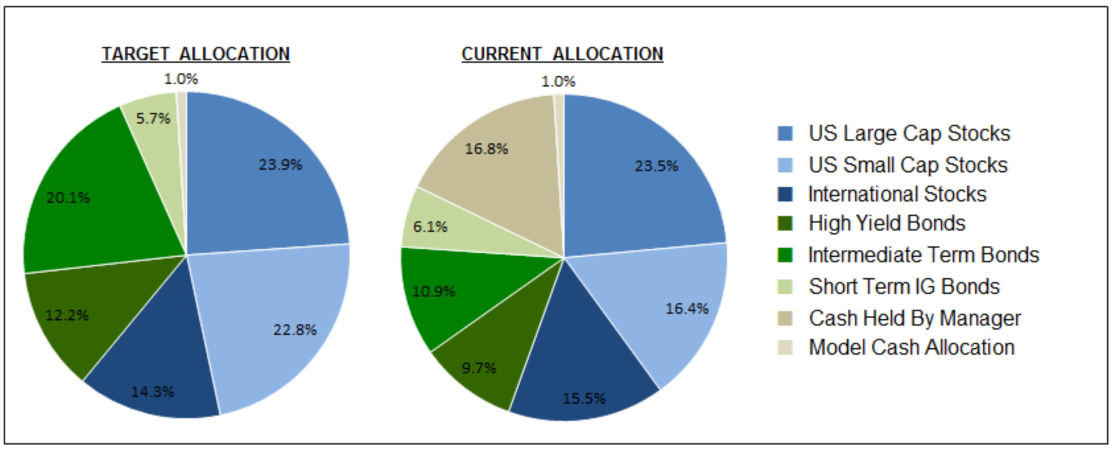
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison 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.



ACTUAL VS. TARGET

Underweight Equities

Equal Weight International Exposure

Underweight Intermediate and Long-Term Fixed Income

High Cash Position

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 02/28/2017, the 7-year volatility (standard deviation) of Model 5 is 6.48% , versus 12.50% 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 February, Model 5 (net of fees and expenses) underperformed[1] compared to the U.S. 60/40 Index, underperformed the S&P Moderate Growth Index, and underperformed[1] the Global 60/40 Index, which posted the following returns:

PERFORMANCE	FEB	COMMENTS
Global 60/40 Benchmark Index[2]	1.90%	The S&P 500 posted performance just shy of 4% for the month, which pushed domestic benchmarks higher. Global equity continues to be a bright spot during the year. Model 5 posted a solid return for the month, however a cash drag within the model kept the performance below that of the three indices.
US 60/40 Benchmark Index[3]	2.65%	
S&P Moderate Growth Index[4]	1.87%	

(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 5. 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	FEB	MULTIPLE	COMMENTS
U.S. Equities[5]	3.71%	23.4X	Domestic equities continued to post strong absolute returns during the month, as the market continues to price in pro-growth economic policy initiatives that have been talked about by the Trump administration.
International Developed[6]	1.46%	21.2X	International developed equities also continue to perform well, although performance has cooled on a relative basis versus domestic equities. Problems surrounding Brexit and potential issues in the European banking continue to be the biggest risk factors in this space.
Emerging Markets[7]	3.06%	15.7X	Emerging markets have started the year very strong and are regaining ground after a tough couple of years. China remains the biggest risk to the emerging market space.

(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	FEB	SPREAD OVER UST 10 YEAR	COMMENTS
U.S. Treasuries (Medium Duration)(8)	0.77%	-	The 10-Year Treasury had a positive return for the month, and seems to have found a new trading range.
U.S. Treasuries (Longer Duration)(9)	1.61%	0.52%	The spread on longer duration Treasuries stayed relatively neutral during the month as the bond market seems to have settled in to a new trading range. The curve has steepened since late last year, but is still modestly flat in the long end.
Global Fixed Income(10)	0.47%	-0.57%	Global bonds had another positive month, and spreads narrowed to the 10-year.
Emerging Fixed Income(11)	1.57%	2.25%	Emerging markets have kept pace with the global bond markets this year thus far.
High Yield(12)	1.46%	3.16%	High yield spreads remain stable and the sector continues to post positive performance. Healthy corporate balance sheets continue to underpin the sector, which should help High Yield weather any surprise rate movement.

(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	FEB	TREND	COMMENTS
Energy(13)	-0.26%	DOWN	Although declines were modest, oil posted another negative month in February.
Real Estate(14)	4.39%	UP	Real Estate posted a big month for February and appears to be trending higher.
Industrial Metals(15)	1.71%	UP	Industrial metals have now posted two solid months in a row.
Gold(16)	3.11%	UP	Gold had another big month after a good January and appears to be in an uptrend.

(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) Gold Spot Index in USD.

Market Comments

When the Fed hiked rates in December of 2016, there was mention about the potential of 4 similar hikes in 2017. This was widely disregarded by members of the investment community, as the Fed had been saying similar things for several years running and had only managed two quarter point hikes in December 2015 and December 2016. The investment community seemed to all believe we would likely get one more just like it in December of 2017 and that would be it.

Fast forward to a few weeks ago, as several FOMC members began speaking to the media and alluding to the possibility of a March rate hike, which was something that was rather unexpected. As of this writing, the Fed will meet next week and 100% of the traders polled on Wall Street are expecting a 0.25% rate hike, according to a CNBC poll.

Another quarter of a point hike is not enough to really move the needle, but this hike is different in many ways. The past two December rate hikes by the Fed has almost felt like pulling teeth – the Fed, based on the language in their statements – seemed to not really want to move rates at the time, but felt they had to do so to maintain creditability. After all, the data had been at levels where they had talked about hiking rates for months in both cases, and by not moving rates, they would be signaling that what they really cared about was the stock market.

If the Fed raises rates next week, it will be the first time since hitting the Zero Bound that the Fed is moving rates and using language like “sooner rather than later.” Yellen even said two weeks ago that waiting too long to raise rates would be “unwise.” It seems that the post-election economy has awakened animal spirits, and the Fed is getting nervous.

Moving rates higher is a good thing, but after a certain point it will begin to get complicated. No one knows where that inflection point is, and that is why the Fed has moved slowly and will likely continue to do so. But at some point, global debt burdens and the need for China to control its currency will become negatively affected by higher U.S. rates. This is the problem with having low rates for so long – global economic issues that are already a delicate balance become a perilous one.

The markets continue to march higher and the post-Trump marketplace definitely has a very euphoric feel to it. But the Chinese and European issues we have discussed many times in previous newsletters are still very real, and may be exacerbated by a stronger U.S. Dollar and higher U.S. interest rates, not to mention any issues surrounding trade that may come up soon. We continue to favor a cautiously optimistic approach and would not be surprised to see heavy doses of volatility multiple times this year.

Further Reading

1) **Warren Buffet Is One Stock Picker Who Believe He Can Still Beat the Market**, Wall Street Journal, Feb. 27, 2017

An article outlining Buffett's continued confidence in his active management style, which he outlined in his annual letter to Berkshire Hathaway shareholders.

https://www.wsj.com/articles/warren-buffett-is-one-stock-picker-who-believes-he-can-still-beat-the-market-1488154045

2) **The Five Tool Bond Market**, www.dimartinobooth.com, March 1, 2017

This is an article where Danielle Dimartino Booth, who recently spoke at our 2017 Annual Meeting in New Orleans, discusses current action in the bond market and how it may be indicative of a change in both sentiment and ongoing debate surrounding Fed policy action.

http://dimartinobooth.com/five-tool-bond-market/

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

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.