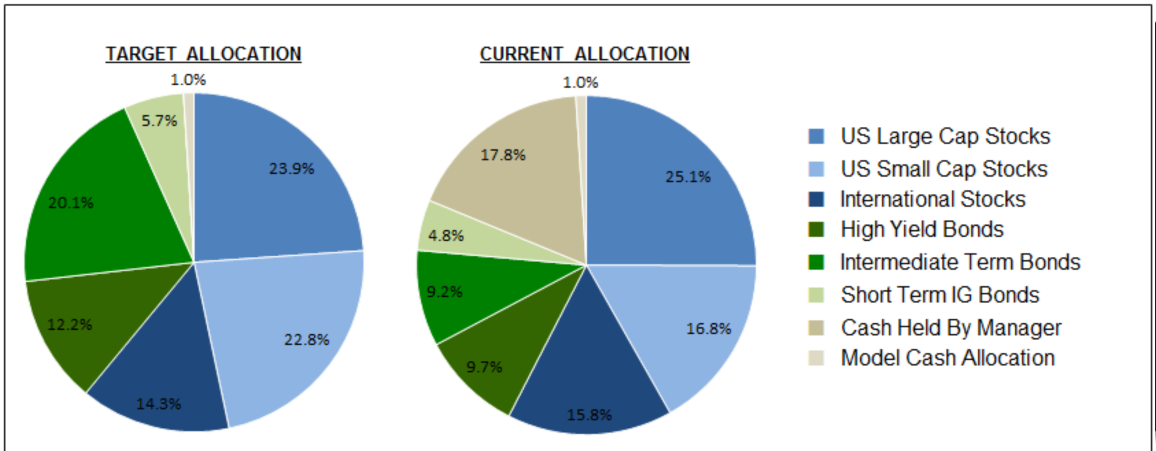
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison 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 05/31/2017, the 7-year volatility (standard deviation) of Model 5 is 6.2%, versus 11.9% 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 May, Model 5 (net of fees and expenses) underperformed(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	MAY	COMMENTS
Global 60/40 Benchmark Index(2)	1.99%	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. The relative valuation gap that was present at the beginning of the year between domestic and international large caps has meaningfully shrunk.
US 60/40 Benchmark Index(3)	1.15%	
S&P Moderate Growth Index(4)	1.43%	

(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 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	MAY	MULTIPLE	COMMENTS
U.S. Equities(5)	1.02%	22.7X	Domestic markets continued the "melt up." Volatility has hit new all-time lows as measured by the VIX Index, which underscores the amount of complacency in global markets.
International Developed(6)	3.75%	21.1X	International Developed had a big move to the upside during the month of May. International markets are enjoying real earnings growth to go along with their surging equity prices, so it appears that the bull market overseas could still have some legs.
Emerging Markets(7)	2.97%	15.3X	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	MAY	SPREAD OVER UST 10 YEAR	COMMENTS
U.S. Treasuries (Medium Duration)[8]	0.87%	-	The 10-Year Treasury rallied during the month.
U.S. Treasuries (Longer Duration)[9]	2.08%	0.66%	Long bonds have continued to rally even faced with a potential rate hike in June.
Global Fixed Income[10]	1.55%	-0.66%	Global debt continues to outpace domestic debt as European markets are experiencing relative performance leadership for the first time in many years.
Emerging Fixed Income[11]	0.89%	2.03%	Emerging markets spreads continue to come in as EM continues to rebound.
High Yield[12]	0.87%	3.32%	The High Yield market had a slid month and spreads continue to sit near lows. This is generally a time to tread with caution in the high yield space, however the outlook for credit still remains largely positive.

(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	MAY	TREND	COMMENTS
Energy[13]	-2.57%	DOWN	Oil once again dropped during the month and remains in a downtrend.
Real Estate[14]	-0.03%	-	Real Estate finished basically flat for the month.
Industrial Metals[15]	-1.08%	DOWN	Industrial metals are now in a downtrend. Data out of China continues to pressure Industrial Metals.
Gold[16]	0.05%	UP	Gold finished basically flat for the month. It 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

There is a much repeated saying on Wall Street that says "Sell in May and Go Away." The genesis of this saying is that the summer doldrums tend to hit the markets as schools let out for summer, traders are away on vacation and that there is no sense keeping ones money invested when there is seemingly going to be no real market action and only the possibility of downside for the summer months. This is, of course, a trader's mentality and does not apply to investing towards a long-term financial goal.

We bring up this saying because this summer it appears that rather than the doldrums, we have complacency. No matter what is on the news or what kind of economic data comes in from China, the market has marched higher and with the lowest volatility on record. In fact, the S&P is in one of its longest winning streaks of all time as we write this.

S&P 500 Longest Periods Without a 10% Correction: 1928 -2016

Rally				Subsequent Decline			
Begin	**End**	**% Change**	**Days**	**Begin**	**End**	**% Change**	**Days**
10/11/90	10/7/97	232.74%	2,553	10/7/97	10/27/97	-10.80%	20
3/11/03	10/9/07	95.47%	1,673	10/9/07	3/10/08	-18.64%	153
10/3/11	5/21/15	93.85%	1,326	5/21/15	8/25/15	-12.35%	96
10/23/62	2/9/66	75.85%	1,205	2/9/66	10/7/66	-22.18%	240
7/24/84	8/25/87	127.82%	1,127	8/25/87	10/19/87	-33.24%	55
7/17/50	1/5/53	59.83%	903	1/5/53	9/14/53	-14.82%	252
11/29/43	2/5/46	70.15%	799	2/5/46	2/26/46	-10.11%	21
9/14/53	9/23/55	100.92%	739	9/23/55	10/11/55	-10.59%	18
12/4/87	10/9/89	60.68%	675	10/9/89	1/30/90	-10.23%	113
10/22/57	8/3/59	55.75%	650	8/3/59	10/25/60	-13.85%	449
2/11/16	**6/2/17**	**33.35%**	**477**				
				Average		**-15.68%**	**142**
				Average (All Corrections)		**-19.48%**	**103**

Source: www.bespokeinvest.com

At the same time, the VIX Index (CBOE Volatility Index, a key indicator of market expectations of volatility that is conveyed by S&P 500 options prices), has been below 16 for over 145 days (16 and below is a historically low reading for the VIX. For context, during the peak of the 2008 financial crisis the Index approached the 45 level).

Markets like these are some of the most dangerous in our opinion, because they lure investors to sleep and invite them to take risks that they otherwise wouldn't under the guise of a long-running, melt up style market. These particular market periods are when we spend most of our time making sure proper risk management is in place and steel ourselves from becoming complacent. We continue to watch data out of China and still believe their financial system is the biggest potential source of global volatility.

Further Reading

1) **China's Debt Crackdown Is Driving Borrowers Into Riskier Territory,** Wall Street Journal, June 4, 2017

   This article details some troubling events in China that could spell trouble for their financial markets in the coming months.

   https://www.wsj.com/articles/chinese-companies-move-deeper-into-shadow-banking-1496574002

2) **Two Decades of Winning By Not Losing,** Steve Romick

   This article by Steve Romick of FPA Crescent, one of the Flexible Allocation managers, details how he has built his track record and has weathered periods of being out of favor. This is a fantastic read.

   http://fpafunds.com/docs/special-commentaries/two-decades-of-winning-by-not-losing_may-201791EDCCEAD617.pdf?sfvrsn=2

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

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.