WISCO
Investment Management

Second Quarter 2020

DEAR CLIENTS & FRIENDS;

The Wisco-managed portfolios rebounded in the second quarter benefiting from signs of stabilization in the COVID-19 pandemic as well as unprecedented actions taken by the Federal Reserve. In the quarter, our lower risk portfolios (Conservative & Balanced) experienced gains in the low double-digit range while our higher risk portfolios (Growth & Aggressive) were up in the mid-teens range. Our lower risk portfolios are flattish year-to-date while our riskier portfolios remain down in the mid-single digits due to their higher allocation to equities.

U.S. and international stock markets recovered in the second quarter, rising 22% and 16% respectively, but remain modestly down for the year. Concerns over the spread of COVID-19 escalated in China and Italy earlier this year with those fears reaching the U.S. in mid-February. The U.S. stock market reached an all-time high on February 19th but subsequently plunged 31% on the uncertainty related to the virus before bottoming on March 23rd. A U.S. recession was declared in February ending the longest expansion in our country's history.

The sharp recovery in the stock market during the second quarter was difficult to foresee. We believe the rebound can be attributed to the Fed's significant liquidity actions, expectations for a 0% fed funds rate for as long as needed, a job market that has recovered a little faster than initially feared and some improvement in managing COVID-19.

Fixed income markets also performed well this quarter. The Barclays U.S. Aggregate Bond Index was up 4% this quarter. The 10-year treasury yield began the year at 1.9% and had fallen to 0.7% at the end of June (hitting an all-time low on March 8th of 0.32%). The rapid decline in treasury rates imply declining expectations for inflation and economic growth. Corporate bonds outperformed treasuries as spreads tightened during the quarter.

This has been a challenging and stressful time in the financial markets and in life in general. During periods of high volatility its natural for investors to second guess their investment choices. However, second quarter results reinforce how important it is to remain disciplined to your long-term investment strategy and to 'stay the course'. Although the U.S. stock market may remain bumpy for the remainder of the year, we anticipate economic growth to re-accelerate in 2021.

As a reminder, our policy is to rebalance client portfolios on a semi-annual basis (in January & July). This allows us to realign the positioning of your portfolio with our current market expectations. To that end, we plan to complete our July rebalancing over the course of the next few weeks. As always, feel free to contact us to discuss the rebalancing of your portfolio, your targeted risk level, or any other life changes that may be relevant to how your portfolio is invested. In addition, per our annual requirements, we have enclosed a copy of Wisco's privacy policy and will send our Company Brochure to you upon request.

At Wisco, we believe our approach of designing well-diversified, low-cost investment portfolios is the best way to produce favorable results over time. Thank you for providing us with the opportunity to work with you as your investment adviser.
We appreciate your business!

Wall Street to Wisconsin

Sincerely,

*The **Wisco** Team*

Wisco Investment Management

Wisco-managed portfolios are constructed using five asset classes; Domestic Equity, International Equity, Domestic Fixed Income, Alternative Investments and Money Market. Our current managed portfolio asset class allocations are as follows:

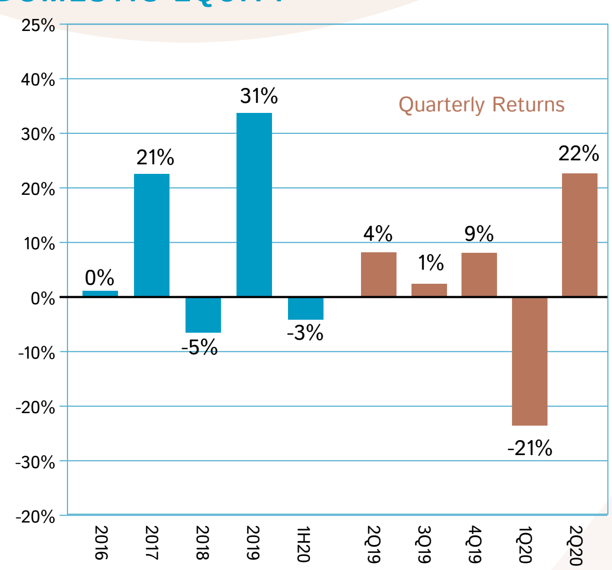
WISCO MANAGED PORTFOLIOS

	Conservative	Balanced	Balanced Growth	Growth	Aggressive
Domestic Equity	24%	33%	41%	49%	59%
International Equity	5%	9%	12%	18%	23%
Domestic Fixed Income	60%	47%	36%	22%	7%
Alternative Investments	10%	10%	10%	10%	10%
Money Market	1%	1%	1%	1%	1%
Total	100%	100%	100%	100%	100%
Target Volatility*	6%	8%	10%	12%	15%

**Target Volatility is our estimate for the annual standard deviation of portfolio returns.*
Source: Wisco Investment Management LLC

Second Quarter 2020 Market Review

DOMESTIC EQUITY

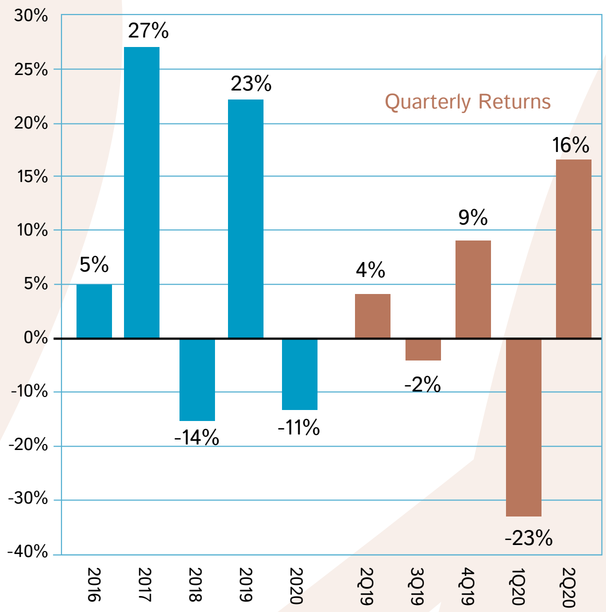


Source: Dow Jones U.S. Broad Stock Market Index and Wisco.

The stock market had a strong quarter returning 22% and recovering most of what was lost in March's historic decline. The S&P 500 finished the quarter at 3100, 9% below February 19th all-time high of 3394, but 41% above the March 23rd bottom of 2192. The National Bureau of Economic Research declared a recession had started in February ending the longest expansion in United States history. GDP declined 5.0% in 1Q20, while the S&P 500 experienced a 14% earnings decline. By sector, strength in Utilities (+7% earnings growth) and Consumer Staples (+6%) were more than offset by big declines in Financials (-44%) and Consumer Discretionary (-65%). Going forward, consensus estimates suggest earnings will decline 22% in 2020 before recovering to 2019 levels in 2021. We feel the Federal Reserve's aggressive monetary policies in the wake of the COVID-19 crisis were an important factor in the markets performance. The Fed put approximately $3 trillion into the money supply, which stabilized markets and eased liquidity concerns. This increase to the money supply has helped stabilize the economy during the crisis and could stimulate growth in the economy once the crisis has passed.

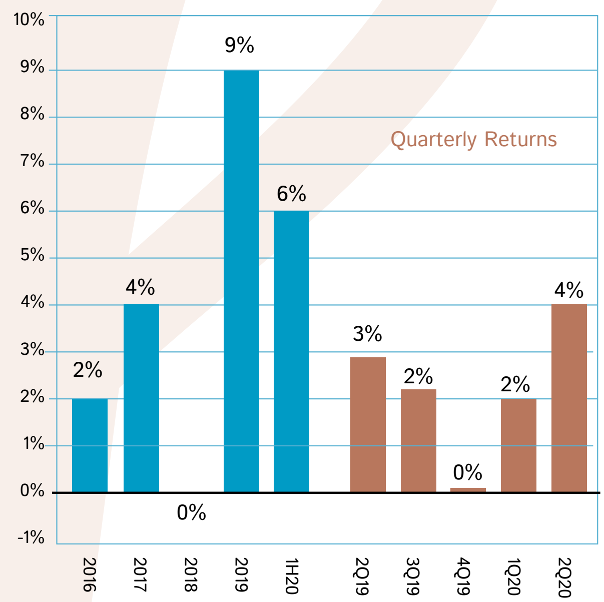
The S&P 500 is trading at 24.4x 2020 consensus earnings and 19.0x 2021 consensus earnings, which suggests a fully valued market. Furthermore, investors face a lot of uncertainty going into the second half of 2020 both in terms of COVID-19 and the domestic elections. For these reasons, Wisco is modestly reducing all our client's domestic equity exposure. Longer-term, we still feel domestic equity is a critical component to growing wealth over time.

INTERNATIONAL EQUITY



Source: MSCI ACWI ex USA and Wisco.

DOMESTIC FIXED INCOME



Source: Barclays Capital U.S. Aggregate Bond Index and Wisco.

The MSCI All World Index increased 16% in 2Q20, with the FTSE Developed Large Cap Index up 16%, FTSE Small Cap Index up 21% and FTSE Emerging Market Index up 18%. In Europe, virtually all markets increased in value with Germany up 27% and Poland up 25%. Asia also had strength across the board with Japan up 18% and Hong Kong up 5%. Emerging markets had increases in Shanghai (9%), Brazil (23%), South Africa (26%), and Russia (20%).

The Eurozone's GDP declined 13.6% in 1Q20 as the continent was impacted by COVID-19 before the United States. Going forward, Eurozone will post negative GDP numbers in 2Q20, but is expected to recover in 3Q20. The largest GDP declines in 1Q20 were in China (-33.9%) and Hong Kong (-19.6%) as they endured the brunt of COVID-19 for the full quarter. That said, China's GDP could be stronger than most nations in 2Q20 as its economy was largely open. Furthermore, European and Western Pacific nations have been able to reduce its number of new COVID-19 cases unlike the United States. This suggests international economies may recover quicker than the United States. For this reason, we are maintaining international equity positions in all our client portfolios.

The Barclays U.S. Aggregate Bond Index was up 4% in 2Q20, with Intermediate Treasuries up less than 1%, Investment Grade Bonds up 10%, and High Yield Bonds up 7%. The 10-year treasury yield started the quarter at 0.70%. The 10-year yield went as low as 0.54% on April 21st and as high as 0.96% on June 5th before finishing the quarter at 0.65%. With a recession upon us, rates are expected to stay low for a long period of time. For example, in its June meeting the Federal Reserve projected the fed funds rate would remain near zero thru 2022. While the 10-year Treasury yields just 0.65%, Investment Grade bonds still yield over 3%[5].

After posting negative returns in 1Q20, Investment Grade Bonds recovered in 2Q20 to outperform Treasuries and turn positive on the year. Going forward, we feel it is unlikely yields move materially higher anytime soon. The economy remains weak and the Fed appears committed to providing liquidity to the market. (The Fed has even started buying the same Investment Grade Bond ETF we hold in many client accounts.) For these reasons, we are increasing our Fixed Income exposure in all our client portfolios and prefer Investment Grade to Treasuries and short duration to long duration.

ALTERNATIVE INVESTMENTS

The Dow Jones-UBS Commodity Index increased 6% in the quarter. In agriculture, grain prices were mixed in 2Q20. Wheat and Corn prices declined 14%[1] and 1%[1] respectively, while soybean prices were flat[1]. Grains demand was negatively impacted by weak demand across the globe and less Chinese purchases than expected.

Precious metals continued to do well. Silver rebounded from a weak 1Q20 to return 30%[3] in 2Q20. Gold prices increasing 13%[2] in the quarter and are now up 17%[2] for the year. Precious metals have benefited from its safe haven status and provide a hedge against an ever-increasing money supply.

The Cushing, Oklahoma spot price for WTI crude oil increased from $14.10/barrel to $39.67/barrel in the quarter. For the year, spot oil is still down 35%.

Going forward, Wisco clients' are going to increase their gold position, maintain their silver holdings, and sell out of a Grain ETN. Precious metals we feel could benefit from geopolitical uncertainty and monetary leaders aggressively creating more fiat currency. We like gold more than silver because gold is rarer, and silver's price is more correlated to economic growth. We are selling out of Grains because the economy is weaker than we had expected and prospective Chinese purchases are likely to be less than we had anticipated.

MONEY MARKET

Money market yields decreased in the quarter from 0.7% to a current yield of 0.1%. Given this low yield, Wisco is going to hold a minimal amount of Cash/ Money Market assets in our client portfolios.

Footnotes:

1. *Return calculation based on the near future contract as quoted in the Wall Street Journal.*
2. *Return calculation uses Aberdeen Physical Gold Shares (SGOL) as a proxy for gold.*
3. *Return calculation uses Aberdeen Physical Silver Trust ETF (SIVR) as a proxy for silver.*
4. *Return calculation uses Cushing, OK WTI spot price FOB as a proxy for oil.*
5. *Based on iBoxx Liquid Investment Grade Index (LQD)*

Wall Street to Wisconsin

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