Federal Reserve’s easing is starting to trickle through the broader economy, given positive housing. Homebuilding bounced back in October and permits for future construction exceeded a 12-year high. Housing starts also jumped 3.8 percent (8.5 percent year over year), with single-family construction rising for the fifth month in a row. These factors pushed builder confidence higher. Collectively, these are all signs of strength in the housing market and could be driven by lower mortgage rates, which are tied to the key interest rate that the Fed cut three times this year.

**Mixed Signals From Retailers**

Retailers this month posted a mixed bag of earnings results, but that may not be indicative of overall consumer health. Instead, the gap widens between retailers that are adapting to rapid shifts in the industry and those that aren’t. Case in point: Kohl’s earnings were lower than expected and the retailer reduced its profit guidance, while Target handily exceeded earnings expectations and raised its profit outlook for the year. In other words, the consumer is strong, but their spending behaviors are shifting.

**Business Activity Perks Up**

The IHS Markit Manufacturing Purchasing Managers’ Index rose to 52.2 in November, up from 51.3 in October (anything above 50 indicates expansion), which is the sharpest acceleration since April. It’s a sign that, as trade fears fade a bit, the economy looks to emerge from a rough patch that persisted for much of 2019.

**MRM’s View**

At MRM we feel “A better course of action, when faced with market volatility, is to treat the media narrative with skepticism and run some simple tests on fundamentals, valuation and positioning to decide on what action, if any, should be taken.” We are bullish on the course of the market.

Source: Northwestern

**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 ALPHADAX 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 (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

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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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