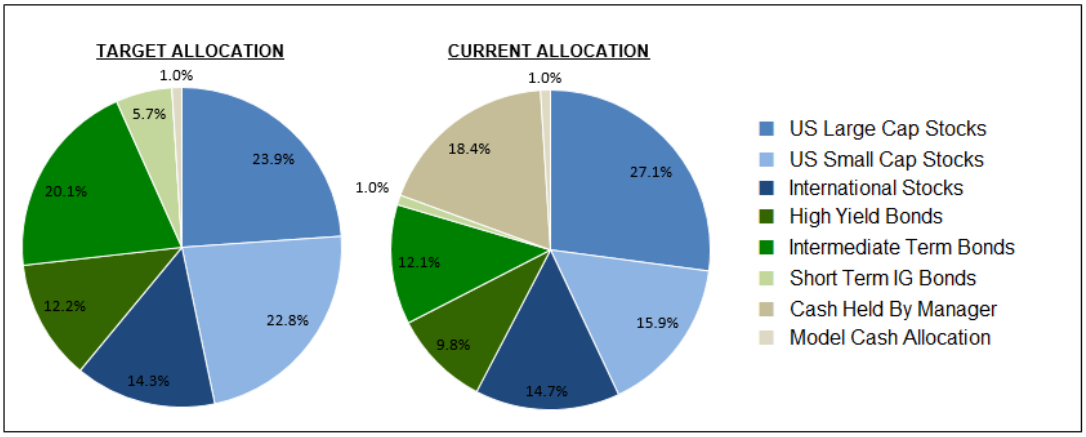
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison 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 2/28/2018, the 7-year volatility (standard deviation) of Model 5 is 6.0%, versus 10.9% 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 February, Model 5 (net of fees and expenses) market performed(1) compared to the U.S. 60/40 Index, outperformed the S&P Moderate Growth Index, and outperformed compared to the Global 60/40 Index, which posted the following returns:

PERFORMANCE	FEB	COMMENTS
Global 60/40 Benchmark Index(2)	-2.86%	February was an extremely volatile month for global and domestic equity and bonds alike. Domestic equity outperformed international equity, while international bonds modestly outperformed domestic bonds. We believe that the anticipation of a new rate cycle combined with historically high equity valuations and global debt at its all-time peak is now beginning to cause the market to reprice risk.
US 60/40 Benchmark Index(3)	-2.60%	
S&P Moderate Growth Index(4)	-2.81%	

(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	FEB	MULTIPLE	COMMENTS
U.S. Equities(5)	-3.69%	23.4X	The broader market was lower this month. Most indexes were lower, however the S&P 500 was higher due to the prominence of FANG stocks in the index. The broader averages like the Russell 3000 paint the real picture
International Developed(6)	-4.48%	1.6.7X	International stocks underperformed domestic stocks for the first time in several months. We would expect this trend to continue if volatility persists as political turmoil in the European periphery is likely to exacerbate market declines.
Emerging Markets(7)	-4.63%	16.1X	Emerging markets were the best performing asset class in 2017 so it is no surprise that they would sell off the most when markets become volatile.

(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	FEB	SPREAD OVER UST 10 YEAR	COMMENTS
U.S. Treasuries (Medium Duration)(8)	-0.93%	-	The 10-Year Treasury yield rose to 2.86% in February. The bond market appears to be pricing in the beginning of a new rate cycle with the change-over to our new hawkish Fed Chairman.
U.S. Treasuries (Longer Duration)(9)	-3.12%	0.26%	Long bonds sold off and spreads tightened to the 10-year. Longer duration debt suffered as the threat of a new rising rate regime looms.
Global Fixed Income(10)	-0.89%	-0.98%	Global bonds sold off for the first time in quite a while. The threat of higher U.S. rates could put pressure on European bonds as the healthier countries debt trades at lower yields that U.S. debt, despite the U.S. having a relatively healthier position as debt issued by the reserve currency.
Emerging Fixed Income(11)	-1.29%	2.91%	Emerging market bonds sold off. Emerging market bonds are vulnerable to higher rates as the majority of the frontier countries have high rollover totals in the coming years and are in weaker position to withstand higher servicing costs.
High Yield(12)	-0.85%	3.30%	The high yield market sold off and spreads modestly widened. As high yield has a high correlation to equity markets, we would expect further equity market volatility to be dually reflected in the high yield bond market going forward.

(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	FEB	TREND	COMMENTS
Energy(13)	-5.61%	-	Oil gave up the gains from January and then some. We would expect oil to correlate to equity volatility in the short term as it is a proxy global economic health and highly susceptible to cross correlation risk.
Real Estate(14)	-6.67%	DOWN	Real Estate has had two months of solid losses and appears to be suffering from the market beginning to digest the real possibility of higher rates.
Industrial Metals(15)	-2.88%	-	Industrial metals had an expected selloff this month in tandem with all asset classes.
Gold(16)	-2.08%	-	Gold sold off this month and we would expect the metal to remain volatile until market directionality is affirmed.

(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

The markets were extremely volatile in February and posted losses across all major asset classes in both the equity and bond markets. However, the selloff is/was not to be unexpected.

The morning of this writing, March 7, 2018, at a presentation in San Diego, David Rosenberg, Chief Economist and Strategist for Gluskin Sheff, called 2017 a "once in a century event." We do not disagree. In our weekly presentations we have been giving to clients, we have often pointed out that Sharpe Ratios of the index should not mathematically be able to reach levels of over 7X, but that is just what they did. Rosenberg took it a step further to point out that EVERY asset class was up in tandem and that was a several standard deviation event. Given that context, a moderate pullback in the market is not something to lose sleep over – it's just the complacency that has been bred over the past 18 months rearing its head.

We are, however, paying close attention to how the markets behave and have several areas of concern to which we are paying particular attention. The Fed is broadcasting that they intend to raise rates four times this year, which would likely put the short-term rate at 2.25-2.5% by year end. This in and of itself is not a bad thing, and higher rates do not always mean lower stock prices. However, combined with record debt levels globally and the third highest market valuations ever, higher rates could lead to debt servicing costs beginning to work against growth, and could also bleed into the corporate bond markets after a time. Corporations have the highest debt levels ever in the U.S., and much of that debt has been issued at low rates in order to buy back stock. Higher servicing costs could become problematic in that area, as well as in the Emerging Markets, which have high debt rollover rates over the next several years. As 2008 taught us, credit market problems become equity market problems over time.

We would conclude by saying that risk management is something that you never need until you need it. Much like insurance, the cost of maintaining risk management – accepting lower returns during euphoric or non-volatile market periods – can become grating in the short term. However, we just experienced a market that turned violently on a dime after a January which made it seem that market was going to skyrocket. We continue to believe exercising prudent risk management with an eye for value combine with the use of active management will perform well if volatility continues to reemerge in the stock and bond markets

Further Reading

1) **Why an Unpleasant Inflation Surprise Could Be Coming,** Wall Street Journal, February 28, 2018

This article lays out how inflation could become very problematic and what it could mean for markets. It also speaks to why the Fed has become very hawkish.

https://www.wsj.com/articles/why-an-unpleasant-inflation-surprise-could-be-coming-1519833146?emailToken=f6d308d5df176cccd4b692ee5240ef4fiZVXG77LGIMDA0TB33M%2FMRX3k7O3hPf6m28%2BzzIilekM0ojo%2F8bfsmaJ7dzjGsmTzCM9neiE17URoeOghJRNHEvCqtFU8N%2FMhXOuZKXR9C0%3D

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.

***The CAPE ratio is a valuation measure that uses real earnings per share (EPS) over a 10-year period to smooth out fluctuations in corporate profits that occur over different periods of a business cycle. The ratio is generally applied to broad equity indices to assess whether the market is undervalued or overvalued. While the CAPE ratio is a popular and widely-followed measure, several leading industry practitioners have called into question its utility as a predictor of future stock market returns. The CAPE ratio, an acronym for Cyclically Adjusted P/E (i.e. Price-Earnings) ratio, was popularized by Yale University professor Robert Shiller. It is also known as the Shiller P/E ratio.*

+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.