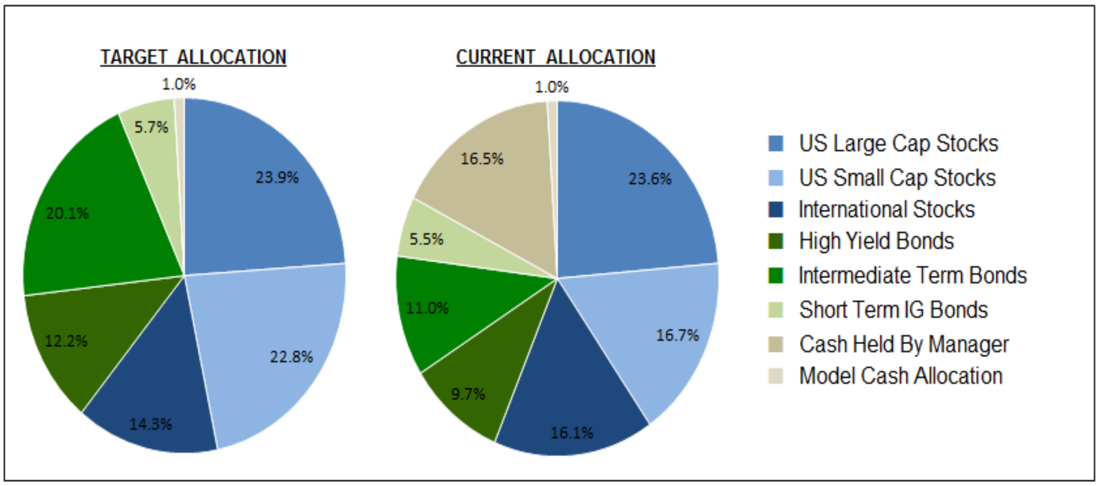
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison 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 9/30/16, the 7-year volatility (standard deviation) of Model 5 is 6.58%, versus 13.29% 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 September, Model 5 (net of fees and expenses) out-performed(1) compared to the U.S. 60/40 Index, under-performed the S&P Moderate Growth Index, and under-performed(1) the Global 60/40 Index, which posted the following returns:

PERFORMANCE	SEP	COMMENTS
Global 60/40 Benchmark Index(2)	0.61%	Day to day volatility was a little higher during the month, but domestic markets ended the month relatively flat. International markets outperformed domestic markets during the month. All in all it ended up being another quiet month domestically.
US 60/40 Benchmark Index(3)	-0.01%	
S&P Moderate Growth Index(4)	0.43%	

(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

General Overview. Domestic equity and bond markets were once again relatively flat, while international equity and bond markets had a decent positive month.

Equities

PERFORMANCE	SEP	MULTIPLE	COMMENTS
U.S. Equities(5)	0.02%	20.4X	Domestic equities were flat during the month as overall complacency reigned again. There was some volatility surrounding the Fed decision mid-month but the market calmed afterwards.
International Developed(6)	1.25%	25.0X	International equities had a solid month. Markets calmed mid-month amid tensions involving the health of Deutsche Bank.
Emerging Markets(7)	1.32%	15.4X	Emerging markets had another strong month. Banking system tensions overseas calmed mid-month which helped continue the EM rally.

(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	SEP	SPREAD OVER UST 10 YEAR	COMMENTS
U.S. Treasuries (Medium Duration)(8)	-0.08%	-	
U.S. Treasuries (Longer Duration)(9)	-1.74%	0.62%	Spreads on longer-duration bonds widened marginally during the month.
Global Fixed Income(10)	0.55%	-0.52%	Global fixed income continued to rally, buoyed by the continued intervention by the ECB in the European debt markets.
Emerging Fixed Income(11)	0.22%	2.81%	Emerging market bonds continued to rally as Global bond markets continue to benefit from liquidity injections by central banks in Japan and Europe.
High Yield(12)	0.67%	4.38%	The High Yield market continues to be one of the best sources of return for the year as credit concerns in the U.S. are virtually nil.

(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	SEP	TREND	COMMENTS
Energy(13)	6.12%	UP	Oil has put in two solid months and continues to rebound of the lows from earlier this year.
Real Estate(14)	-1.43%	-	Real estate once again backed off a touch this month, but it is too early to call it a down trend after a nice run earlier in the year.
Industrial Metals(15)	5.07%	-	Metals rebounded in September after backing off in August.
Gold(16)	0.52%	-	Gold ended the month marginally higher but still appears to have reached stall speed for the time being as the markets wait for a Fed decision and any effect from the elections on the U.S. Dollar.

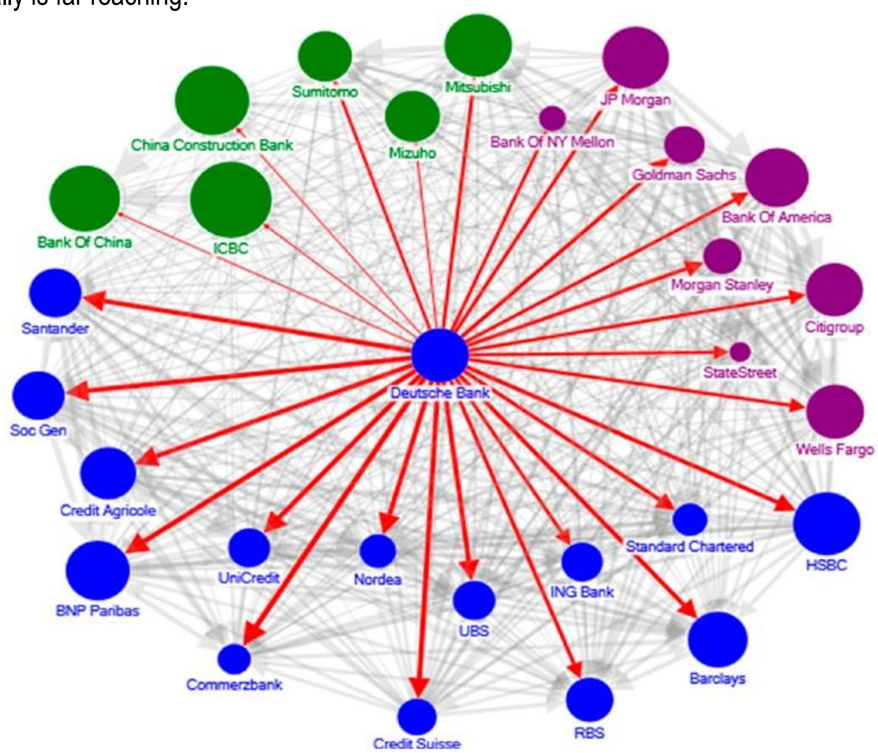
(13) S&P GSCI Energy Total Return Index.
(14) Dow Jones U.S. Real Estate Index.
(15) S&P GSCI Industrial Metals Total Return Index.
(16) Gold Spot Index in USD.

Market Comments

September was once again very uneventful, particularly in the domestic markets. The only happenings of note were surrounding the first of the presidential debates, and the decision from the Fed mid-month where they once again elected to hold off on raising the Fed Funds rate.

The only real story of note that is playing out in the markets is what is happening with Deutsche Bank, which is Germany's largest lender. As has been widely reported, the embattled bank, which has been going through a restructuring, was hit with a $14 Billion judgement by the U.S. Justice department regarding their role in the mortgage back securities market prior to the 2008 financial crisis. This judgement has put tremendous stress on the capital ratios and in turn the stock of the bank, which has fallen from near $50 in mid-2014 to just above $13 as of this writing. Deutsche Bank is having trouble raising capital and restructuring the bank due to these happenings, and so far the EU and Germany have shown a reluctance to step in and help them.

One cannot help but draw parallels to Lehman Brothers when they read about this story, and some of the concern is very valid. Deutsche Bank is one of the most systemically important global banks. Its lending to Germany alone is of concern, but its impact globally is far reaching.



Source: International Monetary Fund

The European banking system has struggled as a whole post 2008, and individual banks continue to have trouble with profitability amid global zero and negative interest rate policies. We would expect that the lessons from 2008 will not be ignored and the Deutsche Bank will receive assistance from multiple parties if the situation continues to deteriorate. However, this is one large source of potential volatility that we continue to keep an eye on. Combined with markets that seem to be cooling off amid high valuations and concerns revolving around the U.S. election and subsequent tax and trade policy, we continue to like having a defensive position with an eye on dampening volatility as we enter the last quarter of the year.

Further Reading

1) **Deutsche Bank Singled Out in I.M.F. Stability Warning**, New York Times, October 5, 2016

   This article outlines some of the continued problems facing Deutsche Bank. All eyes will be on the newswires in anticipation of a settlement with the U.S. Justice department and what this could mean for the future of the bank depending on the size of the settlement.

   http://www.nytimes.com/2016/10/06/business/dealbook/deutsche-bank-singled-out-in-imf-stability-warning.html?_r=0

2) **How Interest Rates Affect Stock Market Returns**, A Wealth of Common Sense, September 27, 2016

   This is a great primer that goes over the historical returns of the S&P 500 based on the starting rate of interest for given periods.

   http://awealthofcommonsense.com/2016/09/how-interest-rates-affect-stock-market-returns/

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 of that the Manager will be able to achieve its objectives. Investing involves risk and the possibility of loss, including a permanent loss of principal.

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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.