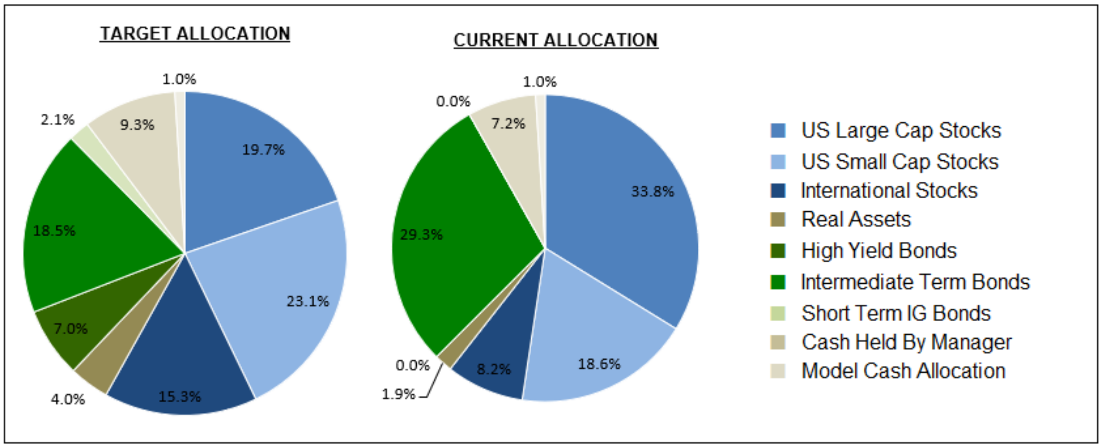
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as "Moderate Growth" throughout. Specific references to performance, current allocation, or comparison 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 12/31/2021, the 10-year volatility (standard deviation) of Model 5 is 8.2%, versus 13.0% 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 compared to the Global 60/40 Index, outperformed compared to the U.S. 60/40 Index, and outperformed compared to the S&P Moderate Growth which posted the following returns:

PERFORMANCE	DEC	COMMENTS
Global 60/40 Benchmark Index[2]	2.30%	Equity markets shrugged of mid-month volatility to end the year on a strong surge higher. Bonds were slightly negative for the month.
U.S. 60/40 Benchmark Index[3]	2.58%	
S&P Moderate Growth Index[4]	1.99%	

(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]	3.93%	29.3X	The broader market was solidly higher to end the year on a positive note. 2021 was a very successful year for equity returns.
International Developed[6]	5.13%	17.5X	International markets outperformed during December.
Emerging Markets[7]	1.81%	14.0X	Emerging markets finished positive for the month.

(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)	-0.31%	-	Yields rose during the month.
U.S. Treasuries (Longer Duration)(9)	-1.65%	0.56%	Long-term yields rose during the month after hawkish Fed comments.
Global Fixed Income(10)	-0.14%	-0.11%	Global bonds were relatively flat for the month.
Emerging Fixed Income(11)	0.90%	2.95%	Emerging market debt gained during the month.
High Yield(12)	1.87%	3.11%	High Yield was positive during the month, with the equity-like nature of the asset class helping to shrug off hawkish fed comments.

(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)	11.02%	UP	Oil snapped back strongly after a poor end to November.
Real Estate(14)	9.44%	UP	Real estate was strongly higher during the month.
Industrial Metals(15)	5.02%	UP	Industrial metals were strongly higher during the month.
Gold(16)	3.30%	-	Gold had a solid month after a tough year relative to expectations.

(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 2022 there seems to be a palpable sense of uncertainty. The market surge for the past two years has left investors breathless and trepidatious about what may be coming. The Omicron variant is widespread, and the Fed has turned hawkish and is now stating they expect at least three 0.25% rate hikes in 2022, along with the continuation of their tapering program for asset purchases. If this weren't enough, inflation remains elevated.

There are several bright spots, however. The market shrugged off the Omicron news in a matter of hours, which poses a dual positive – the market has learned to digest pandemic data in real time and seems relatively unaffected by bad data points. The Fed has embarked on numerous hiking attempts the past several years, only to see rates stay very low and to eventually head back to zero. Our channel checks with our manager base – which constitutes the collective thoughts of hundreds of corporate management teams – suggests that cost inflations have peaked and in most cases is headed lower, laying the groundwork for inflation to moderate by the 2H of this year. And contrary to logic and intuition, the market generally does very well the years preceding 25%+ gains.

Greater Than 25% Years Are A Good Sign For The Next Year

S&P 500 Index Returns After Big Yearly Returns

	S&P 500 Return	
Year	Return	Next Year Return
1954	45.0%	26.4%
1955	26.4%	2.6%
1958	38.1%	8.5%
1975	31.5%	19.1%
1980	25.8%	-9.7%
1985	26.3%	14.6%
1989	27.3%	-6.6%
1991	26.3%	4.5%
1995	34.1%	20.3%
1997	31.0%	26.7%
1998	26.7%	19.5%
2003	26.4%	9.0%
2013	29.6%	11.4%
2019	28.9%	16.3%
2021	26.9%	?
Average		11.6%
Median		13.0%
% Positive		85.7%
Average Year (1950 - 2020)		9.2%
Median		11.8%
% Positive		71.8%

Source: LPL Research, FactSet 01/01/22

All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

The modern design of the S&P 500 stock index was first launched in 1957. Performance back to 1950 incorporates the performance of predecessor index, the S&P 90.

As you can see, the only two years since 1950 that were following a 25%+ gain that were negative, were relatively minor.

Our outlook for 2022 remains relatively unchanged. We are cautiously optimistic on equity returns, however our expectations are muted. We believe a high single digit or low double-digit return is within reach, which would be a great year on the heels of the last 24 months. We believe the bond market will be able to deliver some return this year – the active managers we employ generally do very well when the

Fed is enacting policy of any kind, as it leads to liquidity problems for the bond market and for price volatility (both of these were largely absent in 2021).

We expect the Fed to make good on its attempts to raise rates and are forecasting at least two 0.25% rate hikes, with room for a third if all goes well. We also believe that the market is in the early innings of a narrative shift, which could surface with new market leadership. As of this writing, over 40% of the stocks in the NASDAQ are down greater than 50% from their highs. The headline index has been able to hold up due to the dominance of FAANGM. But looking below the surface, things are not so rosy and investor sentiment shifting to favor fundamentals and inflation resistant business could benefit our portfolio positioning.

We continue to believe that investors should stay engaged with the market during this uncertain time and should favor risk management and fundamentals rather than momentum and narrative during this time.

Further Reading

"Sooner and Faster", Guggenheim Investments, January 10, 2022

https://www.guggenheiminvestments.com/perspectives/weekly-viewpoint/sooner-and-faster

For questions, or to request additional information, please contact your CWA Financial Planner

***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.