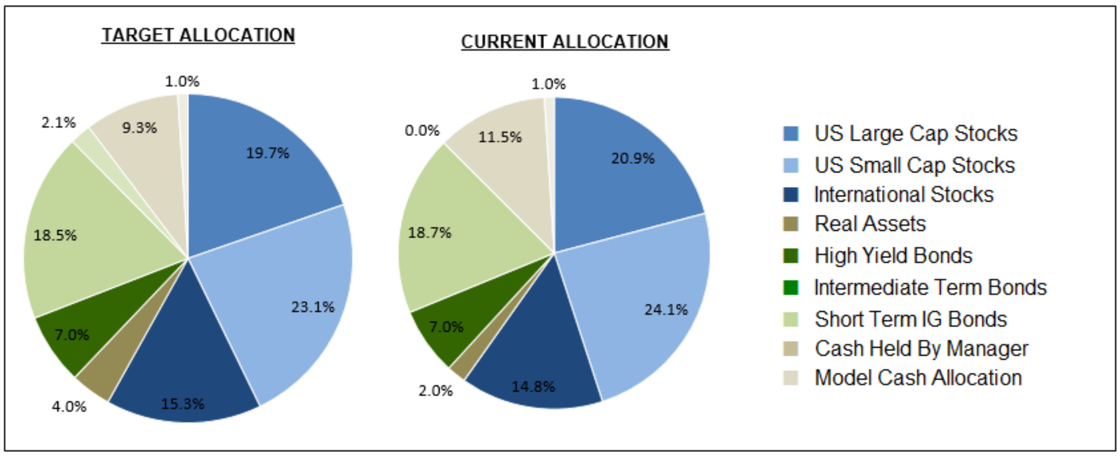
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison 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 01/31/2019, the 10-year volatility (standard deviation) of Model 5 is 7.2%, versus 13.4% 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 January, Model 5 (net of fees and expenses) outperformed[1] compared to the Global 60/40 Index, outperformed compared to the S&P Moderate Growth Index, and outperformed compared to the U.S. 60/40 Index which posted the following returns:

PERFORMANCE	JAN	COMMENTS
Global 60/40 Benchmark Index[2]	5.38%	January was a strong month for equities. Markets shrugged off the volatility in December, and virtually all sectors reflated in the U.S. and Global markets alike. Bonds also saw good performance, particularly after the Fed intimated late in the month that they are on an extended pause and their rate increase schedule is mitigated for the time being.
US 60/40 Benchmark Index[3]	5.23%	
S&P Moderate Growth Index[4]	4.46%	

(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	JAN	MULTIPLE	COMMENTS
U.S. Equities[5]	8.58%	19.3X	Stocks were broadly higher after renewed optimism in economic data, and the beginning of a new year allowed markets to reflate from an oversold situation at year end. Markets began to really move higher late in the month once the Fed intimated their intent to slow the pace of rate increases, as well as the potential for them to mitigate the normalization of their balance sheet.
International Developed[6]	6.61%	14.4X	International stocks rebounded as well, although not as strong as the U.S. and Emerging Markets. Brexit concerns still weigh on the European region. However, a move lower in Italian bonds mid-month may signal that concerns of a banking crisis in the European periphery have at least mitigated in the short term.
Emerging Markets[7]	8.76%	12.6X	Emerging markets bounced back during the month and were the best performing equity sector.

(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	JAN	SPREAD OVER UST 10 YEAR	COMMENTS
U.S. Treasuries (Medium Duration)(8)	0.74%	-	Yields were roughly flat during the month.
U.S. Treasuries (Longer Duration)(9)	0.66%	0.34%	Spreads widened but only modestly during the month. The curve remains flat.
Global Fixed Income(10)	1.52%	-0.69%	Spreads remained static during the month. However, Italian bond yields dropped and this helped take pressure off of Global bond markets.
Emerging Fixed Income(11)	3.14%	2.86%	Spreads tightened during the month as global recession concerns eased.
High Yield(12)	4.52%	4.22%	The risk-on nature of January allowed High Yield markets to strengthen and for spreads to tighten. Liquidity also improved after December saw low issuance and liquidity largely dry up.

(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	JAN	TREND	COMMENTS
Energy(13)	13.80%	-	Energy was oversold in the short term due to the market correction and had a very nice bounce back as global recession concerns mitigated. Some follow through in the coming months could confirm an uptrend.
Real Estate(14)	11.45%	-	Real Estate reflated after a tough December. We would expect Real Estate to resume an uptrend, as long as economic data remains encouraging.
Industrial Metals(15)	5.30%	-	Metals bounced back during the month. The directionality of a trade deal with China will largely shape the markets for metals in the coming weeks and months.
Gold(16)	2.89%	UP	Gold had a nice month and continues to be in an upward trend channel, likely aided by global central bank activity.

(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 new calendar year brought with it a renewed sense of optimism in the markets. Markets certainly felt oversold in the short term at year end, especially given strong economic data that did not support global recession concerns that were being priced in.

Value outperformed Growth during the month, and all markets experienced some of the best results ever for January. This was particularly felt in stocks that had very low P/E ratios at year end. 2018 was one of the worst years for fundamentally inexpensive securities since the internet bubble in the late 90s.

January was encouraging on a number of levels, as the end of 2018 certainly left a bad taste in the mouths of most investors, who had been conditioned to low volatility due to the sanguine nature of markets over the past several years. Markets jumped even more late in the month, when the Fed issued a statement that intimated that they will remain on an extended pause when it comes to hiking interest rates. The Fed also issued a dovish statement that suggested that they could also mitigate the normalization of their balance sheet if needed to bolster markets. This dovish stance is a near 180-degree turn from the statement issued at the end of the third quarter. Markets are now only pricing in a 0.25% hike for 2019 and a rate cut in the next 12-24 months.

When travelling by air, the pilot will often warn passengers to keep their seatbelt on in case there is unexpected turbulence during the flight. While we are encouraged by market activity to start the year, we feel like this is an apt analogy for 2019. Trade talks with China are ongoing and a productive outcome will be necessary for them to resume managing their monetary base. The Fed's comments, while supportive in the short term, also may signal that they see some trouble on the horizon and are preparing markets for such a situation. This leaves us remaining cautiously constructive on the markets, but also remaining prepared for turbulence/volatility that could pop up at any time.

Further Reading

1) **Risk Is Where You're Not Looking, First Pacific Advisors, January 2, 2019**

This article outlines some longer term risks facing the economy and markets. Authored by Steve Romick, manager of FPA Cresecnt, one of our money managers and our guest speaker at the 2019 CWA Annual Meeting

https://fpa.com/docs/default-source/funds/fpa-crescent-fund/literature/risk-is-where-you're-not-looking.pdf?sfvrsn=10

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.