MRM GROUP

Monthly Investment Commentary

July 2023

Economic Update

- The 2nd half of 2023 begins with no more certainty on the timing or severity of a business cycle change
- Consumers have proven more resilient than many economists expected, and while savings have eroded over the last year, the windfall of COVID stimulus still lingers
- Certain measures of yield curve slope are back to 4+ decades lows. In prior cycles, the peak inversion level has been followed by significant bull steepening over the next 12 months

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.

MRM NET COMPOSITE PORTFOLIO RESULTS (As of 6/30/2023)

MRM PLATFORMS VS. BENCHMARK	YTD	1-YEAR	3 Years Annualized	5 Years Annualized
Dynamic Overlay	**+13.82%**	**+16.51%**	**+9.09%**	**+5.80%**
Morningstar Average Tactical Return (fixed & equities)	+6.28%	+5.35%	+5.76%	+3.87%
All Equity	**+4.24%**	**+2.83%**	**-1.29%**	**+0.87%**
S&P 500 Total Return	+16.89%	+19.59%	+14.60%	+12.31%
Dynamic International	**+11.66%**	**+14.77%**	**+5.54%**	**+1.01%**
MSCI EAFE with dividends	+12.13%	+19.41%	+9.48%	+4.90%
Global Strategies	**+5.24%**	**+3.78%**	**+2.39%**	**+1.71%**
(50%) S&P / (50%) MSCI EAFE	+14.51%	+19.50%	+12.10%	+8.85%
Tax-Advantaged Income	**+5.15%**	**+14.65%**	**+14.09%**	**+9.90%**
Dow Jones US Select Dividend	-6.29%	-3.58%	+11.79%	+2.91%

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Second Half

As we turn the calendar on the first half of 2023, there remains little consensus on where the economy is headed and what the Fed will do regarding interest rate policy for the remainder of 2023 and beyond. The bond market is currently pricing for rate cuts in late Q1/early Q2 next year, which is essentially a call on when the business cycle changes, but market pricing for Fed policy has been very volatile so far this year. The U.S. consumer has remained resilient to this point despite high inflation and rising interest rates, befuddling many economists forecasting a recession to begin as early as last year. To be sure, a recession will almost certainly occur at some point in the future. Business cycles change, and the Fed is effectively trying to initiate such a change to bring inflation down closer to its target level.

The Bigger Questions

The bigger questions are 1) when and 2) how severe. The Fed's efforts over the last 15 months have included 500 basis points (bps) of rate hikes and balance sheet reduction, but the downstream impacts on the economy are not instantaneous. The length of this lag varies by cycle and is inherently difficult to predict, but the economic impact isn't zero. Corporate profits and profit margins have come under pressure, and interest burdens continue to rise. Consumer savings have been a boon for consumption over the last few years, thanks in large part to a deluge of stimulus during the pandemic. However, those savings have eroded over the last year, albeit at a slower pace than many expected and from a historically high base level.

Liquid Assets

Liquid assets from quarterly data compiled by the Fed includes checking and currency, time and savings deposits, and money market fund holdings. Liquid assets exploded higher in 2020 & 2021 amid pandemic-related Federal stimulus. This metric rose $4.7 trillion in those two years relative to average annual growth of approximately $400 billion in the decade prior to the pandemic. In other words, liquid assets grew approximately $4 trillion more over those two years relative to the historical average. Savings began to erode last year, falling by $115 billion in Q1 and down $519 billion since peaking in Q1 2022. However, consumers still have excess savings, which helps explain spending and, ultimately, inflation continuing to surpass expectations over the last year.

MRM's View

This cycle is no different, even if inflation has proven to be more stubborn than Fed leaders imagined. The yield curve is effectively priced for forward short-term rate expectations plus a term premium. Much of the volatility experienced over the last two years can be attributed to regular market repricing for future Fed policy, particularly on the front-end and belly of the yield curve. We remain bullish on equities.

Source: ALM

MRM model holdings as of June 30, 2023

MRM Global Strategies

APPLE INC COM	5.00%
ALLISON TRANSMISSION HLDGS INC	5.00%
AMAZON COM INC	5.00%
AMERICAN EXPRESS CO	5.00%
BOEING CO	3.00%
CATERPILLAR INC DEL	2.00%
DEERE & CO	5.00%
WISDOMTREE INDIA EARNINGS FUND	3.00%
ALPHABET INC CAP STK CL C	5.00%
HUMANA INC	5.00%
INTERNATIONAL BUSINESS MACHS	5.00%
ISHARES S&P INDIA NIFTY 50 INDEX FUND	3.00%
J P MORGAN CHASE & CO	5.00%
LILLY ELI & CO	5.00%
MCDONALDS CORP	5.00%
META PLATFORMS INC CL A	5.00%
MERCK & CO INC	2.00%
MICROSOFT CORP	6.00%
OCCIDENTAL PETE CORP DEL	5.00%
PEPSICO INC	5.00%
SPDR S&P 500 TRUST	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	3.00%
ISHARES DJ US HOME CONSTRUCTION	9.00%
ISHARES S&P 500 VALUE INDEX FUND	15.00%
ISHARES S&P 100 INDEX FUND	12.00%
POWERSHARES QQQ TRUST, SERIES 1	7.00%
GUGGENHEIM S&P 500 EQUAL WEIGHT	5.00%
SPDR S&P 500 TRUST	35.00%
VANGUARD GROWTH INDEX FUND	10.00%
HEALTH CARE SELECT SECTOR SPDR	3.00%
FDIC CASH NOT COVERED BY SIPC	1.00%

MRM Dynamic International

WISDOMTREE INDIA EARNINGS FUND	10.00%
ISHARES MSCI CANADA INDEX FUND	15.00%
ISHARES MSCI NETHERLANDS	16.00%
ISHARES MSCI TAIWAN INDEX FUND	10.00%
ISHARES S&P INDIA NIFTY 50 INDEX	20.00%
SPDR S&P 500 TRUST	28.00%
FDIC CASH NOT COVERED BY SIPC	1.00%

MRM All Domestic Equity

APPLE INC COM	5.00%
ALLISON TRANSMISSION HLDGS INC	6.00%
AMAZON COM INC	5.00%
BOEING CO	5.00%
CATERPILLAR INC DEL	5.00%
DEERE & CO	5.00%
ALPHABET INC CAP STK CL C	5.00%
HUMANA INC	5.00%
INTERNATIONAL BUSINESS MACHS	5.00%
J P MORGAN CHASE & CO	5.00%
LILLY ELI & CO	5.00%
MCDONALDS CORP	5.00%
META PLATFORMS INC CL A	5.00%
MERCK & CO INC	5.00%
MICROSOFT CORP	6.00%
OCCIDENTAL PETE CORP DEL	5.00%
PEPSICO INC	5.00%
SCHWAB CHARLES CORP NEW	5.00%
UBER TECHNOLOGIES INC COM	5.00%
FDIC CASH NOT COVERED BY SIPC	3.00%

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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 *(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

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 June 30, 2023. 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.