



# Monthly Investment Commentary

February 2025

## Outlook for 2025: Beyond the Landing

The global monetary easing cycle will be in full swing in 2025, with inflation in most developed economies now within touching distance of central banks' targets. The good fortune of high productivity growth and a surge in available labor has propelled the U.S. economy, while other economies have been less lucky.

### MRM NET COMPOSITE PORTFOLIO RESULTS (As of 1/31/2025)

MRM PLATFORMS VS. BENCHMARK	YTD	1-YEAR	3 Years Annualized	5 Years Annualized
<b>Dynamic Overlay</b>	<b>+2.26%</b>	<b>+22.14%</b>	<b>+8.54%</b>	<b>+9.09%</b>
<i>Morningstar Average Tactical Return (fixed &amp; equities)</i>	+2.57%	+12.93%	+3.83%	+5.86%
<b>All Equity</b>	<b>+4.03%</b>	<b>+30.72%</b>	<b>+8.22%</b>	<b>+6.80%</b>
<i>S&amp;P 500 Total Return</i>	+2.78%	+26.38%	+11.91%	+15.17%
<b>Dynamic International</b>	<b>+0.19%</b>	<b>+10.82%</b>	<b>+3.93%</b>	<b>+5.20%</b>
<i>MSCI EAFE with dividends</i>	+5.26%	+9.20%	+5.66%	+6.77%
<b>Tax-Advantaged Income</b>	<b>+2.33%</b>	<b>+23.50%</b>	<b>+14.05%</b>	<b>+12.67%</b>
<i>Dow Jones US Select Dividend</i>	+2.53%	+16.90%	+2.73%	+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](http://www.mrminv.com).*

*Please contact MRM Group to obtain a Compliant Presentation and/or MRM's list of Composite descriptions.*

Monthly Investment Commentary

**Trump and ‘America First’**

Global stocks briefly touched fresh highs in dollar terms following the US election, largely driven by the U.S. Stocks in continental Europe and Asia suffered most visibly in the face of Trump’s tariff threats, but those moves were exacerbated by a stronger dollar. U.S. stock market participation also broadened, with cyclical and small cap stocks performing better. In fixed income, the 10-year U.S. government bond yield completed a round trip, rising to 4.5% before ending the month lower, closer to 4.2%. European government bond yields experienced a larger decline, though the looming French budget vote prompted the spread between 10-year French and German government bonds to widen to levels not seen in more than a decade. In commodities, energy price action was mixed: Brent Crude oil was unchanged, though European wholesale gas prices rose to fresh year-to-date highs.

**U.S. Soft Landing**

Has the U.S. achieved a soft landing? Or will the impact of high interest rates eventually lead to a hard landing? These questions have dominated the market narrative over the last two years, with the focus on whether the U.S. Federal Reserve can perfectly time the rate-cutting cycle to achieve painless disinflation. Yet this emphasis on the “landing” may

not fully explain the pairing of exceptionally strong growth and falling inflation that we’ve witnessed in the U.S. The forces that do explain it suggest a new narrative for the economy and markets.

**2025 Outlook**

While these positive supply-side drivers of growth may continue in 2025, emerging policy risks such as the implementation of trade tariffs and stricter immigration policies may offset gains. Under such a scenario, U.S. real GDP growth would cool from its present rate of around 3% to closer to 2%. These offsetting policy risks may also increase inflationary pressures. Therefore, we anticipate that core inflation will remain above 2.5% for most of 2025. Although we expect the Fed to reduce its policy rate to 4%, cuts beyond that would prove difficult as any weakening of growth would have to be weighed against a potential inflation revival.

**MRM’s View**

The investment challenge is a growing point of tension in risk assets between momentum and overvaluation. Assets with the strongest fundamentals have the most stretched relative valuations, and vice versa. The economic and policy risks for 2025 will help determine whether momentum or valuations dominate investment returns in the coming year.

Source: Vanguard

**MRM model holdings as of December 31, 2024**

**MRM Global Strategies**

APPLE INC COM	5.00%
AMAZON COM INC	10.00%
AMERICAN EXPRESS CO	5.00%
DELTA AIR LINES INC	5.00%
DEERE & CO	3.00%
WISDOMTREE INDIA EARNINGS FUND	3.00%
ALPHABET INC CAP STK CL C	5.00%
INTERNATIONAL BUSINESS MACHS	5.00%
ISHARES S&P INDIA NIFTY 50 INDEX FUND	3.00%
J P MORGAN CHASE & CO	5.00%
LOCKHEED MARTIN CORP	2.00%
META PLATFORMS INC CL A	5.00%
MICROSOFT CORP	6.00%
NIKE INC CL B	5.00%
NVIDIA CORP	5.00%
PAYPAL HLDGS INC	5.00%
SHAKE SHACK INC CL A	5.00%
SKECHERS USA INC CL A	2.00%
SPDR S&P 500 TRUST	5.00%
TARGET CORP	5.00%
UBER TECHNOLOGIES INC COM	5.00%
FDIC CASH NOT COVERED BY SIPC	1.00%

**MRM Dynamic Overlay – ETFs**

ISHARES MSCI ACWI INDEX FUND	2.00%
ISHARES DJ US AEROSPACE & DEFENSE	1.00%
ISHARES S&P 500 VALUE INDEX FUND	5.00%
ISHARES S&P 100 INDEX FUND	12.00%
POWERSHARES QQQ TRUST, SERIES 1	7.00%
INVESTCO EXCHANGE TRADED FD	5.00%
SPDR S&P 500 TRUST	40.00%
SPDR S&P 500 GROWTH ETF	10.00%
VANGUARD GROWTH INDEX FUND	10.00%
FDIC CASH NOT COVERED BY SIPC	8.00%

**MRM Dynamic International**

WISDOMTREE INDIA EARNINGS FUND	13.00%
ISHARES MSCI CANADA INDEX FUND	15.00%
ISHARES MSCI NETHERLANDS	10.00%
ISHARES MSCI TAIWAN INDEX FUND	10.00%
ISHARES S&P INDIA NIFTY 50 INDEX	23.00%
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	10.00%
BERKSHIRE HATHAWAY INC	5.00%
DELTA AIR LINES INC	5.00%
ALPHABET INC CAP STK CL C	7.00%
INTERNATIONAL BUSINESS MACHS	5.00%
J P MORGAN CHASE & CO	5.00%
LOCKHEED MARTIN CORP	5.00%
META PLATFORMS INC CL A	5.00%
MICROSOFT CORP	6.00%
NIKE INC CL B	6.00%
NVIDIA CORP	5.00%
PAYPAL HLDGS INC	5.00%
SCHWAB CHARLES CORP NEW	5.00%
SHAKE SHACK INC CL A	5.00%
SKECHERS U S A INC CL A	5.00%
TARGET CORP	5.00%
UBER TECHNOLOGIES INC COM	5.00%
FDIC CASH NOT COVERED BY SIPC	1.00%

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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 <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%
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

MRM Group claims compliance with the Global Investment Performance Standards (GIPS®). MRM has been independently verified for the periods January 1, 2008 through December 31, 2024. 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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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 (314) 628-1100. 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.**