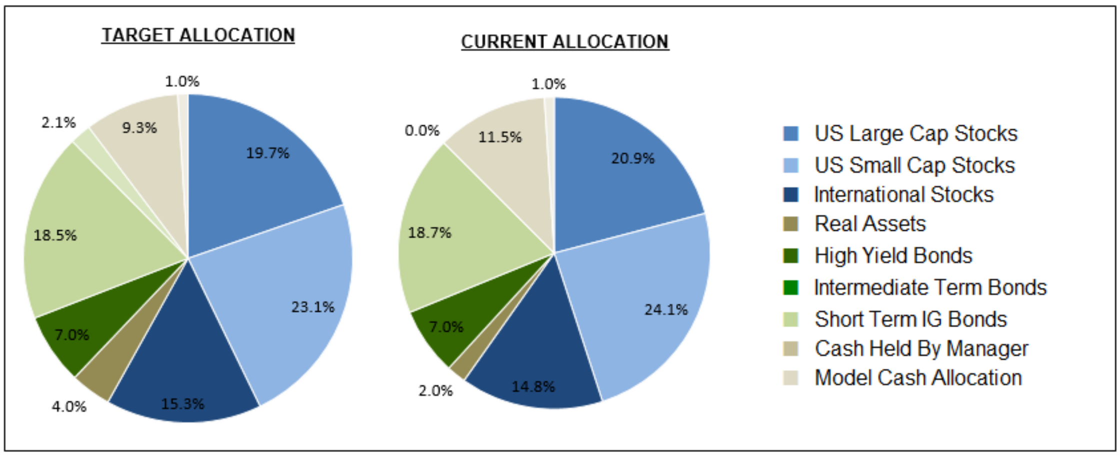
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison 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 08/31/2018, the 7-year volatility (standard deviation) of Model 5 is 5.8%, versus 10.6% 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) market performed(1) compared to the Global 60/40 Index, market performed compared to the S&P Moderate Growth Index, and underperformed the U.S. 60/40 Index which posted the following returns:

PERFORMANCE	AUG	COMMENTS
Global 60/40 Benchmark Index(2)	0.54%	Technology stocks dominated the month and elevated the S&P 500 Index over 3% for August. However, market breadth was much weaker than the technology sector. U.S. bonds outperformed International bonds during the month.
US 60/40 Benchmark Index(3)	2.21%	
S&P Moderate Growth Index(4)	0.59%	

(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	AUG	MULTIPLE	COMMENTS
U.S. Equities(5)	3.51%	22.4X	The domestic markets were higher during the month, led by Technology names.
International Developed(6)	-1.90%	15.5X	International markets were soft during the month due to geopolitical issues.
Emerging Markets(7)	-2.68%	12.8X	Emerging markets are beginning to experience fallout from the weakening of their currencies, which is in turn putting pressure on their equity and bond markets as capital begins to take flight.

(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)	1.11%	-	The 10 Year treasury fell during the month.
U.S. Treasuries (Longer Duration)(9)	1.60%	.15%	The yield curve stayed flat during the month as Treasuries broadly rallied.
Global Fixed Income(10)	0.10%	-0.84%	Global bonds were roughly unchanged during the month.
Emerging Fixed Income(11)	-2.20%	3.25%	August saw a selloff in EM markets and spreads widened.
High Yield(12)	0.74%	3.42%	High yield was positive during the month.

(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)	3.60%	UP	Oil continued its uptrend after a down month in July.
Real Estate(14)	2.38%	UP	Real Estate has taken off in 2018, due in part to the prospects for higher inflation and growing replacement cost dynamics.
Industrial Metals(15)	-2.88%	DOWN	Industrial metals sold off once again during the month.
Gold(16)	-2.14%	DOWN	Gold continues to struggle as U.S. Dollar directionality remains elusive and currency debasement fears seemingly have taken a back seat.

(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

Technology stocks have dominated the markets for the past 18 months in particular. An Acronym, FAANG, has been developed to assess the most popular of these names: Facebook, Apple, Amazon, Netflix, and Google.

These stocks represent over 100% of the markets return in 2018 – meaning if you remove them from the S&P 500 Index for the year the market would actually be down. Amazon alone accounts for over half of this number. To say these stocks have become systemically important to market health would be an understatement. This has even been underscored by the NYSE creating a FAANG Index over a year ago. That's right – they created an index to keep track of 5 stocks.

While these companies are generating the most return in the market and are undoubtedly growing entities that most American's use in some fashion, their valuations have grown to become problematic when performing fundamental analysis. At one point this year, Netflix's market capitalization was higher than that of Disney's, which seems silly considering Netflix has $1/20^{th}$ of the profitability of Disney, does not own near as much content, and will be facing competition from Disney when they roll out their own streaming service soon. Not to mention that Netflix is burning $10-13 Billion a year on content and is raising lots of debt in the high yield markets.

Much like the technology bubble in 1999-2000, it is hard to justify owning some of these companies if an investor is performing fundamental analysis and is being intellectually honest. Most managers that are performing fundamental analysis do not own these handful of stocks for this reason. The ones that do are beginning to twist reason in order to justify their positions. Take this recent quote from a Morningstar analyst on Amazon. "In Amazon's case, we do not believe traditional price/earnings and enterprise value/EBITDA metrics are meaningful…". The analyst is justifying Amazon's price surge by saying that everyone should throw out two of the key fundamental tools used in valuing stocks. Since Amazon's multiples are off the charts in these areas, they must not matter because the stock is going up is the rationale here.

This kind of thinking often leads to mistakes. Very rarely, the "this time it's different" narrative is correct. Value investing takes a good deal of discipline. However, over the past 90 years, Value stocks have outperformed Growth stocks by roughly 2% per year. This has been accomplished not by buying high fliers and getting lucky, but by avoiding opportunities that sport the "this time it is different" narrative and instead investing in opportunity sets that offer a much more rational fundamental valuation.

We are often reminded of this quote by famous investor Seth Klarman, who is arguably the greatest value investor ever behind Warren Buffett. "The focus of most investors differs from that of value investors. Most investors are primarily oriented toward return, how much they can make and pay little attention to risk, how much they can lose. Avoiding where others go wrong is an important step in achieving investment success".

Further Reading

1) **The 3 Biggest Risks in Global Investing and How to Avoid Them, Barrons, August 3, 2018**

This article outlines the Federal reserve, US Growth and its impact on Emerging Markets.

https://www.barrons.com/articles/the-3-biggest-risks-in-global-investing-and-how-to-avoid-them-1533340322?emailToken=d0cd9ec21d65fb8563b4748645d79178Z+pfYZF8Nm5sRHpIR5jWcGysIsIxPcknyHqPaU3xbrEY3r6XZpHba8Co9k3PrCZiG5cIvt8JXMZV57Ruu1AjYn4rFjF431bmURdPtQc3aGmojxT0Sm6P1fipV3HIWxJI

2) **USwages grow at fastest pace in 9 years, Financial Times, September 7, 2018**

The US economy continues to improve, leaving the door open for further Fed rate increases as early as their meeting in September.

https://www.ft.com/content/9c57f9ac-b296-11e8-8d14-6f049d06439c

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.