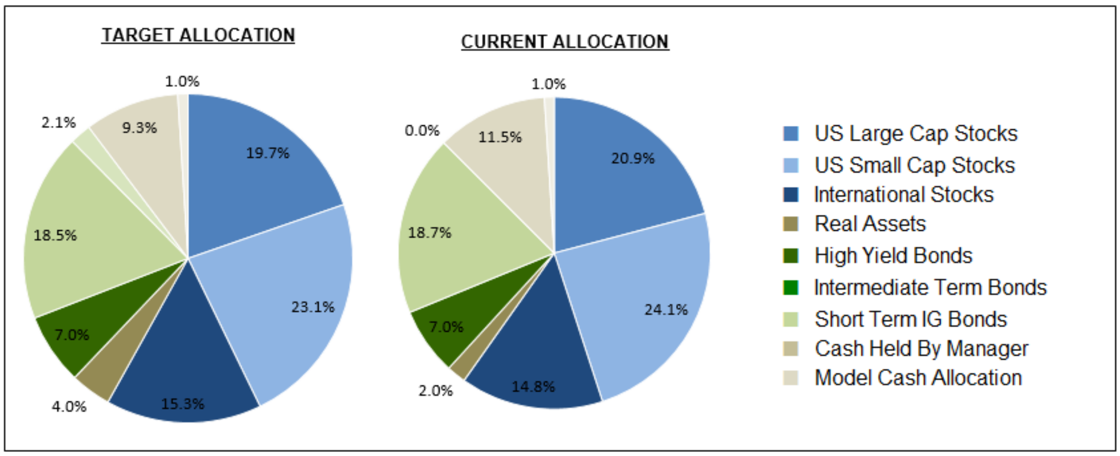
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison 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

Equal Weight 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 04/30/2018, 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 April, Model 5 (net of fees and expenses) underperformed(1) compared to the U.S. 60/40 Index, underperformed compared to the Global 60/40 Index, and underperformed the S&P Moderate Growth Index, which posted the following returns:

PERFORMANCE	APR	COMMENTS
Global 60/40 Benchmark Index(2)	0.00%	April was volatile but saw both domestic and global indices finish higher. On the flip side, domestic and global bonds finished the month lower by -0.74% and -1.61%, respectively. This was the first month in quite a while where domestic bonds outperformed their global counterparts. Model 5 showed modest underperformance against all three indices.
US 60/40 Benchmark Index(3)	-0.07%	
S&P Moderate Growth Index(4)	-0.19%	

(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	APR	MULTIPLE	COMMENTS
U.S. Equities(5)	0.38%	21.9X	Equities earned a modest return after a roller coaster month.
International Developed(6)	2.55%	16.2X	International stocks outperformed, continuing to benefit from U.S. Dollar weakness.
Emerging Markets(7)	-0.29%	15.1X	Emerging markets finished modestly lower after a volatile 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	APR	SPREAD OVER UST 10 YEAR	COMMENTS
U.S. Treasuries (Medium Duration)(8)	-1.24%	-	Yields rose during the month and bonds sold off.
U.S. Treasuries (Longer Duration)(9)	-1.98%	0.15%	Long duration Treasuries sold off during the month and spreads have become very tight as the curve has flattened.
Global Fixed Income(10)	-1.61%	-1.00%	April was the first month in over a year where Global bonds underperformed U.S. bonds.
Emerging Fixed Income(11)	-1.15%	2.48%	Emerging market bonds sold off.
High Yield(12)	0.65%	3.36%	High yield was up during the month. We would expect spreads to eventually widen as rates increase and financing costs increase for non-investment grade issuers.

(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	APR	TREND	COMMENTS
Energy(13)	6.49%	UP	Oil has rebounded strongly due to favorable demand metrics and a weakening U.S. Dollar.
Real Estate(14)	0.27%	-	Real Estate had a very quiet month.
Industrial Metals(15)	4.28%	-	Industrial metals rebounded after a selloff in March. Global demand will continue to be the driver for metals.
Gold(16)	-0.95%	-	Gold sold off during the month and continues to remain range bound. We remain inquisitive on whether the strength in cryptocurrencies correlates to performance of gold.

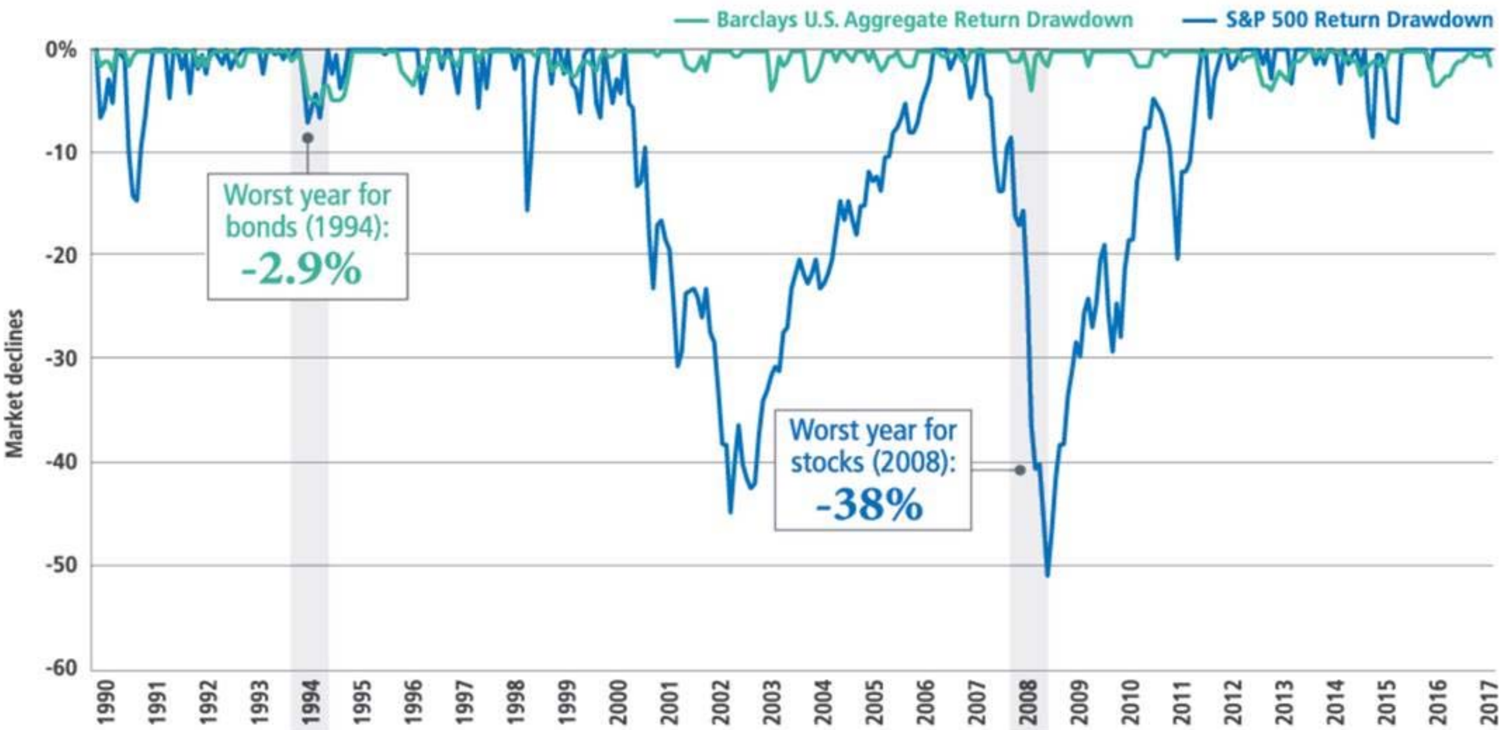
(13) S&P GSCI Energy Total Return Index.
(14) Dow Jones U.S. Real Estate Index.
(15) S&P GSCI Industrial Metals Total Return Index.
(16) SPDR Gold Shares (GLD).

Market Comments

We are often asked about owning bonds in a rising rate environment, and investors are clearly beginning to question their bond holdings judging by the tone of news reports and investment media.

The bond market has become very volatile as the bond market regime has moved from one of rate suppression to one of a hawkish nature. Year to date, bonds and equities have been correlated to the downside, and that has further increase market volatility. The Federal Reserve has made it very clear that they intend to continue to raise rates, and have signaled that they will do so four times this year. They have already completed one rate hike in March, and we believe them when they say they will continue to move rates higher.

While bonds have performed poorly year to date, they are still a necessary part of an investment allocation due to their diversification properties. In general, U.S. Treasuries act as a contra-asset during periods of global economic uncertainty or recessions. In fact, the Barclays U.S. Treasury 20+ Year Index was up over 33% during 2008. Having exposure to these markets allows part of the portfolio to retain and/or increase in value during a market drawdown, and thus also acts as a buffer and a source of capital to draw from to make long-term investments in equities when they become mispriced.



Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results.
Source: Morningstar Direct. Chart shows U.S. stock and bond declines beginning December 1989 and ending December 2016.
Stocks are represented by the S&P 500 Index, bonds by the Barclays U.S. Aggregate Index. Worst years are calendar years.

PIMCO

As you can see from the above, the bond market draws down much less than equities over time and acts as a stabilizer to the portfolio. As it is impossible to time the market, it is important to always have exposure to this asset class. Risk management is like insurance, there is a cost and it sometimes feels unnecessary, but it always needs to be carried. Any global economic issues would likely serve to right the ship and decouple bonds from equities once again.

Further Reading

1) **New correlations spell concern for bond and equity investors,** Financial Times, April 30, 2018

   This article discusses the current correlation between equities and bonds that we discuss above. This explains much of the market action thus far in 2018.

   https://www.ft.com/content/7914a096-48a9-11e8-8ee8-cae73aab7ccb

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.