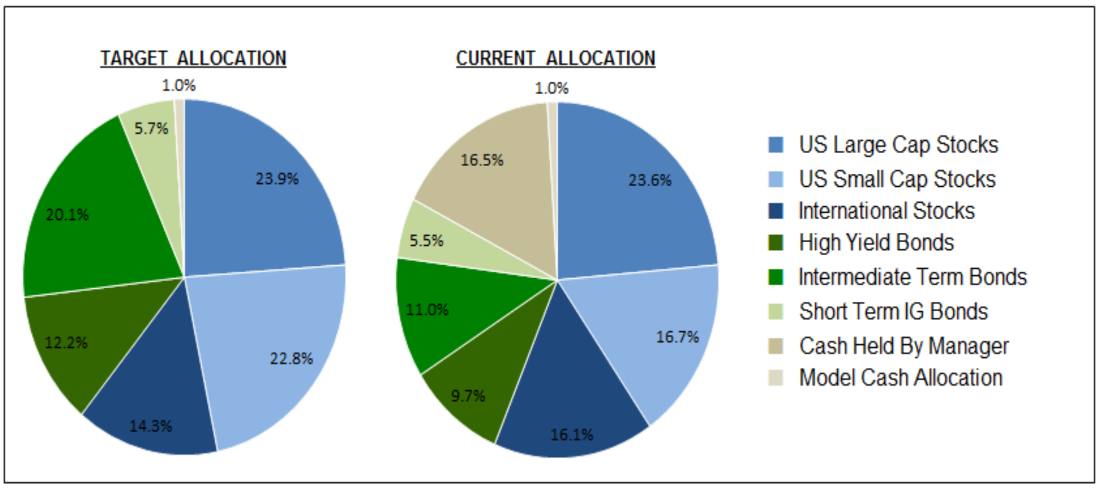
*General overall portfolio comments refer to the Moderate Growth allocations used in both the Pooled Fund Program and the Unified Managed Account Program. These general comments will be referred to as “Moderate Growth” throughout. Specific references to performance, current allocation, or comparison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

Underweight 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 10/31/16, the 7-year volatility (standard deviation) of Model 5 is 6.58%, versus 12.69% 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 October, Model 5 (net of fees and expenses) under-performed(1) compared to the U.S. 60/40 Index, under-performed the S&P Moderate Growth Index, and out-performed(1) the Global 60/40 Index, which posted the following returns:

PERFORMANCE	OCT	COMMENTS
Global 60/40 Benchmark Index(2)	-2.11%	October was a difficult month for stocks and bonds alike, with both domestic and international equity and fixed income markets having losses. The U.S. bond market out-performed the global bond market. However, the international equity market modestly outperformed domestic equities.
US 60/40 Benchmark Index(3)	-1.40%	
S&P Moderate Growth Index(4)	-1.45%	

(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

General Overview. Domestic and International equity and bond markets both had losses for the month of October, with international bonds showing the largest losses of the group. Emerging market equities as well as U.S. High Yield were the lone bright spots globally, coming in with very modest gains for the month.

Equities

PERFORMANCE	OCT	MULTIPLE	COMMENTS
U.S. Equities(5)	-2.16%	21.4X	Domestic equities were negative for the month, with the largest losses coming from the small-cap market.
International Developed(6)	-2.03%	23.2X	International equities sold off as well and had more day-to-day volatility than the domestic markets.
Emerging Markets(7)	0.25%	15.2X	Emerging markets started off the month hot, so were able to end the month with a modest gain despite selling off alongside international and domestic 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	OCT	SPREAD OVER UST 10 YEAR	COMMENTS
U.S. Treasuries (Medium Duration)(8)	-1.43%	-	Government bonds saw some of their largest monthly losses for the year.
U.S. Treasuries (Longer Duration)(9)	-4.29%	0.70%	Spreads continued to widen marginally during the month. Longer duration bonds saw their largest losses of the year.
Global Fixed Income(10)	-2.78%	-0.54%	Global fixed income sold off during the month, although the spread only narrowed by 2 basis points.
Emerging Fixed Income(11)	-0.41%	2.76%	Emerging market bonds held strong on a relative basis, while the spread only narrowed modestly. From a yield basis EM still continues to be an attractive source of income globally, which should help stabilize their markets from a capital flows perspective.
High Yield(12)	0.39%	4.68%	The High Yield market showed modest gains, although the spread widened. High Yield is becoming very expensive from a value standpoint and may be vulnerable to a sell off if global markets continue to weaken.

(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).

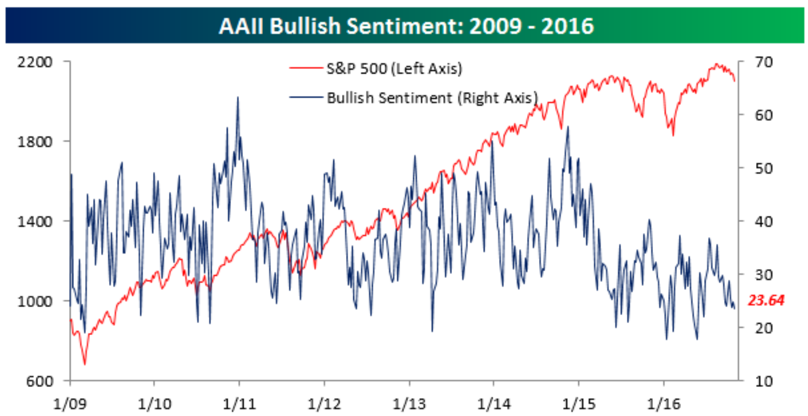
PERFORMANCE	OCT	TREND	COMMENTS
Energy(13)	-3.48%	DOWN	Oil reversed trend during the month due mainly to U.S. dollar strength.
Real Estate(14)	-4.93%	DOWN	Real Estate is now down just shy of 10% since the end of July and is entering bear market territory.
Industrial Metals(15)	1.13%	UP	Metals continued to rebound in October and are the lone bright spot in the commodity complex.
Gold(16)	-2.92%	DOWN	Gold fell nearly 3% in a month where the U.S. dollar got stronger. We view Gold as a U.S. Dollar proxy for the next few months and would expect its directionality to be determined after the December Fed meeting.

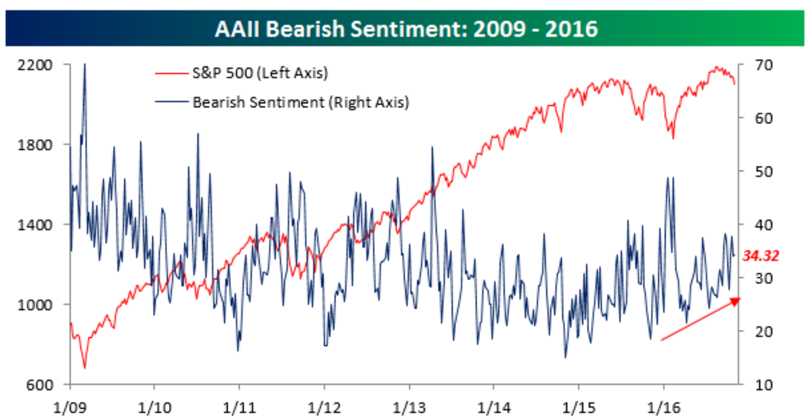
(13) S&P GSCI Energy Total Return Index.
(14) Dow Jones U.S. Real Estate Index.
(15) S&P GSCI Industrial Metals Total Return Index.
(16) Gold Spot Index in USD.

Market Comments

October was a poor month for both equities and bonds. This is not unexpected, however. In our last two monthly updates we noted the amount of complacency in the markets. October brought with it the new realities of an election happening in just over a month as well as new data points that we believe point to the Fed raising rates in December. With that much uncertainty on the horizon it appears the market began to price in the potential rate hike, as well as digest what the potential outcomes of Trump or Clinton winning may look like.

Ahead of the elections, the American Association of Individual Investors Bullish and Bearish surveys are both holding steady, although the percentage of the investors they are screening that were Bearish ticked up a little right at the beginning of November. We believe this to be indicative of a polarized and potentially paralyzed voting public, and recent polls show the race tightening up heading into next week's vote.





Source: www.aaii.com

The market traditionally does not like uncertainty, and we are hard pressed to think of a time when there was this much uncertainty surrounding an election. Whatever the result, the upcoming weeks will be a time to observe and to begin to formulate any changes in strategy that may be warranted post-election.

Further Reading

1) **Why The Stock Market Makes You Feel Terrible Every Single Day**, A Wealth of Common Sense, May 15, 2014

This is an old article that I stumbled across and revisited, and it is even more relevant today. Ben Carlson at A Wealth of Common Sense makes frequent appearances here, but it is because he is one of the few that eloquently writes about the human aspect of investing and the emotional biases surrounding it.

2) **Fed Signals It's on Track to Raise Interest Rates in December**, NY Times, November 2, 2016

This article outlines many of the data points that point to the Fed raising rates in December, much as they did in 2015.

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 of that the Manager will be able to achieve its objectives. Investing involves risk and the possibility of loss, including a permanent loss of principal.

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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.

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.