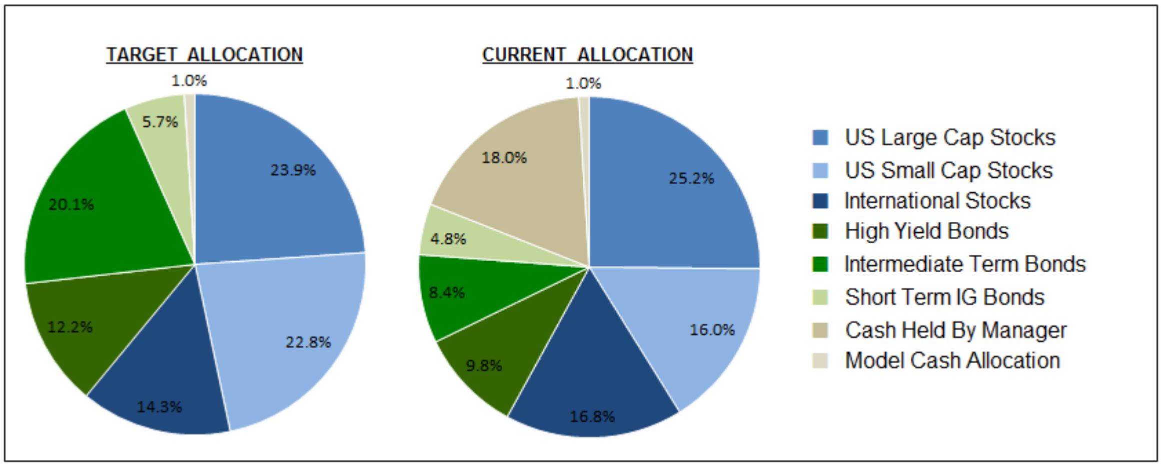
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison 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 08/31/2017, the 7-year volatility (standard deviation) of Model 5 is 6.1%, versus 11.2% 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 August, 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	AUG	COMMENTS
Global 60/40 Benchmark Index(2)	0.66%	The S&P 500 finished higher after a volatile month, due mostly to a handful of large technology stocks that helped drag the index into the green. For the month, the broader market performed poorly, and small caps finished negative. Investors were punished for diversification in the month of August.
US 60/40 Benchmark Index(3)	0.54%	
S&P Moderate Growth Index(4)	0.57%	

(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	AUG	MULTIPLE	COMMENTS
U.S. Equities(5)	0.19%	22.6X	Large swaths of the market were in the red during the month. However, Technology and Healthcare rallied enough late to keep the market green for the month.
International Developed(6)	0.00%	19.4X	International markets finished flat after beginning the month poorly.
Emerging Markets(7)	2.26%	15.9X	Emerging markets continue to march higher, bolstered by a weak U.S. Dollar.

(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	AUG	SPREAD OVER UST 10 YEAR	COMMENTS
U.S. Treasuries (Medium Duration)(8)	1.47%	-	The 10-Year Treasury rallied during the month as the U.S. curve continued to flatten.
U.S. Treasuries (Longer Duration)(9)	3.57%	0.42%	Long bonds had a huge month as the long end of the curve flattened.
Global Fixed Income(10)	0.99%	-0.76%	Global debt showed strong gains during the month
Emerging Fixed Income(11)	1.03%	1.92%	Emerging market bonds continued to show strong performance.
High Yield(12)	-0.04%	3.30%	Volatility early in the month kept High Yield from being able to show gains.

(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	AUG	TREND	COMMENTS
Energy(13)	-0.78%	UP	Oil sold off a bit during the month but still remains in an uptrend.
Real Estate(14)	0.67%	UP	Real Estate continues to perform well.
Industrial Metals(15)	8.54%	UP	Industrial metals had a huge month on the back of a continued decline in inventories, combined with U.S. dollar weakness.
Gold(16)	4.20%	UP	Gold continues to perform well on the heels of a weak dollar and continued geopolitical tensions.

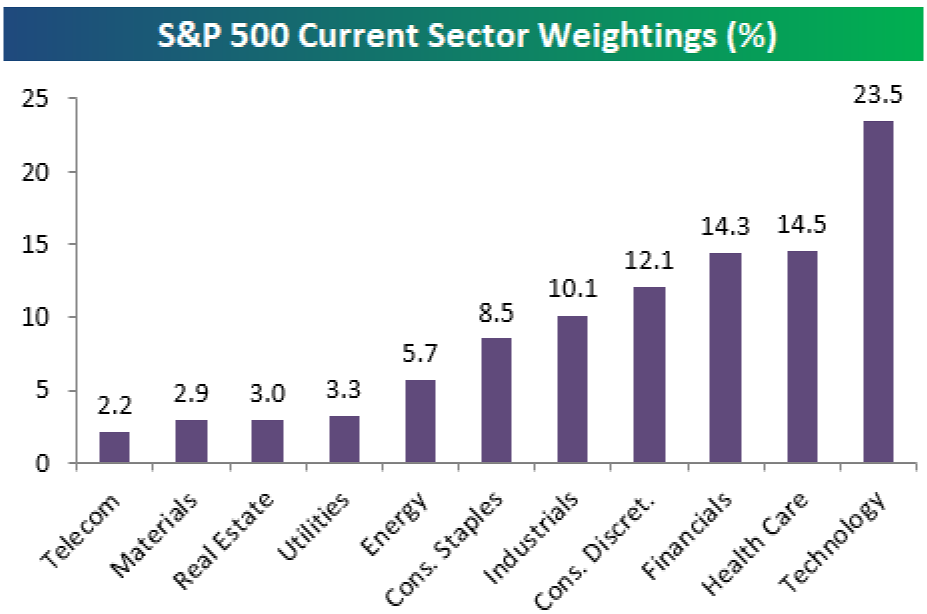
(13) S&P GSCI Energy Total Return Index.
(14) Dow Jones U.S. Real Estate Index.
(15) S&P GSCI Industrial Metals Total Return Index.
(16) SPDR Gold Shares (GLD).

Market Comments

August was not a pretty month in the markets, even though stock and bond indices managed gains. August was even a less pretty month for news, as the devastation of Hurricane Harvey was preceded by the horrible events in Charlottesville.

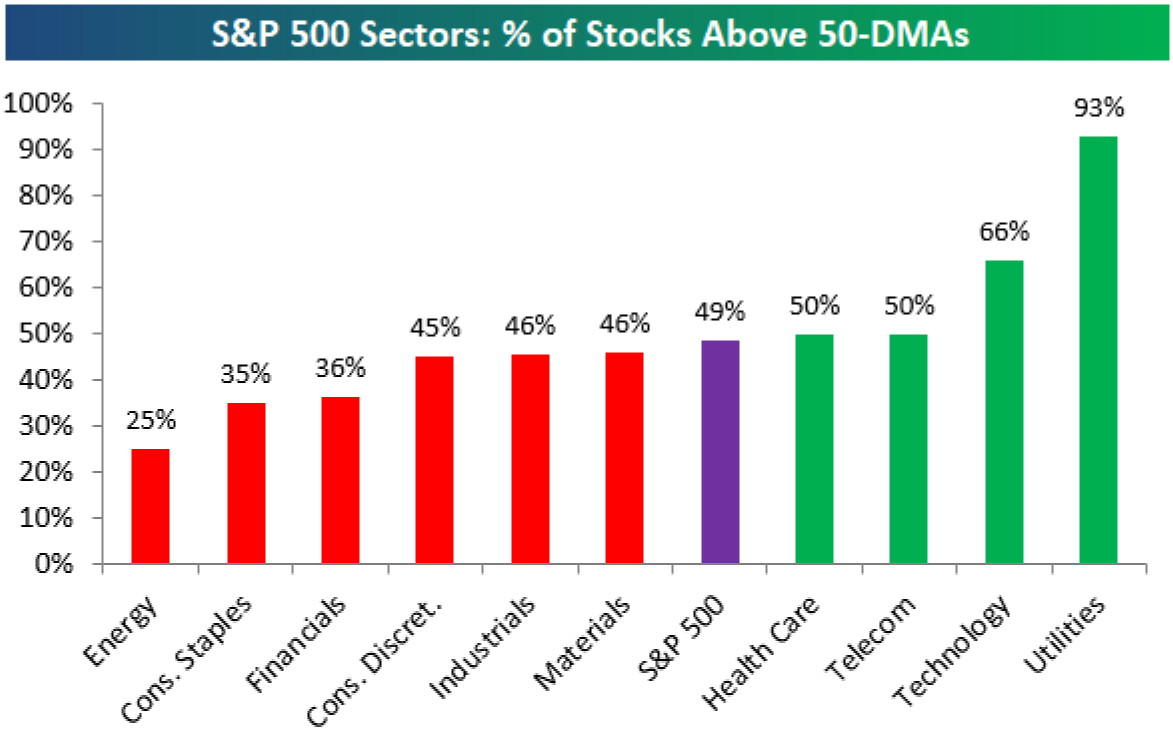
On top of the events affecting us here at home, tensions with North Korea escalated and have continued to do so into the month of August. This issue has more serious implications for the markets and could have a destabilizing effect on currencies and markets if the escalation continues.

Despite this backdrop, the markets showed gains during the month. However, the breadth of the market is starting to behave poorly. About 38% of the S&P 500 is made up of Technology and Health Care, which were the best performing sectors and helped the markets move into the green near month's end.



Source: www.bespokeinvest.com

However, less than half the stocks in the S&P 500 are currently above their 50-day moving average.



Source: www.bespokeinvest.com

The action in the market in August reminds us of late 2015. The S&P 500 ended up 1.38% for the year, due mostly to a late surge by the FANG stocks we mentioned in our June Investments Report. However, the breadth of the market behaved much worse, and investors were penalized for being properly diversified. Small caps were down -4.4% for the year as measured by the Russell 2000, and emerging market stocks were down over -14% as measured by the MSCI Emerging Market Index. Value was also largely out of favor.

This August, value underperformed growth, small caps were lower, and the S&P 500 managed a small gain despite the above. The market breadth broke down in 2015 right before a rather large and speedy downturn to begin 2016. While past performance is not a predictor of future results, the similarities here reinforce our position that proper risk management be in place and that investing with an eye towards value is the prudent course.

Hurricane Harvey Disaster Relief

If you would like to donate to help those that were affected by Hurricane Harvey, the 3to1 Foundation is collecting donations–all proceeds will go to employees of dental offices that are displaced or without income for a period of time.
Click here to learn more and to donate to these victims of Hurricane Harvey.

Further Reading

1) **The Fickle Fortunes of Market Timing,** Bloomberg, Sept. 7, 2017

We often talk about how there is no magic bullet in investing and how market timing doesn't work over the long term. This is a really good article that goes over the reasons why.

https://www.bloomberg.com/view/articles/2017-09-06/the-fickle-fortunes-of-market-timing

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.

This commentary contains the opinions of the CWA Investment Committee at the time of publication and is subject to change. Market and economic factors can change rapidly, producing materially different results. This update is intended for clients currently invested in CWA Recommended Investment Programs. This is not intended to be personalized investment advice. This does not take into account a particular investor's financial objectives or risk tolerances. Any specific mention of securities is for informational purposes only and is not intended as a recommendation or solicitation to purchase.

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.