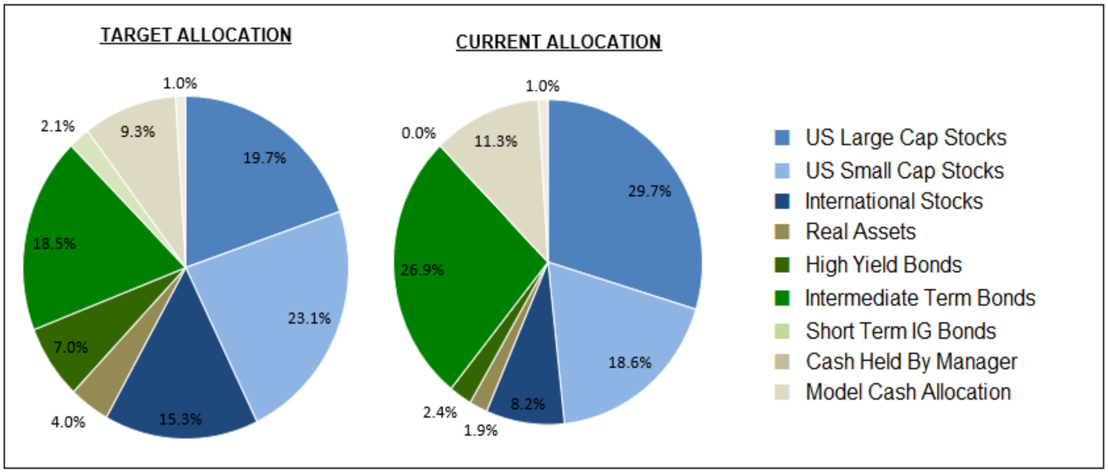
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison 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 02/29/2020, the 10-year volatility (standard deviation) of Model 5 is 6.9%, versus 12.7% 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 Global 60/40 Index, underperformed compared to the S&P Moderate Growth Index, and underperformed compared to the U.S. 60/40 Index which posted the following returns:

PERFORMANCE	FEB	COMMENTS
Global 60/40 Benchmark Index[2]	-4.58%	Domestic equities and Global equities both succumbed to the panic selling due to the Coronavirus in the last week of the month, down -8.2% and -8.1%, respectively. Domestic bonds outperformed Global bonds by 1.2% amidst a rally in the long end of the yield curve. Overall the month of February will be remembered as fear driven and fueled by disorganized selling.
US 60/40 Benchmark Index[3]	-4.23%	
S&P Moderate Growth Index[4]	-3.35%	

(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	FEB	MULTIPLE	COMMENTS
U.S. Equities[5]	-8.19%	22.9X	Broader markets experienced rampant selling in the last week of the month after it became apparent that the Coronavirus was going to disrupt global GDP.
International Developed[6]	-9.01%	18.3X	International equities underperformed domestic equities during the month.
Emerging Markets[7]	-5.26%	14.8X	Emerging markets were weak due to global economic concerns due to coronavirus boarder closings and travel restrictions.

(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)	3.15%	-	Yields dropped measurably during the month to an all time low for the 10-Year Treasury.
U.S. Treasuries (Longer Duration)(9)	6.87%	0.44%	Long term Treasury yields fell dramatically, and the yield curve flattened amid a flight to safety for global market participants.
Global Fixed Income(10)	0.67%	-0.16%	Global bonds rallied modestly.
Emerging Fixed Income(11)	-1.18%	3.09%	Emerging market bonds sold off and spreads widened due to a decreased appetite for risk in the global marketplace.
High Yield(12)	-1.41%	4.68%	Junk rated credit sold off and spreads widened by almost a percent amid global slowdown worries.

(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)	-12.37%	DOWN	Oil is now in bear market territory and has some of the worst sentiment surrounding the space in many decades. Global GDP data in the coming months will be the main driver of oil prices as market participants watch to see how the Coronavirus affects demand.
Real Estate(14)	-6.95%	-	Real Estate weakened amidst the risk off backdrop. Rate cuts and easier monetary conditions could help stabilize the space if markets calm.
Industrial Metals(15)	-1.19%	DOWN	China and global GDP will shape the demand for metals over the coming months.
Gold(16)	-0.64%	-	Gold sold off modestly during the month as the demand for U.S. Dollars picked up. If markets continue to remain volatile and given the state of Central Bank activity, gold should remain stable at the minimum and could catch a bid.

(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 S&P 500 fell just shy of -12% in the last week of February amid concerns regarding the spread of the COVID-19 virus (Coronavirus).

The narrative in the media had been widely dismissive of the virus leading up to the last week of February, even as early as the first reports on January 10. After the virus spread and reports started popping up in over 16 different countries, market participants quickly began to panic.

China is the largest manufacturing economy in the world and is responsible for over 15% of transactions that affect Global GDP. The duration of this virus outbreak has now woken up the world to the reality that Global GDP will slow measurably in the coming months. Market valuations were stretched to begin the year, with a an over 31% return for equities last year coming from multiple expansion with no earnings growth to back it up. The story for 2020 was for earnings to play catchup and for the fundamentals to grow into the stock prices, bolstered by good economic and wage growth in the U.S. It appears that the earnings growth story is in danger, if not already over for 2020, as the fears of the virus have now left stock prices dangling over a cliff. Market participants were also looking for reasons to take profit after an over decade long, near interrupted bull run.

As of this writing, the Fed has made an emergency rate cut of 0.50%. On the day they made that cut, the market sold of almost 3% and the 10 Year U.S. Treasury yield went below 1% for the first time ever.

US 10-Year Treasury Yield (source: Bloomberg)

We view the bond market as a tell on the global economy, and that the yield continuing to compress lower is a sign that there could be more volatility to come. The market was up over 4.5% Monday, March 2, and that caused some very temporary relief. However, we are reminded that many of the singular best days in the market over the past several decades happened in October 2008 to February 2009. Markets are not linear and we feel is prudent to not get too high or low at the present time in our view of market action.

We often close these letters stating that we feel risk management is paramount, and this situation is optimal evidence. What brought market volatility and panic was not earnings, or a war, or politics, but a flulike virus that was dismissed early on and that originated outside U.S. boarders. We would anticipate our managers will remain vigilant in the short term and to start looking for value as markets become more rational.

Further Reading

1) **What Happens to Stocks After a Big Down Month?, A Wealth of Common Sense, March 1, 2020**

   Food for thought and a reminder that large drops in the market are a reason to be vigilant in the short term but to start being constructive over the long term.

   https://awealthofcommonsense.com/2020/03/what-happens-to-stocks-after-a-big-down-month/

2) **Negative Interest Rates: Coming To An Economy Near You?, Western Asset, February, 2020**

   A very technical but educational paper on the history and mechanics of rates moving negative that is timely given the trajectory of the US Treasury market.

   http://www.westernasset.com/us/en/pdfs/whitepapers/negative-interest-rates-2020-01.pdf

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.

Asset allocation and diversification do not assure or guarantee better performance and cannot eliminate the risk of investment losses. All investments and strategies have the potential for profit or loss. Different types of investments involve higher and lower levels of risk. Historical performance returns for investment indexes and/or categories, usually do not deduct transaction and/or custodial charges or an advisory fee, which would decrease historical performance results. There are no assurances that a portfolio will match or exceed any specific benchmark.

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.