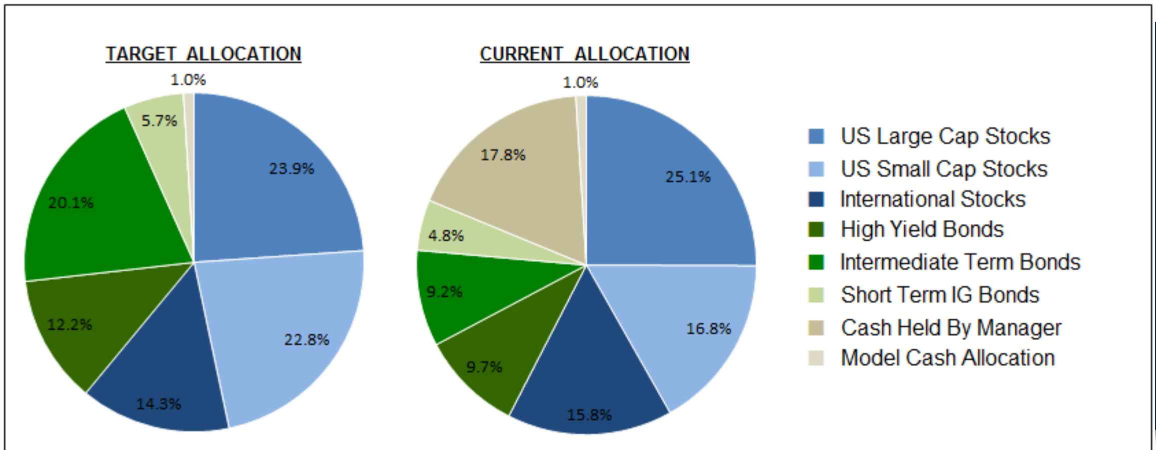
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison 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 03/31/2017, the 7-year volatility (standard deviation) of Model 5 is 6.9%, versus 12.9% 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 March, Model 5 (net of fees and expenses) outperformed(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	MAR	COMMENTS
Global 60/40 Benchmark Index(2)	0.83%	Global equities, led by European and Emerging Markets, continued to outperform the U.S. during the month and year-to-date. Global bonds have roughly doubled the return of domestic bonds year-to-date. Model 5 does have some international exposure, but not as much as the Global 60/40 index, and has thusly underperformed a more heavily weighted global index so far for the year.
US 60/40 Benchmark Index(3)	0.05%	
S&P Moderate Growth Index(4)	0.79%	

(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	MAR	MULTIPLE	COMMENTS
U.S. Equities(5)	0.07%	23.2X	Domestic equities were ostensibly flat for the month, after a Fed rate hike and some political fireworks caused the market to cool off in the back half of March.
International Developed(6)	2.84%	21.7X	International developed equities also continue to outperform for the year, likely due to a relative undervaluation compared to the U.S., as well as the beginning signs of a growth pickup in Europe after several years of economic underperformance relative to the rest of the developed world.
Emerging Markets(7)	2.53%	15.5X	Emerging markets continue to outperform and are one of the strongest performing areas of the market due to relative valuation and favorable currency movements.

(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	MAR	SPREAD OVER UST 10 YEAR	COMMENTS
U.S. Treasuries (Medium Duration)(8)	0.03%	-	The 10-Year Treasury finished the month relatively flat.
U.S. Treasuries (Longer Duration)(9)	-0.59%	0.58%	The long-end of the curve finished modestly lower after the Fed rate hike. Action in the long-end has been relatively muted, given the constant warnings from the Fed on further rate hikes in 2017.
Global Fixed Income(10)	0.15%	-0.79%	Global bonds were quiet during the month but continue to outperform domestic bonds for the year by roughly double.
Emerging Fixed Income(11)	0.43%	1.97%	Emerging markets spreads continue to come in as EM continues to rebound.
High Yield(12)	-0.22%	3.40%	The high yield market had a quiet but slightly negative month after the Fed hiked rates. High Yield spreads continue to be very tight compared to historic norms, however the credit markets continue to appear healthy.

(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	MAR	TREND	COMMENTS
Energy(13)	-3.91%	DOWN	Unfavorable currency movements and global macroeconomic factors contributed to another negative month for oil.
Real Estate(14)	-1.36%	-	The hike in rates by the Fed cooled off the Real Estate market during the month,
Industrial Metals(15)	-1.00%	-	Industrial metals have a modestly negative month after several months of strong performance.
Gold(16)	0.08%	UP	Gold was flat for the month but remains 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

International equities, led by European and Emerging Markets, continue to be the hottest areas of the market. Domestic equities are mixed, with large caps performing well, but small caps struggling to keep up. Global bonds also continue to outperform domestic bonds in an environment in which the Fed has continued to raise rates, which is contrary policy compared to the rest of the developed world.

Domestic markets were muted during the month of March. However, there were many ancillary events over the past few weeks that may prove to be foundational as to what kind of market environment we may have over the next 12-18 months. The most significant event being the failure of the Trump administration to get enough votes to amend the Affordable Care Act.

The post-Trump election market appears to have been pricing in his ability to push through legislation, and thusly put in place his pro-growth policies. The inability to tackle the first thing he took on may prove to be an important chink in the armor as we move forward. Thus far, the market did not react violently to this news, but if Trump and his administration begin to run into resistance on his tax or infrastructure plans it could be a different story.

The Fed also hiked rates another 0.25% in March, but more importantly, issued the minutes of the March meeting recently. In those minutes were a few statements that were eye opening, notably the following:

> *"Many participants discussed the implications of the rise in equity prices over the past few months, with several of them citing it as contributing to an easing of financial conditions. A few participants attributed the recent equity price appreciation to expectations for corporate tax cuts or to increased risk tolerance among investors rather than to expectations of stronger economic growth. Some participants viewed equity prices as quite high relative to standard valuation measures. It was observed that prices of other risk assets, such as emerging market stocks, high-yield corporate bonds, and commercial real estate, had also risen significantly in recent months. "*
>
> *Source: htttp://www.federalreserve.gov*

The statement goes on to say that the Fed's outlook and plan for raising rates and shrinking the Fed's balance sheet could be disrupted if "financial markets were to experience a significant correction." This statement does two things – it validates the argument that asset prices have become stretched, as the Fed is historically late to the table when it comes to commenting on market valuations. And secondly, it confirms that the market is integral to the Fed's plans for more rate hikes.

This is important because it underscores how susceptible the economy is to movements by the market, and it throws cold water on the notion that rates are going to continue to move higher into perpetuity. It also validates that the Fed is in agreement that the market has priced in Trump's planned corporate tax cuts and that current valuations are dependent on those plans going through.

Given the current economic and political backdrop, we believe market volatility is almost a certainty. We like the positioning of our model going into this environment.

Further Reading

1) **Saudi Arabia's Oil Supremacy Falters**, Wall Street Journal, Mar. 21, 2017

The U.S. has become the global swing produces and Saudi Arabia has not been able to keep up. We expect OPEC to capitulate and step in and continue to cause volatility in the oil markets.

https://www.wsj.com/articles/saudi-arabias-oil-supremacy-falters-1490088604

2) **Margin Debt Hit All-Time High in February,** Wall Street Journal, Mar. 29, 2017

This indicator is generally bandied about as a sign of bullishness in the markets. However, peaks in margin lending tend to coincide with market peaks, most notable in late 1999 and early 2000, which is indicative of traditional investor behavior and one of the hallmarks of behavioral economics.

https://www.wsj.com/articles/margin-debt-hit-all-time-high-in-february-1490825475

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

DISCLOSURES

PAST PERFORMANCE IS NOT AN INDICATOR OF FUTURE MARKET RETURNS.
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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.

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.