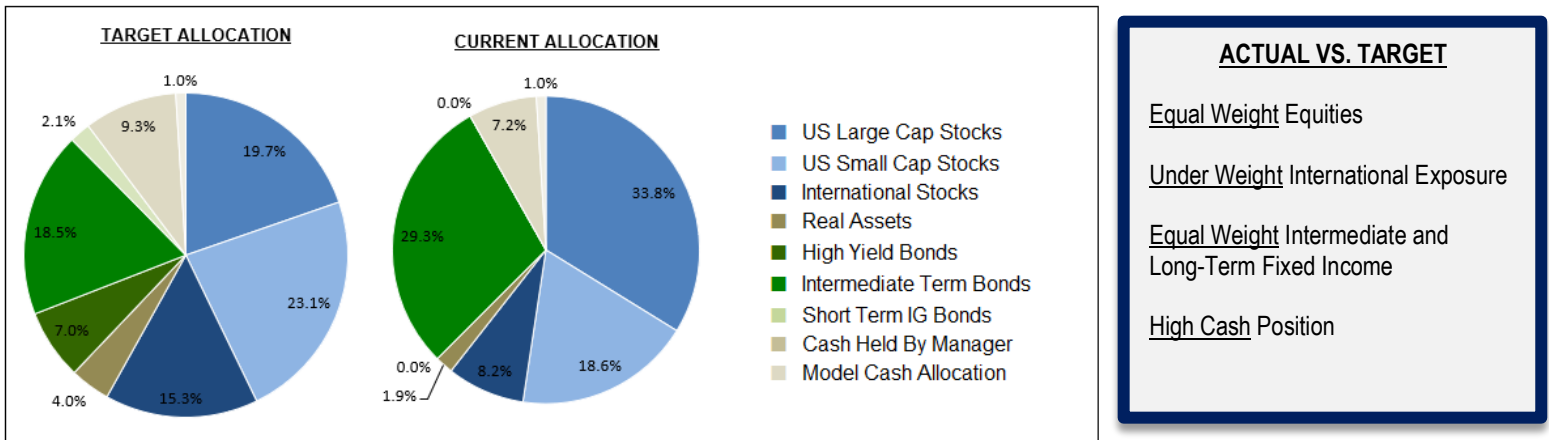


*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison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



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 05/31/2021, the 10-year volatility (standard deviation) of Model 5 is 8.4%, versus 13.6% 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 May, Model 5 (net of fees and expenses) underperformed compared to the S&P Moderate Growth Index, underperformed compared to the Global 60/40 Index, and market performed¹⁾ compared to the U.S. 60/40 Index, which posted the following returns:

PERFORMANCE	MAY	COMMENTS
Global 60/40 Benchmark Index ⁽²⁾	1.16%	International equities and bonds outperformed their domestic counterparts during the month, likely credited to a higher than expected inflation print in the first weeks of May.
U.S. 60/40 Benchmark Index ⁽³⁾	0.55%	
S&P Moderate Growth Index ⁽⁴⁾	0.98%	

(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	MAY	MULTIPLE	COMMENTS
U.S. Equities ⁽⁵⁾	0.46%	33.4X	The broader market marginally underperformed the larger cap indices during the month of May.
International Developed ⁽⁶⁾	3.66%	30.6X	International equities were strong during the month as capital sought out overseas equities due to a higher than expected inflation print in early May.
Emerging Markets ⁽⁷⁾	1.16%	17.2X	Emerging market equities outperformed domestic equities during the month in tandem with International developed equities.

(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	MAY	SPREAD OVER UST 10 YEAR	COMMENTS
U.S. Treasuries (Medium Duration) ⁽⁸⁾	0.61%	-	10-Year yields declined during the month.
U.S. Treasuries (Longer Duration) ⁽⁹⁾	0.52%	0.67%	Yields fell during the month and spreads stayed consistent.
Global Fixed Income ⁽¹⁰⁾	0.74%	-0.47%	Global bonds outperformed domestic bonds in aggregate during May
Emerging Fixed Income ⁽¹¹⁾	1.23%	2.23%	Emerging market debt popped again during the month.
High Yield ⁽¹²⁾	0.30%	2.44%	High Yield continues to enjoy good returns given the equity-like properties of the underlying debt.

(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	MAY	TREND	COMMENTS
Energy ⁽¹³⁾	3.94%	UP	Oil continued to march higher amid inflation expectations increasing and a supply side problem post 2020.
Real Estate ⁽¹⁴⁾	1.02%	UP	Real estate is on a tear.
Industrial Metals ⁽¹⁵⁾	3.67%	UP	Industrial metals continue to climb given inflation expectations and an output gap post pandemic.
Gold ⁽¹⁶⁾	7.68%	UP	Gold popped after the May inflation report and is now in a confirmed uptrend.

(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.

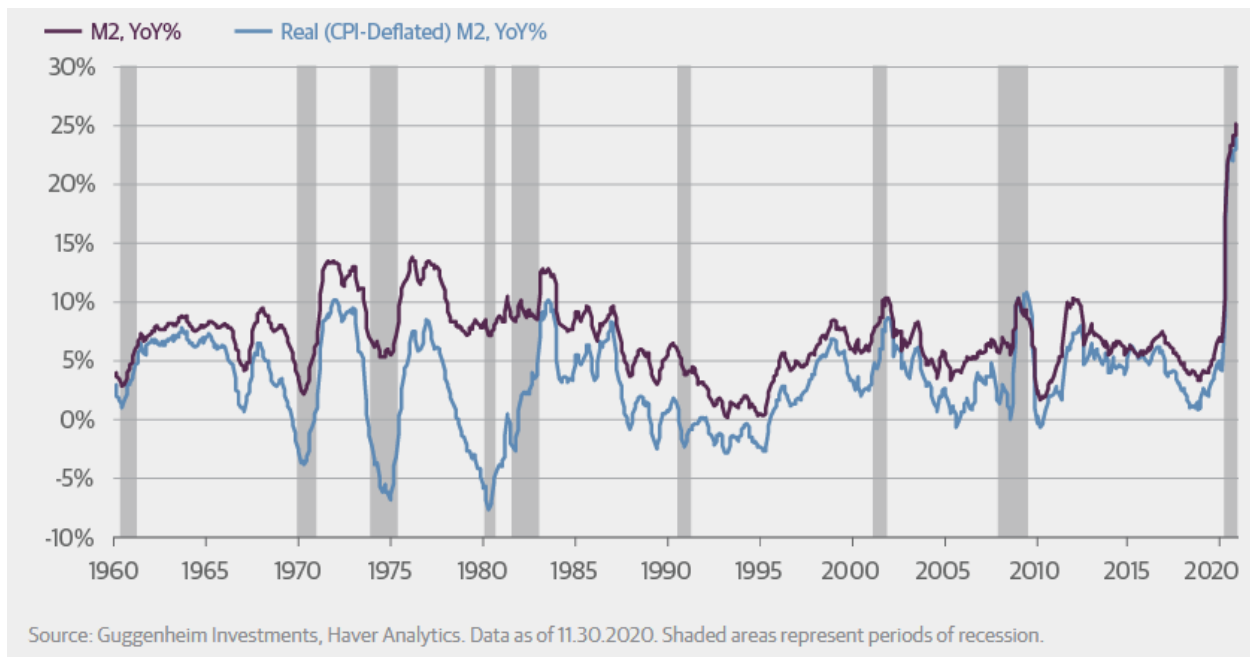
(16) SPDR Gold Shares (GLD).

Market Comments

The spike in M2 money supply has caused inflation expectations to reach a 10-year high, and many investors saw the inflation print for the month of May as confirmation that inflation is here. We disagree.

The pandemic messed up many things in our lives and was the greatest disruptor many of us have ever seen in our lifetime. Economic data is not immune. Many are pointing to the inflation prints in May as confirmation that inflation is indeed starting to run rampant. We believe these prints are merely a head fake – a natural occurrence from reopening the economy at a time when we have a massive output gap and a supply side shortage from everything from lumber to used cars to homes themselves. This data will normalize over the coming months.

M2 money supply is, in theory, an indicator of the potential for inflation, and the unprecedented stimulus has spiked M2.



However, M2 money supply itself does not mean that inflation is here. Here are comments from Guggenheim, one of our bond managers, about what happens to the money once it enters the money supply.

“As the stimulus checks go out, that cash moves into private sector checking accounts, causing M2 to balloon. Some of the money is spent, but most is saved. That unspent money eventually finds its way into securities markets either directly through investors or through banks choosing to invest deposit inflows in U.S. Treasury notes, Agency debentures and mortgage-backed securities, municipal securities, and asset-backed securities. This flood of cash is driving short rates lower. Last week Libor set a record low of 18 basis points (bps) while Treasury bills now yield 3 bps and 2-year Treasury rates are at 16 bps. As the money continues to flood into the private sector, we continue to see a rise in stock and bond prices. Over time, as stimulus payments and tax refunds are distributed and more money looks to be put to work, investors will extend maturities on their bond portfolios in a “reach for yield.”

Against this backdrop, 2-year Treasury note yields could go to 1 bp or lower and 5-year Treasury notes could easily reach 10 bps. These levels would put downward pressure on 10-year Treasury rates, likely rendering the current yield unsustainable.”

It is important when investing to not react to one off economic data prints, or to merely stare at a textbook to guide decisions. This is an environment we continue to believe is constructive for investment returns but should be approached with risk management in place and with the understanding that pockets of volatility will likely crop up and various times along the way.

Further Reading

1) **Last Year vs. This Year in the Markets, A Wealth of Common Sense, May 23, 2021**

<https://awealthofcommonsense.com/2021/05/last-year-vs-this-year-in-the-markets/>

This is a great presentation of just how much has changed within the markets over the past year.

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.