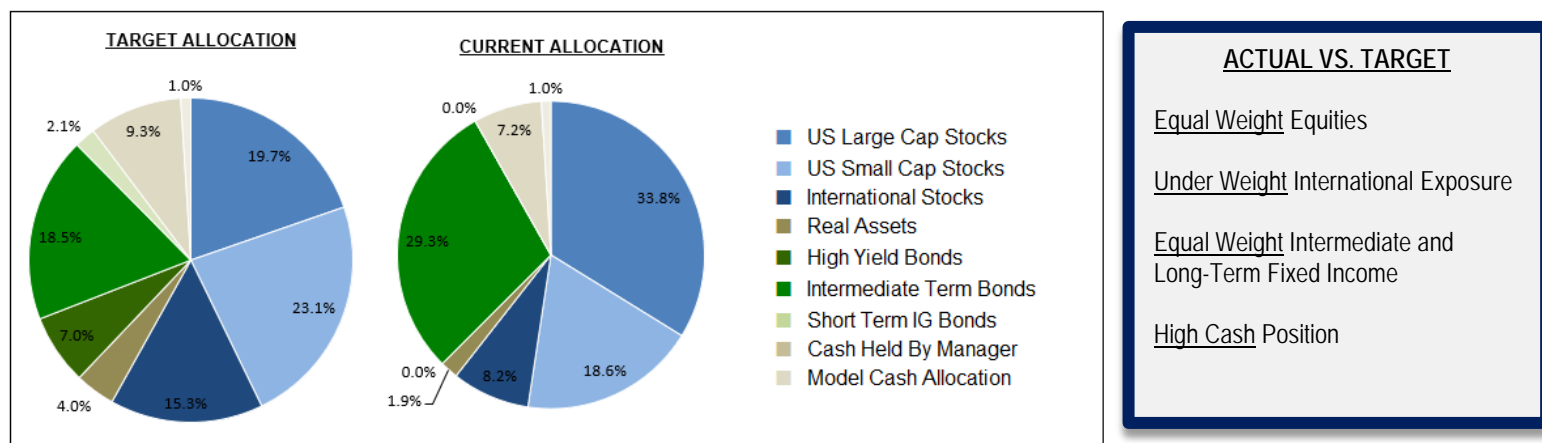


*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison to indexes are derived from the CWA Model 5 Portfolio in the Pooled Fund Program; these specific comments will be referred to as "Model 5" throughout.

PORTFOLIO ANALYSIS

Overall Goal. We construct portfolios to generate a return that maximizes the probability that an investor will meet their retirement goals, as opposed to maximizing their asset base (which interjects significant risk). We believe that a value bias, international exposure and general diversification provide the best avenue to meet this objective. Our portfolios have lower volatility[†], but can go through periods where they do not keep pace with the U.S. equity markets (the most common benchmark) because of our focus on value, fixed income and international stocks.

The **Moderate Growth Portfolio** is intended to provide a balanced allocation, with a slight overweight to equities over fixed income. The goal is to provide a balance of growth and income with lower volatility than an all-equity portfolio. Our target and current portfolio asset class allocations for Model 5 are listed below.



LARGEST EQUITY AND FIXED INCOME POSITIONS

In normal market environments, Moderate Growth has a target allocation of 60% stocks & 40% bonds, with approximately 20% of the portfolio in international equities and fixed income. So, the portfolio is a global one – with a U.S. tilt. By design, the holdings are broadly diversified by location/country, by company size, by credit quality/yield and by maturity/duration. The investment managers have a degree of flexibility which allows them to respond to different market environments, and our equity managers are currently holding a large amount of cash (given current valuations).

[†] as of 05/31/2023, the 10-year volatility (standard deviation) of Model 5 is 9.6%, versus 14.8% for the S&P 500 Index.

PERFORMANCE

The Moderate Growth portfolios in the Pooled Fund Program and the Unified Managed Account Program have slightly different investments, costs and thus returns. Accordingly, we direct you to your account statement for your individual performance.

In May, Model 5 (net of fees and expenses) underperformed compared to the Global 60/40 Index, underperformed compared to the U.S. 60/40 Index, and underperformed compared to the S&P Moderate Growth which posted the following returns:

PERFORMANCE	MAY	COMMENTS
Global 60/40 Benchmark Index ⁽²⁾	-1.54%	Broader markets have become much weaker and leadership has narrowed to a handful of mega cap tech names. Yields rose modestly during the month due to debt ceiling fears.
U.S. 60/40 Benchmark Index ⁽³⁾	-0.18%	
S&P Moderate Growth Index ⁽⁴⁾	-1.16%	

(1) "Market Perform" means within a range of +10 bps to -10 bps of the applicable index for the month (or +/- 8 bps per month for YTD performance); "Outperform" means more than +10 bps for the month (or more than +8 bps per month for YTD performance); "Underperform" means more than -10 bps for the month (or more than -8 bps per month for YTD performance). Please note performance comparison comments are based upon Model 5 Pooled Fund Program data. There are inherent limitations in the use of model performance – please read the Model Disclosure found on page 6. Investors should consult their individual custodial statement for actual performance of individual portfolios. Actual performance comparisons may differ from model comparisons.

(2) Global 60/40 Benchmark is 60% MSCI ACWI Index & 40% Barclays Global Aggregate Bond Index.

(3) US 60/40 Benchmark is 60% S&P 500 Index & 40% Barclays U.S. Aggregate Bond Index.

(4) S&P Moderate Growth Index is 50% S&P Target Risk Moderate Index & 50% S&P Target Risk Growth Index.

MARKET PERFORMANCE

Equities

PERFORMANCE	MAY	MULTIPLE	COMMENTS
U.S. Equities ⁽⁵⁾	0.39%	19.1X	Broader markets were marginally higher during the month, thanks to a handful of tech names only.
International Developed ⁽⁶⁾	-4.12%	12.7X	International markets sold off markedly during the month.
Emerging Markets ⁽⁷⁾	-1.66%	11.8X	EM were lower during the month, as the U.S. Dollar strengthened.

(5) U.S. Equities are represented by the Russell 3000 Index.

(6) International Developed is the MSCI EAFE Index.

(7) Emerging Markets is the MSCI EM Index.

Fixed Income

PERFORMANCE	MAY	SPREAD OVER UST 10 YEAR	COMMENTS
U.S. Treasuries (Medium Duration) ⁽⁸⁾	-1.45%	-	Yields rose modestly during the month, due in large part to the daily tug of war from the debt ceiling negotiations. In large part, the market has remained relatively sanguine, leading to the conclusion that the market has learned that these negotiations are theatre and generally resolve with the debt limit being raised.
U.S. Treasuries (Longer Duration) ⁽⁹⁾	-2.91%	0.36%	
Global Fixed Income ⁽¹⁰⁾	-1.95%	0.06%	
Emerging Fixed Income ⁽¹¹⁾	-0.97%	4.12%	
High Yield ⁽¹²⁾	-0.92%	5.14%	

(8) U.S. Treasuries (7-10 Years), represented by the Barclays U.S.T 7-10 Yr Total Return Index

(9) U.S. Treasuries (20+ Years), represented by the Barclays U.S.T 20+ Yr Total Return Index

(10) Barclays Global Aggregate Bond Index.

(11) Barclays Emerging Markets EMEA Total Return

(12) Barclays U.S. Corporate High Yield Index.

Commodities and Real Assets. The Model 5 portfolios do not have significant exposure to commodities, except indirectly. However, commodities and real assets (real estate) provide a good sense of global demand (in the case of industrial commodities) or fear (gold).

PERFORMANCE	MAY	TREND	COMMENTS
Energy ⁽¹³⁾	-8.48%	DOWN	Oil is falling dramatically, reflecting weaker global demand.
Real Estate ⁽¹⁴⁾	-4.01%	DOWN	Real estate sold off during the month and commercial real estate debt restructuring worries loom.
Industrial Metals ⁽¹⁵⁾	-6.78%	DOWN	Industrial metals sold off during the month, reflecting weaker demand.
Gold ⁽¹⁶⁾	-1.21%	-	Gold sold off during the month as the U.S. dollar rallied sharply.

(13) S&P GSCI Energy Total Return Index.

(14) Dow Jones U.S. Real Estate Index.

(15) S&P GSCI Industrial Metals Total Return Index.

(16) SPDR Gold Shares (GLD).

Market Comments

"This time its different!" is rarely true when it comes to the market.

Piggybacking on last month's letter, let us go through a quick history lesson. After the initial drawdown in 2000 during the dot com bust, investors were piling into a handful of companies that were internet related and were still doing relatively well compared to their reeling peers. The favorite stock of the group ended up being Cisco (CSCO). The thesis was that the internet was going to change everything, and in order to invest in the internet, all you really needed to own was CSCO.

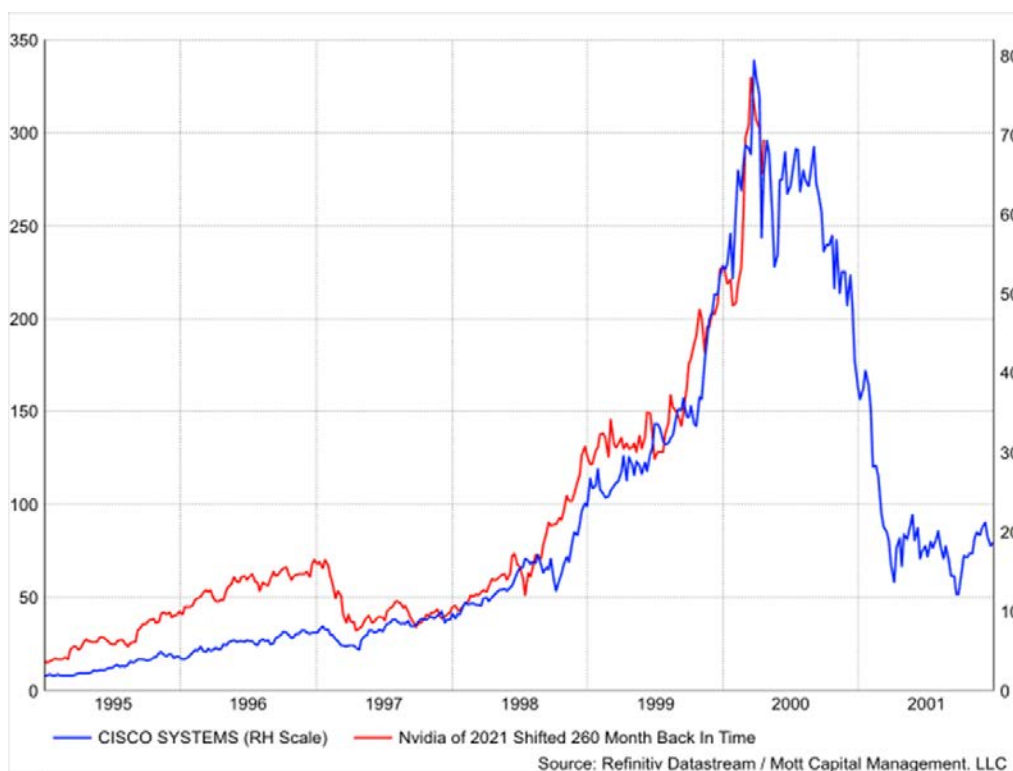
Fast forward 22 years, and the thesis ended up being correct. The internet ended up changing literally everything, well past the wildest forecasts of the smartest people in 2001. But the investment ended up being wrong. An investment in CSCO exactly 23 years ago as of the time of this writing has returned just shy of 25% cumulative when you include dividends. CSCO still sits -12% below its price on May 31, 2000. The S&P 500 has returned 355% cumulative over that same time.

When new disruptive technologies emerge, our FOMO brains and our greed kick in, and everyone tends to gravitate towards what is working in that moment and assumes that it will continue to work alongside the new technology as it matures. This is almost never the case. In 2000, Amazon was selling books out of a garage, Apple was a laughingstock that sold computers nobody used, Facebook wasn't around, Google wasn't public, etc. That is where the true profit centers have ended up, not in equipment manufacturers or chip makers or bandwidth providers.

We believe the current AI boom is following a similar trek. Everyone is piling into a handful of companies, at the forefront NVIDIA (NVDA), the leading manufacturer of GPU chips used to process AI technology. NVDA is the best performing stock in the market, and everyone is piling in. The problem is, much like CSCO in 2000, NVDA is horribly expensive. As of this writing, NVDA trades at over 70X forward EBITDA. One could make a great argument – and I believe a correct one – that NVDA's profit margins will never be higher, as the prospect of future competition will require them to compete on price. So, you are paying 70X forward at likely peak profitability.

AI will shape the world. We, frankly, need the efficiency and productivity gains in the US to grow the way we want. But the true profit centers that AI promises likely aren't even investable yet. There is no FOMO here. Investment opportunities will present themselves, and much like what has happened before, the first \$1 in of investment is likely not where all the money will flow. Patience is a virtue and can keep investors out of trouble.

Still skeptical that this time is not different? Please refer to the below chart.



For questions, or to request additional information, please contact your CWA Financial Planner

DISCLOSURES

PAST PERFORMANCE IS NOT AN INDICATOR OF FUTURE MARKET RETURNS.

Cain Watters is a Registered Investment Advisor. Request Form ADV Part 2A for a complete description of Cain Watters Advisors' investment advisory services. Diversification does not ensure a profit and may not protect against loss in declining markets. No inference should be drawn that managed accounts will be profitable in the future or that the Manager will be able to achieve its objectives. Investing involves risk and the possibility of loss, including a permanent loss of principal.

Asset allocation and diversification do not assure or guarantee better performance and cannot eliminate the risk of investment losses. All investments and strategies have the potential for profit or loss. Different types of investments involve higher and lower levels of risk. Historical performance returns for investment indexes and/or categories, usually do not deduct transaction and/or custodial charges or an advisory fee, which would decrease historical performance results. There are no assurances that a portfolio will match or exceed any specific benchmark.

This commentary contains the opinions of the CWA Investment Committee at the time of publication and is subject to change. Market and economic factors can change rapidly, producing materially different results. This update is intended for clients currently invested in CWA Recommended Investment Programs. This is not intended to be personalized investment advice. This does not take into account a particular investor's financial objectives or risk tolerances. Any specific mention of securities is for informational purposes only and is not intended as a recommendation or solicitation to purchase.

CWA Model 5 Moderate Growth Pooled Fund Program: The target allocation and portfolio data used throughout this presentation is for the CWA Model 5 recommended for participants in the Pooled Fund Program. This Model is the most common recommendation and is used here to illustrate the CWA methodology. Other CWA Recommended Investment Program models will vary in asset allocation and underlying manager and/or security selection. Clients should discuss these models and programs with their planner prior to selection.

***The CAPE ratio is a valuation measure that uses real earnings per share (EPS) over a 10-year period to smooth out fluctuations in corporate profits that occur over different periods of a business cycle. The ratio is generally applied to broad equity indices to assess whether the market is undervalued or overvalued. While the CAPE ratio is a popular and widely-followed measure, several leading industry practitioners have called into question its utility as a predictor of future stock market returns. The CAPE ratio, an acronym for Cyclically Adjusted P/E (i.e. Price-Earnings) ratio, was popularized by Yale University professor Robert Shiller. It is also known as the Shiller P/E ratio.*

+Statements relating to Value outperforming Growth are based upon the data of the Fama-French 3-Factor Model. A pioneering study by renowned academics, Eugene Fama and Ken French, suggesting that three risk factors: market (beta), size (market capitalization) and price (book/market value) dimensions explain 96% of historical equity performance.

Model Performance Disclosure: *Model performance is NOT an indicator of future or actual results. Performance does not represent the returns that any individual investor actually received. Cain Watters Investors may incur a loss. Cain Watters Models contain allocations to several different common pooled trust funds. Each individual pooled trust fund has a defined investment strategy; usually designed around a specific asset class. Investment managers and their respective strategies are chosen to meet each of the pooled funds' objectives. Investors in the models pay a monthly asset based trust fee, based on their average investment balance during the month. Model performance is calculated using the reported net asset value of each individual pooled fund. Performance for the individual funds is then weighted according to the model target allocation. Model performance includes the reinvestment of dividends and interest. The annual trust fee of 0.65% is subtracted from gross returns on a pro-rated basis of 0.0541% per month; and includes trust fees and investment advisory fees. For time periods prior to July 1, 2016 an annual trust fee of 1.05% or 0.0875% per month was used. Model performance has inherent limitations in that it does not reflect the effects of significant cash flows, or take into account actual client asset allocation that may differ materially from the target allocation due to rebalancing policies and changes in market values. This model performance information is provided for illustrative purposes only. Cain Watters Model investors may experience materially different returns.*

Use of Comparison Benchmark or Index: *Indexes cannot be invested in directly. Index performance and statistics are provided for illustrative or comparison purposes and are chosen as commonly accepted representations of the performance of a particular segment of the market.*