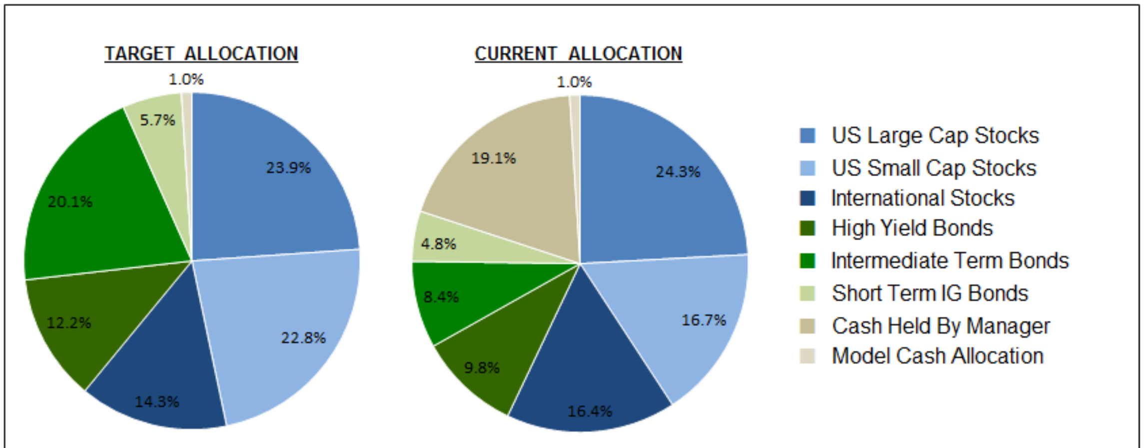
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison 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 07/31/2017, the 7-year volatility (standard deviation) of Model 5 is 6.1%, versus 11.4% 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 July, 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	JULY	COMMENTS
Global 60/40 Benchmark Index[(2)]	2.38%	July was a big month for stocks and bonds alike. Growth outperformed value by exactly double during the month (as measured by the Russell 1000 Growth Index and Russell 1000 Value Index). As Model 5 is value tilted, it underperformed all three of its indices during the month.
US 60/40 Benchmark Index[(3)]	1.40%	
S&P Moderate Growth Index[(4)]	1.76%	

(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	JULY	MULTIPLE	COMMENTS
U.S. Equities[(5)]	1.88%	22.7X	Domestic equities had a good month, led by large-cap growth stocks such as Facebook, Amazon, Apple and Google.
International Developed[(6)]	2.90%	20.0X	International markets continued to outperform the U.S., bolstered by U.S. Dollar weakness
Emerging Markets[(7)]	6.02%	16.1X	Emerging markets had a huge month, also bolstered by the U.S. Dollar hitting a 13-month low during the month.

(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	JULY	SPREAD OVER UST 10 YEAR	COMMENTS
U.S. Treasuries (Medium Duration)[8]	0.38%	-	The 10-Year Treasury rallied during the month.
U.S. Treasuries (Longer Duration)[9]	-0.69%	0.52%	Long bonds sold off and the curve modestly steepened during the month.
Global Fixed Income[10]	1.68%	-0.71%	Global debt showed strong gains during the month. The yield on Global debt remains lower than that of the 10-year U.S. Treasury.
Emerging Fixed Income[11]	0.96%	2.02%	Emerging markets debt had a strong month and spreads tightened, aided by U.S. Dollar weakness and global appetite for risk.
High Yield[12]	1.11%	3.13%	The High Yield market had a good month as risk appetites once again appear to be high.

(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.

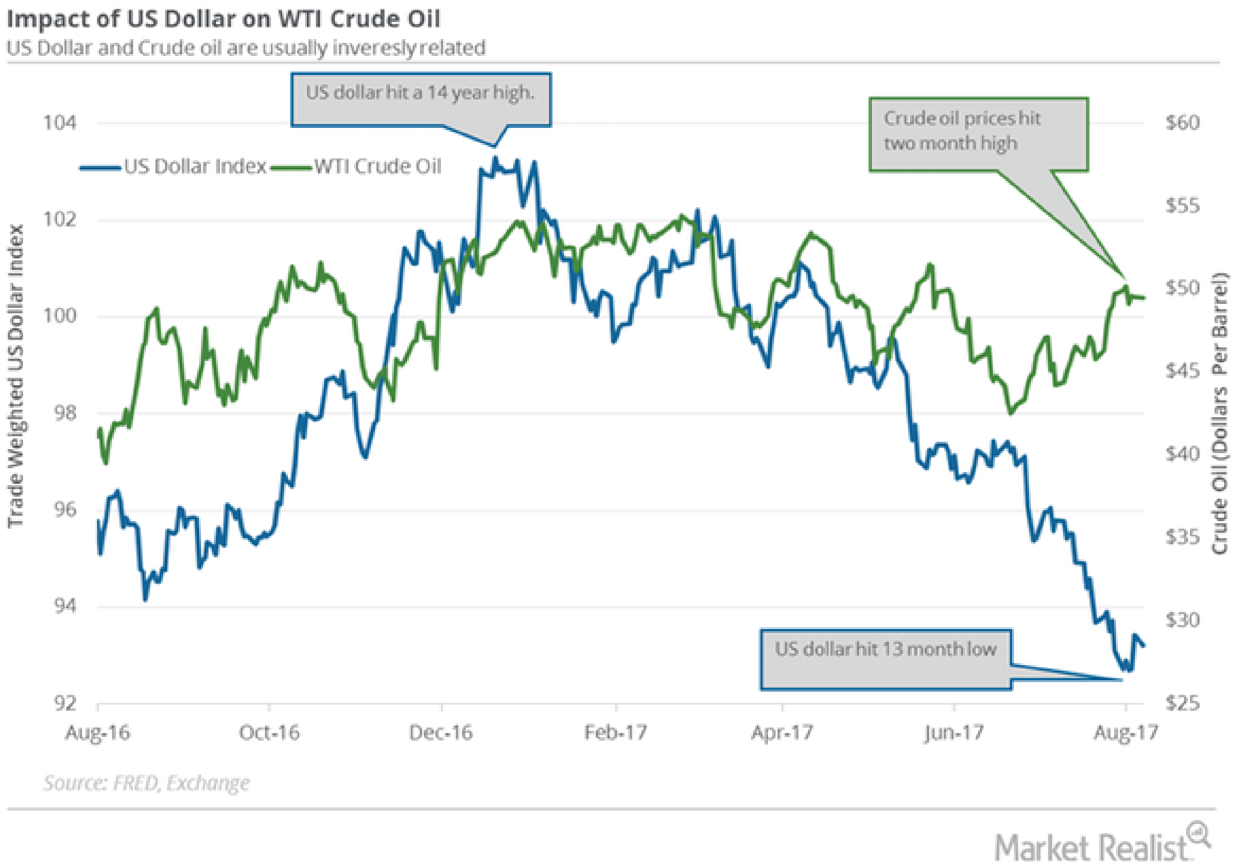
Commodities and Real Assets. The Model 5 portfolios do not have significant exposure to commodities, except indirectly. However, commodities and real assets (real estate) provide a good sense of global demand (in the case of industrial commodities) or fear (gold).

PERFORMANCE	JULY	TREND	COMMENTS
Energy[13]	8.06%	UP	Oil had its best month in recent memory. Oil could continue to rally if the U.S. Dollar remains weak.
Real Estate[14]	1.21%	UP	Real Estate continues to perform well.
Industrial Metals[15]	3.45%	UP	Industrial metals enjoyed a nice month as the entire commodity complex got healthy in July.
Gold[16]	2.31%	UP	Gold performed well during July. Dollar weakness continues to be a theme for 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) SPDR Gold Shares (GLD).

Market Comments

All equity, bond and commodity markets enjoyed a surge during the month of July. The weakness of the U.S. Dollar on a global scale helped to bolster these markets. Below you can see the impact that the falling dollar has had on the price of oil in the short term.



Continued global U.S. Dollar weakness would likely push capital into higher yielding assets and stocks as we move forward towards the Fall of 2017.

After a brief reprieve, growth stocks have once again stolen the reins from value stocks. This has been a constant theme over the past several years and appears to once again have some legs. Through the end of the second quarter of this year, FANG (the acronym given to the collective stocks of Facebook, Apple, Amazon, Microsoft, Netflix and Google) had risen an average of 20% and constituted one-third of the gains of the S&P 500. The average P/E ratio of these stocks is 84X. While these stocks continued to march ahead during July, one can't help but begin to draw parallels to the late '90s, where value stocks floundered and the indices were drug higher by just a handful of internet stocks.

While we are not anywhere near the valuations that we were in late 1999, the market is beginning to show signs of a valuation bubble. However, almost 100 years of history would suggest that abandoning value investing for short-term profit is a mistake. Thanks to Fama and French*, we can look back all the way to 1926 and see that in 91 years, value stocks have outperformed growth stocks by just over 2% per year. We believe staying vigilant and favoring a margin of safety will once again prove to be the best strategy for the long-term, regardless of the results we are seeing at this moment.

Further Reading

1) **Hot-Stock Rally Tests the Patience of a Choosy Lot: Value Investors,** Wall Street Journal, August 6, 2017

This article goes into more detail about the growth vs value divergence and what it may mean moving forward.

https://www.wsj.com/article_email/hot-stock-rally-tests-the-patience-of-a-choosy-lot-value-investors-1502020804-lMyQjAxMTE3MDA0NjAwOTY5Wj/

2) **On Simple Markets,** The Lund Loop, July 19, 2017

This article maps out how much complacency there are in the markets, and where there may be trouble spots if the market were to ever turn.

http://bclund.com/2017/07/19/on-simple-markets/?curator=thereformedbroker&utm_source=thereformedbroker

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.