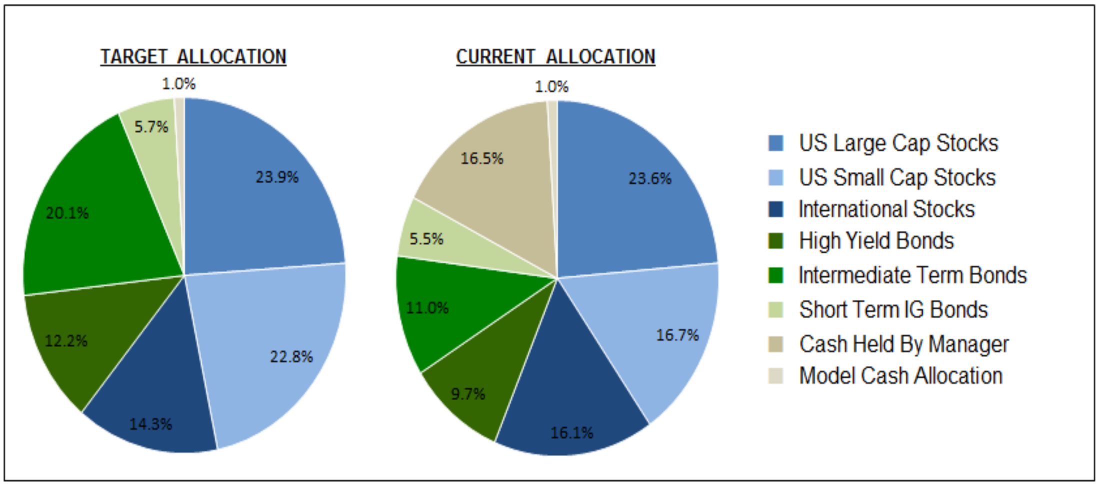
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison 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 11/30/16, the 7-year volatility (standard deviation) of Model 5 is 6.5%, versus 12.5% 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 November, Model 5 (net of fees and expenses) out-performed(1) compared to the U.S. 60/40 Index, out-performed the S&P Moderate Growth Index, and out-performed(1) the Global 60/40 Index, which posted the following returns:

PERFORMANCE	NOV	COMMENTS
Global 60/40 Benchmark Index(2)	-1.10%	November was a good month for domestic equities on the heels of the election. However, the bond market was hit hard post-election as inflation concerns picked up and both domestic and international bond markets saw large moves higher in yields.
US 60/40 Benchmark Index(3)	1.27%	
S&P Moderate Growth Index(4)	-0.59%	

(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 stock markets had a nice month post-election, as uncertainty was removed and the market began digesting the idea of higher inflation and potential pro-growth policy, both of which equities like. On the flip side, bond markets performed poorly as yields both domestically and abroad moved higher.

Equities

PERFORMANCE	NOV	MULTIPLE	COMMENTS
U.S. Equities(5)	4.47%	22.2X	Domestic equities popped post-election after the market began to digest the possibility of pro-growth policies and potential inflation, which are positives for equities.
International Developed(6)	-1.94%	22.4X	International markets did not fare as well. International markets may struggle with the potential for a strong dollar and uncertainty surrounding the new president's protectionist leanings.
Emerging Markets(7)	-4.60%	15.6X	Emerging markets were hit by the potential of Trump's protectionist leanings to affect trade and cause currency market turmoil.

(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	NOV	SPREAD OVER UST 10 YEAR	COMMENTS
U.S. Treasuries (Medium Duration)(8)	-4.03%	-	Post-election, the Treasury market started pricing in the very real chance of wage and inflation pressures, as well as rate hikes by the Fed.
U.S. Treasuries (Longer Duration)(9)	-7.71%	0.58%	The 30-year treasury moved to over 3% in the weeks after the election.
Global Fixed Income(10)	-3.97%	-0.81%	Global fixed income backed off post-election as international bond markets began digesting what could be a long period of uncertainty surrounding international trade.
Emerging Fixed Income(11)	-3.16%	2.73%	Emerging market debt was hit due to concerns regarding potential U.S. protectionist policy and currency market turmoil.
High Yield(12)	-0.47%	4.17%	The high yield market held on markedly well during the month.

(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	NOV	TREND	COMMENTS
Energy(13)	3.89%	UP	Energy rebounded based off the prospect for a better global economy post-election.
Real Estate(14)	-2.22%	DOWN	Real estate continued to slide as worries about inflation and higher rates weighed on a hot market.
Industrial Metals(15)	10.44%	UP	The prospect for infrastructure spending boosted metals prices post-election.
Gold(16)	-8.15%	DOWN	Gold was hit by a stronger dollar post-election and will likely continue to trade as a U.S. Dollar proxy in the short term.

(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

November ended up being a mixed month for global risk assets, although the domestic stock market reacted very positively to the results of the election. For this month we thought we would outline why we think asset prices are behaving the way they are and what the short-term outlook for the markets looks like. Model 5 performed very well in November, outperforming all three of its benchmarks, and we believe our positioning has been appropriate thus far and like the way our models are performing so far in this environment.

Equity: The domestic equity markets are enjoying a nice resurgence post-election, particularly in the small cap space. The market is likely pricing in a good period ahead for stocks on the back of the Republicans winning the House and the Senate. This paves the way for budget reform and likely infrastructure spending, which could create real job growth and wage pressure in the U.S. Coupled with favorable tax reform for corporation and small business, this is likely why the domestic equity markets have acted so well post Trump being elected. International markets have not fared as well as trade concerns and a stronger U.S. dollar has pushed their equity prices lower. We would expect more of the same for the domestic markets through year end and the inauguration; however we do not believe this is a time for complacency and feel that it would be a fallacy to ignore risk management and assume that the handoff from a period of stagnation to a trickle down policy will happen smoothly.

Fixed Income: Global yields have jumped post-election, as the assumption is that there will likely be a period of higher inflation and thusly higher yields to come. Below the post-election jump in yields across the global yield curve is illustrated.

Source: www.bespokeinvest.com

While we do believe the Fed is likely to raise rates in December and that there is the possibility for some wage pressure and inflation on the horizon, we are skeptical that this is a time to abandon bonds. Several times over the past 5 years yields have climbed back to today's levels, only to be met with another move back down despite the rhetoric in the press. We believe that yields may inch up higher but will still stay at much lower levels for longer than most expect, as long as shocks are avoided in the bond market, the prospect for better bond returns is very real. If yields inch higher, then the return profile for an intermediate bond portfolio becomes much better taking into account higher entry yields and roll down yield in the portfolio. Our managers have long maintained a shorter duration positioning and continue to do so to hedge the risk of a shock to the bond market, however we are more encouraged on the bond market at these yield levels as a source of return than we were even a month ago.

While the market has reacted positively after shaking off all the uncertainty surrounding the election, we believe this is a time for prudence and risk assessment rather than a time for complacency. The rapid strength of the U.S. dollar will likely continue to cause problems in Chinese and Emerging Markets, which are sources of potential volatility for global markets as we move forward. We continue to evaluate our managers and our asset allocation in an effort to understand our risk profile and currently believe we are allocated appropriately.

Further Reading

1) **Dollar's Rapid Gain Triggers Angst in emerging Markets**, Wall Street Journal, November 18, 2016

This article outlines some of the problems that are being caused overseas by the rapid strength of the U.S. Dollar and the implications this could have for global risk markets.

http://www.wsj.com/articles/strong-dollar-could-be-rallys-weak-link-1479474002

2) **The Pros and Cons of a Renminbi Devaluation**, Financial Times, December 6, 2016

As the Dollar strengthens, more and more pressure and speculation is being put on China to potentially devalue their currency, much as they surprisingly did last August. This article outlines what a potential 20% devaluation would mean for the global economy.

https://www.ft.com/content/1214e988-b6d7-11e6-ba85-95d1533d9a62

3) **How Trump's Victory Changed Markets; In Charts**, Financial Times, November 18, 2016

This article, through charts, shows the many effect of the election's results on the markets.

https://www.ft.com/content/322136b6-ad11-11e6-9cb3-bb8207902122

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

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.