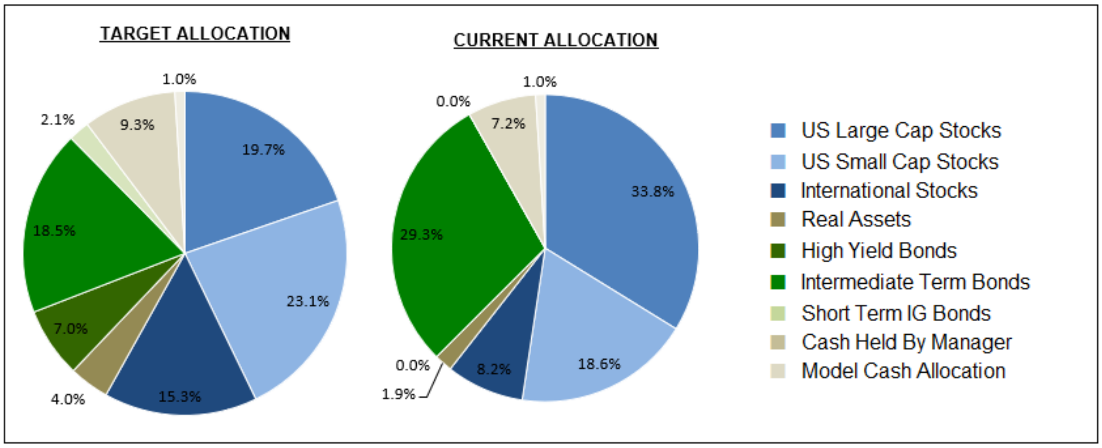
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison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

Equal Weight Equities

Under 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 12/31/2020, the 10-year volatility (standard deviation) of Model 5 is 8.3%, versus 13.5% 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 December, Model 5 (net of fees and expenses) outperformed[1] compared to the U.S. 60/40 Index, outperformed compared to the S&P Moderate Growth Index, and underperformed compared to the Global 60/40 Index which posted the following returns:

PERFORMANCE	DEC	COMMENTS
Global 60/40 Benchmark Index[2]	3.51%	Global equities outperformed domestic equities during the month, due in part to a weakening U.S. Dollar. Global bonds also outperformed domestic bonds during the month.
U.S. 60/40 Benchmark Index[3]	2.36%	
S&P Moderate Growth Index[4]	2.63%	

(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	DEC	MULTIPLE	COMMENTS
U.S. Equities[5]	4.50%	33.8X	Equities continued to demonstrate broad strength during December. Value once again outperformed Growth, which was a trend that held for the entire 4th Quarter.
International Developed[6]	4.67%	43.8X	International equities outperformed U.S. equities during December.
Emerging Markets[7]	7.25%	25.5X	Emerging market equities were up strong during December, benefitting from a weakening U.S. Dollar.

(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	DEC	SPREAD OVER UST 10 YEAR	COMMENTS
U.S. Treasuries (Medium Duration)(8)	-0.28%	-	The 10-Year was quiet during the month.
U.S. Treasuries (Longer Duration)(9)	-1.20%	0.70%	The curve steepened during the month.
Global Fixed Income(10)	1.34%	-0.07%	Global bonds outperformed domestic bonds in December.
Emerging Fixed Income(11)	1.51%	2.65%	Emerging market debt benefitted from a weakening U.S. Dollar.
High Yield(12)	1.88%	3.31%	High Yield has caught a bid with the risk on trend in equity markets the last few months.

(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	DEC	TREND	COMMENTS
Energy(13)	6.33%	UP	Oil is now in an upward trend channel after two strong months in a row.
Real Estate(14)	2.53%	UP	Real estate is now in an up channel as well.
Industrial Metals(15)	-0.25%	-	Industrial metals were quiet during December.
Gold(16)	7.01%	-	Gold had a huge month due to Dollar weakness and could begin to once again gain traction here if the Dollar continues to weaken.

(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

As we enter 2021, there is a sense of cautious optimism in the air. The vaccine has given us a reason to see light at the end of the tunnel and the potential for a resumption of some sense of normalcy sometime later in the year. The elections are over and a new administration is about to take over the White House. Markets have been bolstered by stimulus and are sitting near all time highs. And the mere action of flipping the calendar and no longer seeing the year 2020 anymore is enough to generate some positive feelings in most people.

Here are a few areas that we are watching closely as we enter 2021.

- **Do fundamentals matter again?**

  Value outperformed Growth during the 4Q of 2020 (16.3% for the Russell 1000 Value Index vs 11.4% for the Russell 1000 Growth Index). It appears the narrative is shifting away from the "technology or bust" narrative we have been accustomed to for the past several years. One of the reasons we believe this narrative is beginning to shift are that inflation expectations are much higher than in previous years. Historically, Technology stocks outperform when there is low inflation, and do not perform very well when inflation is higher. If inflation does indeed pick up, it could usher in new leadership for the stock market, and the market will likely favor industries and companies that have solid fundamentals.

- **The Pandemic effect**

  In last months newsletter we outlined the elevated Cyclical P/E ratio and how the market appears very expensive on the surface. We are once again entering a new calendar year with elevated multiples, much the same as we did in January of 2020. This year, however, looks can be a little deceiving. Earnings estimates have been lowered due to the effects from the lockdown and the pandemic, and with the market at all time highs, it makes the market appear to be overvalued. However, there is room for earnings to catch up to valuations a bit. Year-over-year comparisons are going to be very easy for most companies to hit in the first half of 2021, and this could leave room for the denominator of the P/E ratio to grow into a healthier valuation multiple. The market knows this, and that is why it has run the past few months post the announcement of the vaccine. The ability for earnings to ramp back up will likely be a dominant story for 2021 that will shape the trajectory of markets throughout the year.

- **Credit**

  We enter 2021 underweighted to credit on the fixed income side of our portfolios. We believe there will be ample opportunity to reenter our positions in credit in 2021 at better prices. The last several credit events in the markets have been largely dominated by liquidity concerns, rather than solvency. However, the pandemic has now changed the dynamic, and we believe there could be waves of defaults in real estate and high yield credit throughout the year. This presents opportunity to step in to good credits at higher yields as opportunities present themselves.

We again reiterate our cautious optimism as we enter 2021. This is a time in the cycle to concentrate on making investments that are fundamentally sound and that contain a margin of safety, as potential pitfalls are abundant. Risk management will be paramount throughout the year.

Further Reading

1) **The Stock Market Could Gain Another 10% Next Year, Experts Say. Barrons, December 18, 2020**

https://www.barrons.com/articles/the-stock-market-could-gain-in-2021-51608339301?mod=hpsubnav

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.