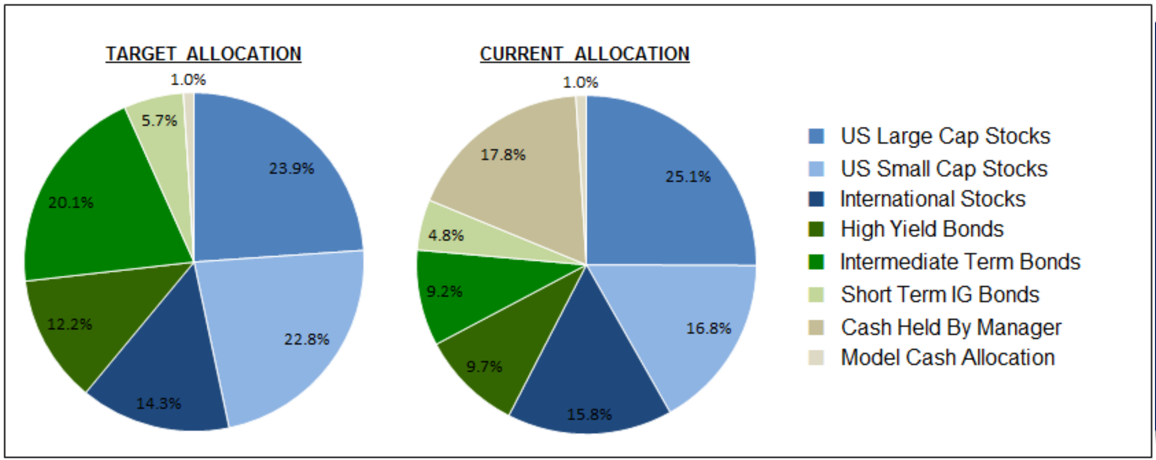
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison 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 04/30/2017, the 7-year volatility (standard deviation) of Model 5 is 6.4%, versus 12.4% 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 April, Model 5 (net of fees and expenses) market-performed(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	APR	COMMENTS
Global 60/40 Benchmark Index(2)	1.41%	Global equities and global bonds once again outperformed domestic equities and fixed income. Global equities are experiencing a euphoric rise reminiscent of the 2013 period for domestic equities.
US 60/40 Benchmark Index(3)	0.93%	
S&P Moderate Growth Index(4)	1.27%	

(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). <u>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.</u>
(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	APR	MULTIPLE	COMMENTS
U.S. Equities(5)	1.06%	22.6X	Domestic equities turned in a solid absolute month after a flat March. Domestic markets still seem to want to move higher, although the pace has cooled from earlier in the year and the indices are once again becoming top heavy.
International Developed(6)	2.61%	21.4X	International developed equities had a very strong month and continue to outpace domestic equities. The relative valuation gap that was prominent between the U.S. and Europe the last few years has meaningfully narrowed.
Emerging Markets(7)	2.21%	15.6X	Emerging markets continue to march higher and are benefitting from currency movements and fresh capital allocation.

(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	APR	SPREAD OVER UST 10 YEAR	COMMENTS
U.S. Treasuries (Medium Duration)(8)	1.13%	-	The 10-Year Treasury rallied during the month.
U.S. Treasuries (Longer Duration)(9)	1.57%	0.69%	The long-end of the curve rallied during the month, and the curve modestly steepened.
Global Fixed Income(10)	1.13%	-0.68%	The Global Aggregate Index outperformed the domestic aggregate index for the month, however longer-duration Treasuries outperformed on a global basis.
Emerging Fixed Income(11)	1.24%	1.97%	Emerging market (EM) spreads continue to come in as EM continues to rebound.
High Yield(12)	1.13%	3.37%	The high yield market had a slide month and spreads continue to sit near 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 provide a good sense of global demand or fear.

PERFORMANCE	APR	TREND	COMMENTS
Energy(13)	-3.61%	DOWN	Oil dropped during the month and remains in a downtrend.
Real Estate(14)	0.57%	-	Real Estate posted a modest gain during the month, however the market has noticeably cooled in the short term.
Industrial Metals(15)	-3.08%	DOWN	Industrial metals are now in a downtrend. Trade data out of China is putting pressure on industrial metals on a global basis.
Gold(16)	1.52%	UP	Gold continued its uptrend during the month.

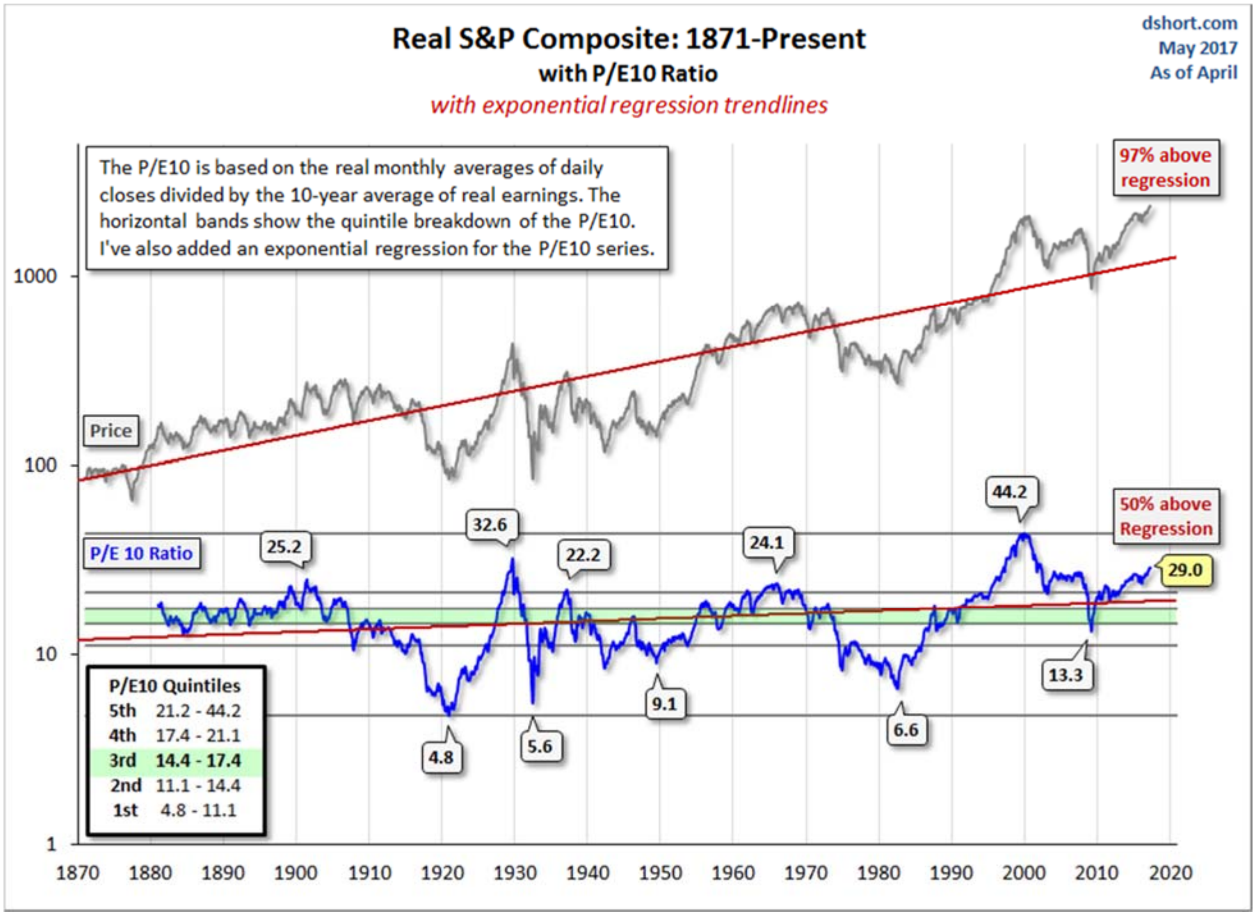
(13) S&P GSCI Energy Total Return Index.
(14) Dow Jones U.S. Real Estate Index.
(15) S&P GSCI Industrial Metals Total Return Index.
(16) Gold Spot Index in USD.

Market Comments

Some members of Tectonic Advisors are lucky enough to attend the Milken Global Conference in California at the end of April every year. It is always enlightening, and is three days full of panels made up of industry experts on topics ranging from investing and the markets, politics, education, science and many more.

After sitting through three days of panels, we always walk away with a general "theme" of the conference, which is what we call the consensus view from all the experts we listened to. This year, the consensus view was largely that all markets are valued expensively, and that investors need to be cautious. However, the consensus view was also that there does not appear to be a large downside catalyst in the near term.

We often point to the Shiller Price/Earnings Ratio (PE) to demonstrate that domestic equities are on the higher-end of historical valuation ranges.



As we have written about before, the Shiller PE ratio, or "PE 10 ratio", takes PE data points and turns them into rolling 10-year averages, which create a trading range for stocks over time. This is helpful in that it gives invests a general idea of where they are in a valuation cycle. The P/E 10 ratio is currently at its third highest level in history. Coupled with a subsidized bond market and global central bank liquidity measures being used overseas, we think that admitting the market is expensive and proceeding with caution is prudent. Equity managers in model 5 are value tilted and largely try to invest with a margin of safety, so we are comfortable not being invested in the most expensive parts of the market at this juncture, even if this means that it could be difficult to keep up with the indexes in the short term.

If there is something that could be the catalyst for downside in the market at this time, it appears that China would be number one on the list. Last week, China issued PMI data (Purchasing Managers Index, a common metric that is composed of data compiled from monthly Institute For Supply Management data points), that showed signs that it was slowing, and also had weak trade data on both the import and export side. We have written many times about how China is trying to manage its currency by burning through its reserves, and it absolutely does not need a recession to deal with on top of that. Any whiff of a recession would dramatically reduce China's ability to manage its currency and its credit bubble. This would be largely negative for global growth and the global economy and would most likely send markets lower.

In the meantime, the Volatility Index (VIX, the key market measure compiled by the Chicago Board Options Exchange that measures near-term market expectations of volatility based on option prices) is near all-time lows and markets remain eerily complacent. We continue to believe that now is the time to have proper risk management in place and to remain focused on fundamentals and value, rather than chasing return or yield into an already expensive market.

Further Reading

1) China has now become the biggest fear for markets, CNBC, May 8, 2017

   This article outlines some of the data coming out of China that we mentioned above and goes into more detail about what problems in China could mean for global markets.

   http://www.cnbc.com/2017/05/08/china-has-now-become-the-biggest-fear-for-markets.html

2) The Keys to American Growth, Guggenheim Investments, May 1, 2017

   Scott Minerd, CIO of Guggenheim, writes a great article reminding policymakers that production factors – rather than monetary policy tools – are still the most important components to the American economy.

   https://www.guggenheiminvestments.com/institutional/perspectives/global-cio-outlook/the-keys-to-american-growth?utm_source=pardot&utm_medium=email&utm_campaign=keys%20to%20american%20growth&utm_content=global%20cio%20outlook

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.