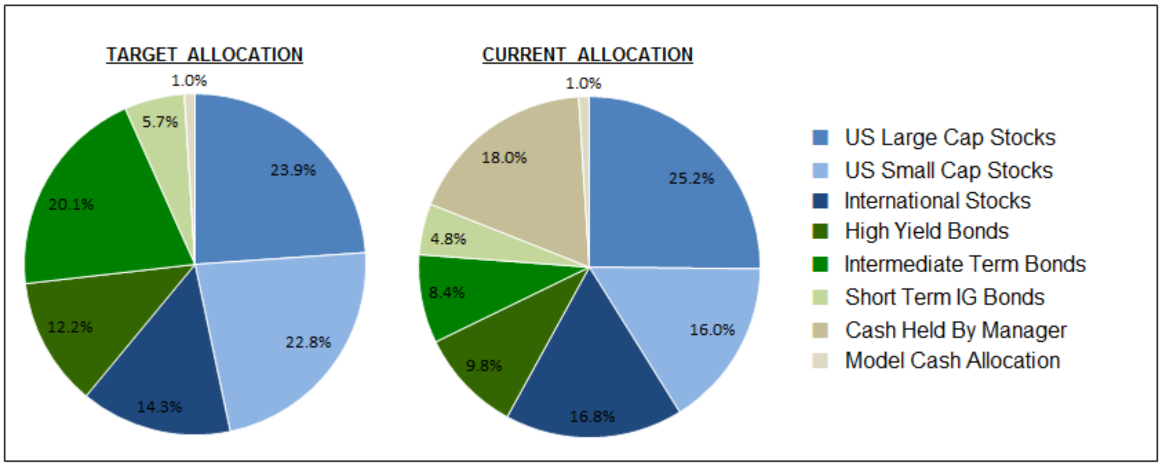
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison 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 09/30/2017, the 7-year volatility (standard deviation) of Model 5 is 6.0%, versus 10.8% 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 September, Model 5 (net of fees and expenses) outperformed[1] compared to the U.S. 60/40 Index, S&P Moderate Growth Index and the Global 60/40 Index, which posted the following returns:

PERFORMANCE	SEP	COMMENTS
Global 60/40 Benchmark Index[2]	0.82%	The S&P 500 finished over 2% higher for the month, outpacing international stocks by just 10 basis points. Domestic bonds were down roughly 50 basis points, while international bonds were down approaching 1.0%. This is one of the first times in 2017 where domestic bonds outperformed international bonds.
US 60/40 Benchmark Index[3]	1.04%	
S&P Moderate Growth Index[4]	0.89%	

(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	SEP	MULTIPLE	COMMENTS
U.S. Equities[5]	2.44%	23.2X	Small caps outperformed for the month, and the broader market was very healthy for the majority of all trading days during September.
International Developed[6]	2.50%	19.8X	International markets continued their march higher during the month. A weakening U.S. dollar combined with improving growth metrics in Europe have greatly benefitted international stocks this year.
Emerging Markets[7]	-0.39%	15.8X	Emerging markets have enjoyed the momentum coming from global dynamics, as well as positive macroeconomic benefits due to more conservative fiscal and monetary policies within the emerging countries. September was an off month, but emerging markets continue to look to piggyback on global optimism moving forward.

(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]	-1.38%	-	Yield on the 10-year rose approx. 0.2% during the month.
U.S. Treasuries (Longer Duration)[9]	-2.22%	0.50%	Spreads widened and yields rose as the markets began to price in the prospect of the Fed beginning to unwind its balance sheet late this year.
Global Fixed Income[10]	-0.90%	-0.71%	Global debt sold off in concert during the month.
Emerging Fixed Income[11]	-0.17%	1.96%	Spreads modestly widened during the month.
High Yield[12]	0.90%	3.10%	The equity like characteristics of High Yield made it the lone bright spot in the bond markets during the month. Spreads tightened and remain near historic lows.

(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.

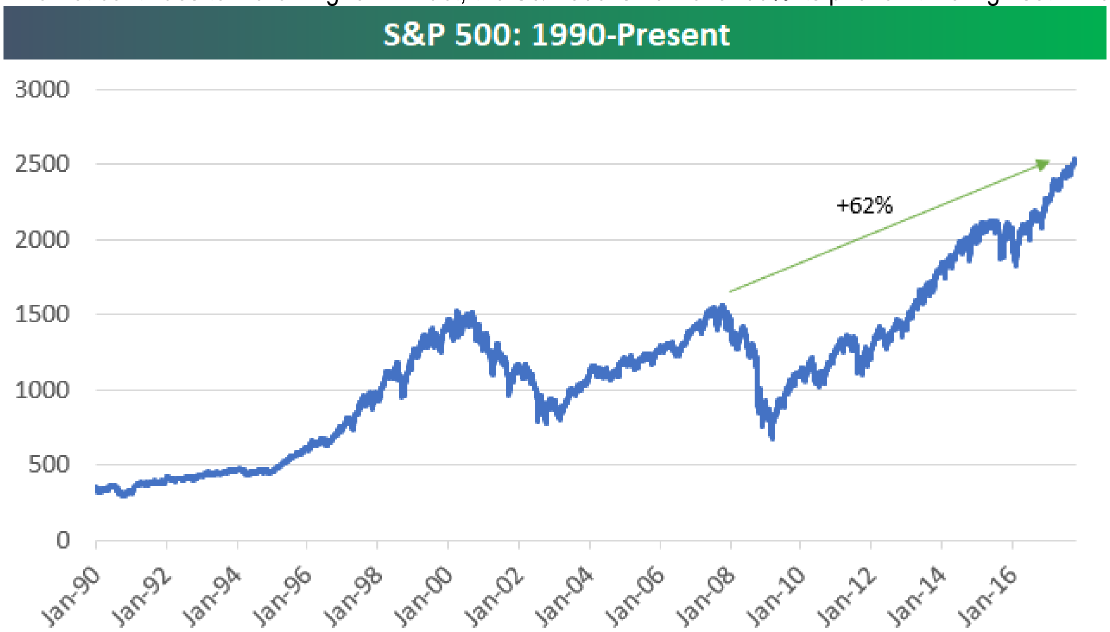
Commodities and Real Assets. The Model 5 portfolios do not have significant exposure to commodities, except indirectly. However, commodities and real assets (real estate) provide a good sense of global demand (in the case of industrial commodities) or fear (gold).

PERFORMANCE	SEP	TREND	COMMENTS
Energy[13]	5.86%	UP	Oil had a huge month and was the bright spot of the commodity complex during September.
Real Estate[14]	-0.75%	UP	Real Estate had a soft month but continues to be in an uptrend.
Industrial Metals[15]	-2.70%	UP	Despite a tough month of September industrial metals continue to be in a strong uptrend, bolstered by a physical supply deficit in the Chinese auto market. Possible headwinds are continued weakening of U.S. inflation.
Gold[16]	-3.37%	-	Gold had a tough month. Continued adoption and rhetoric by the media surrounding crypto currency may be a reason for volatility in gold and could pose a short-term headwind for the metal.

(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).

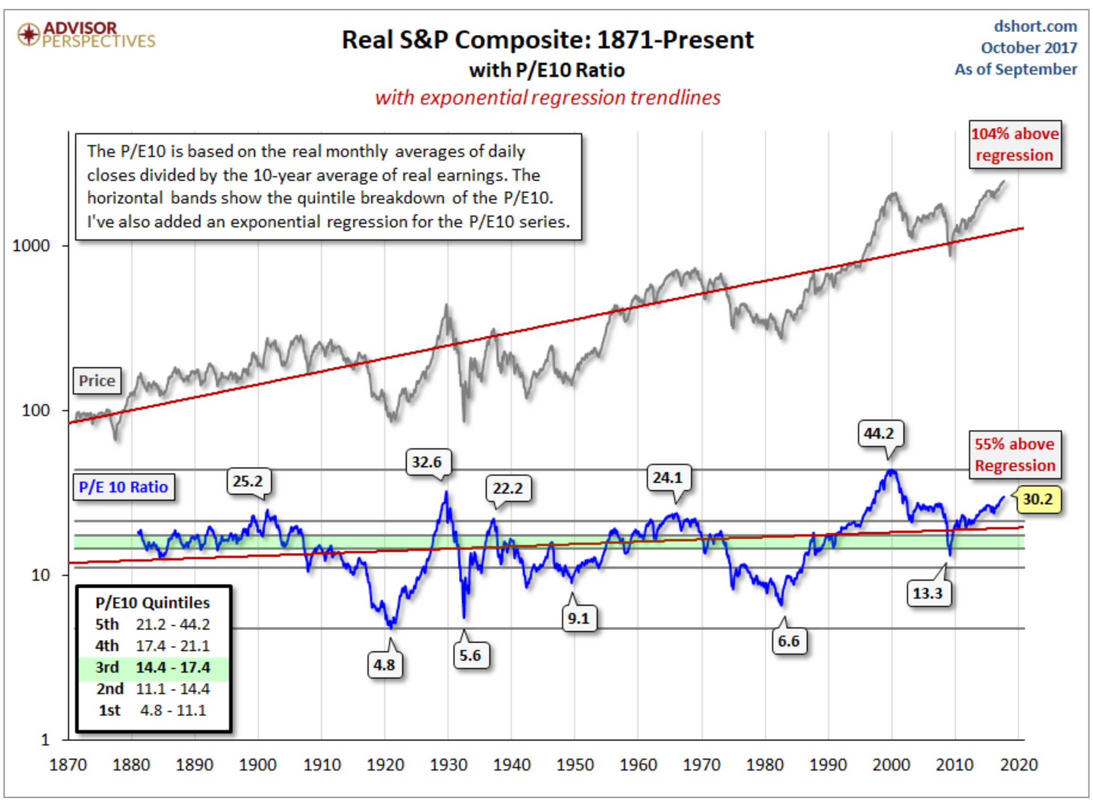
Market Comments

The stock market continues to march higher. In fact, the S&P 500 is now over 60% its prior all-time high set in 2006.



Source: www.bespokeinvest.com

At the same time, the P/E 10 ratio (the rolling 10-year P/E ratio of the S&P 500) has crested 30, and has only had two prior readings above this level since the year 1870.

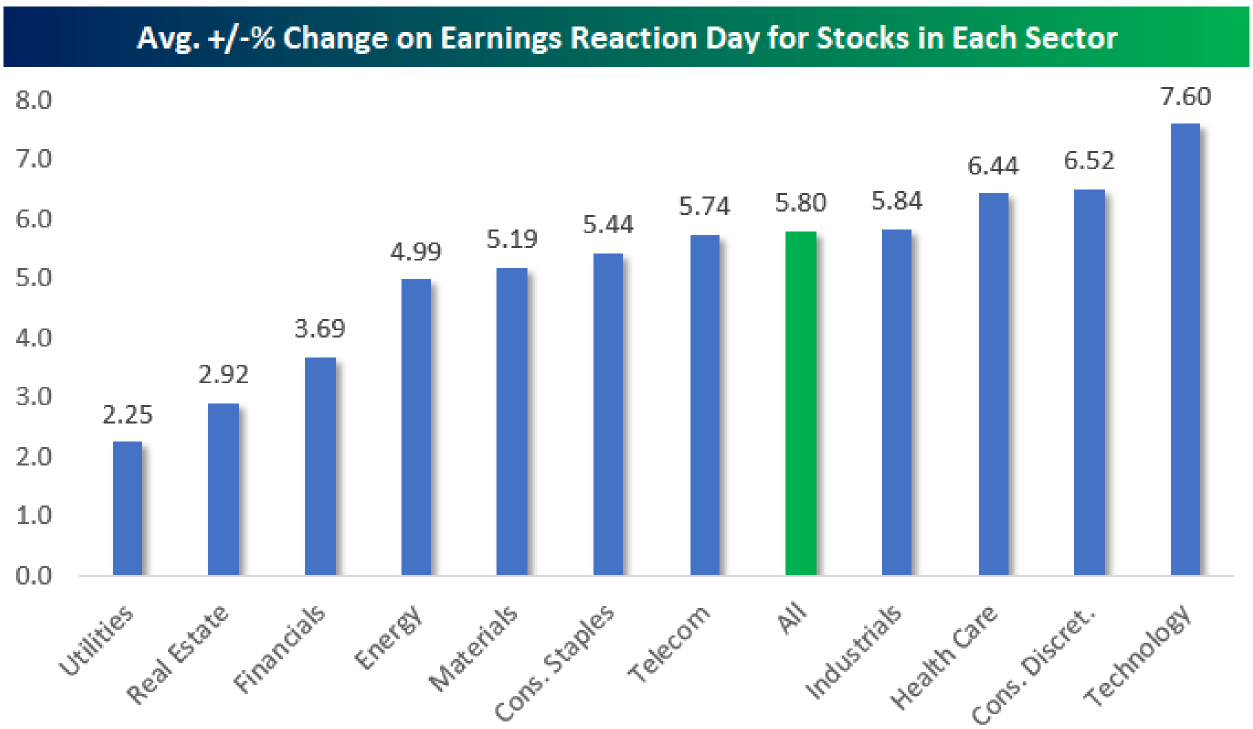


Source: www.advisorperspectives.com

The consensus amongst most managers and market prognosticators we follow is that the market is expensive. However, most managers are still finding areas of value, and the market certainly seems to have a mind of its own and its own inertia at the moment.

Relentless markets like the one being experienced now have a way of luring investors towards taking more risk in order to chase returns. Historically, retail investors have put money into the markets in droves less than three months prior to the market top. This is behavioral finance at its most obvious and is something to keep in mind when making investment decisions in markets that are becoming more and more tempting as they become frothier from a valuation perspective.

As earnings season has come again, it is important to get perspective on the types of companies that drive the market and how earnings announcements affect their prices.



Source: www.bespokeinvest.com

The two hottest areas of the market – technology and health care – currently account for over half of the year-to-date return of the S&P 500, and are also two of the most volatile sectors around earnings season. Value investors, of which Model 5 portfolios are tilted towards, do not own many of these companies due to current valuations. This is a double edged sword – during euphoric times, not owning these stocks can cause relative underperformance. However, during volatile or downward trending markets, not owning these companies can help stem losses.

We continue to view the current investment environment as constructive, however, we believe risk management is imperative due to market valuation levels, combined with the current societal tensions and potential macro risks surrounding domestic politics and the current geopolitical landscape.

Further Reading

1) **Private Equity Bubble? What Private Equity Bubble?,** Bloomberg, Sept. 11, 2017

The last private equity bubble was punctuated by Blackstone going public. Private equity firms are beginning to show some of the same behavior, and after years of low rates making everything look cheap, the balloon may be inflating yet again.
https://www.wsj.com/articles/private-equity-bubble-what-private-equity-bubble-1505122201

2) **Predicting the Next Recession,** A Wealth Of Common Sense, October 4, 2017

Ben Carlson goes over the problems with trying to predict the next recession, as well as trying to predict how markets are going to behave during said recession. This article underscores yet again why market timing does not work in the long run and how portfolios built with durability.
http://awealthofcommonsense.com/2017/10/predicting-the-next-recession/
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.

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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.

**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.