



# Monthly Investment Commentary

October 2023

## U.S. Large Growth Stocks Surged in Q2

The continued global economic expansion, amid falling commodity prices and generally disinflationary trends, provided a favorable environment for the prices of riskier assets during the last quarter. The late-cycle outlook appeared mixed, with a supportive U.S. consumer backdrop tempered by rising interest rates.

### MRM NET COMPOSITE PORTFOLIO RESULTS (As of 9/30/2023)

MRM PLATFORMS VS. BENCHMARK	YTD	1-YEAR	3 Years Annualized	5 Years Annualized
<b>Dynamic Overlay</b>	<b>+8.83%</b>	<b>+17.58%</b>	<b>+4.62%</b>	<b>+3.62%</b>
<i>Morningstar Average Tactical Return (fixed &amp; equities)</i>	+2.97%	+6.60%	+2.91%	+2.57%
<b>All Equity</b>	<b>+2.63%</b>	<b>+10.06%</b>	<b>-5.07%</b>	<b>-0.89%</b>
<i>S&amp;P 500 Total Return</i>	+13.07%	+21.62%	+10.15%	+9.92%
<b>Dynamic International</b>	<b>+7.51%</b>	<b>+16.93%</b>	<b>+2.12%</b>	<b>+0.42%</b>
<i>MSCI EAFE with dividends</i>	+7.59%	+26.31%	+6.28%	+3.74%
<b>Global Strategies</b>	<b>+3.04%</b>	<b>+10.85%</b>	<b>-1.73%</b>	<b>+0.72%</b>
<i>(50%) S&amp;P / (50%) MSCI EAFE</i>	+10.33%	+23.97%	+8.25%	+7.01%
<b>Tax-Advantaged Income</b>	<b>+4.83%</b>	<b>+20.15%</b>	<b>+11.78%</b>	<b>+8.67%</b>
<i>Dow Jones US Select Dividend</i>	-10.77%	+0.53%	+9.58%	+1.48%

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**

**Economy/Macro Backdrop**

Many economies, including the U.S., face headwinds related to persistent inflationary pressures and tightening monetary conditions. However, the global cycle does not appear to be synchronized. China’s economy continues to benefit from its post-COVID reopening, while Europe has stabilized amid falling energy prices. We believe the U.S. is in the late-cycle expansion phase, with solid near-term momentum.

**Global Services Expand Despite Headwinds**

Global services activity accelerated as manufacturing measures stagnated. Central banks tightened policies over the past year at varying speeds and magnitudes. With inflation decelerating in recent months, many emerging markets (EM) appear near the end of their hiking cycles.

**Signs of U.S. Strength amid Tight Credit**

Our preferred yield curve—the 10-year less 3-month Treasury yield inverted further during the quarter. The yield curve has been a reliable leading indicator of recessions, but the timing tends to be variable. Although banking system stress and recessionary fears became less of a concern to markets during

Q2, banks further tightened lending standards across multiple loan categories.

**Inflation Moderation, but What Comes Next?**

U.S. consumer inflation rates continued to decelerate after reaching a multi-decade peak above 9% last year. We believe this moderating trend may be coming to an end and that it will be difficult to return to the stable, low core-inflation environment of the past two decades. A big drop in energy prices helped reduce year-over-year total inflation, and additional energy weakness would help boost the chances of continued disinflation. Many inflation pressures that tend to be more transitory, such as supply-chain disruptions, continued to fade in recent months. However, categories where price increases tend to be more persistent and more reliant on demand-side factors now account for almost all of U.S. inflation.

**MRM’s View**

Equity markets continued to rally, led by large U.S. technology companies as the perceived beneficiaries of an anticipated boom in artificial intelligence. Globally, developed-market equities outperformed emerging markets, and commodity prices dropped. Riskier fixed income sectors, such as leveraged loans, added to year-to-date gains, but more interest rate sensitive ones, such as government bonds, posted losses.

Source: Fidelity

**MRM model holdings as of September 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%
INTERNATIONAL BUSINESS MACHS	10.00%
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%
PEPSICO INC	5.00%
SPDR S&P 500 TRUST	5.00%
UBER TECHNOLOGIES INC COM	5.00%
FDIC CASH NOT COVERED BY SIPC	6.00%

**MRM Dynamic Overlay – ETFs**

ISHARES MSCI ACWI INDEX FUND	3.00%
ISHARES DJ US HOME CONSTRUCTION	4.00%
ISHARES S&P 500 VALUE INDEX FUND	15.00%
ISHARES S&P 100 INDEX FUND	12.00%
POWERSHARES QQQ TRUST, SERIES 1	7.00%
INVESTCO EXCHANGE TRADED FD	5.00%
SPDR S&P 500 TRUST	40.00%
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	7.00%
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%
PEPSICO INC	5.00%
SCHWAB CHARLES CORP NEW	5.00%
UBER TECHNOLOGIES INC COM	5.00%
FDIC CASH NOT COVERED BY SIPC	6.00%

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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 September 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.

All information contained herein is for informational purposes only. This is not a solicitation to offer investment advice in any state where it would be unlawful. There is no assurance that this platform will produce profitable returns or that any account will have results similar to those of the platform. Past performance is not a guarantee of future results. You may lose money. Factors impacting client returns include individual client risk tolerance, restrictions client may place on the account, investment objectives, choice of broker/dealer or custodians, as well as other factors. Any particular client's account performance may vary substantially from the program results due to, among other things, commission, timing of order entry, or the manner in which the trades are executed. The investment return and principal value of an investment will fluctuate dramatically, and an investor's equity, when liquidated, may be worth more or less than the original cost. Investors should consider the investment objective, risks, charges, and expenses carefully prior to investing.

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.**