WISCO
Investment Management

Fourth Quarter 2020

DEAR CLIENTS & FRIENDS;

The Wisco-managed ETF portfolios performed extremely well in the fourth quarter. Our lower risk portfolios (Conservative & Balanced) were up in the mid-single digit range while our higher risk portfolios (Growth & Aggressive) were up in the mid-teens range. Performance was driven by gains across all asset classes with strong growth in global equities and commodities. For the year, all Wisco-managed portfolios were up double digits.

The U.S. and Overseas stock markets continued to recover in the fourth quarter, rising 15% and 16%, respectively. In our opinion, the gains were driven by the vaccination announcements, low interest rates, anticipation of further Central Bank stimulus and the removal of the uncertainty around the political elections. The rebound in the stock market occurred despite continued concerns surrounding COVID-19 and current recessionary environment (which was officially declared by the National Bureau of Economic Research eleven months ago). U.S. recessions have lasted about 15-months, on average, with stocks generally faring well as the economy re-enters the early stages of a new expansion cycle.

Our Fixed Income allocations were up modestly this quarter and up 7% for the year. The 10-year treasury yield began the quarter at 0.7% and edged up to 0.9% at quarter-end. For perspective, the 10-year treasury was yielding 3.1% a couple years ago. A low interest rate environment coupled with the possibility that rates begin to rise as the economy stabilizes has made it challenging for low-risk, income-oriented investors to earn yields commensurate with inflation and is likely driving demand towards risker assets. The Fed has maintained its borrowing rate at 0%-0.25% since last March and has stated that it does not expect to raise until late-2023.

Our commodity exposures consisted of gold (up 1%) and silver (up 14%) this quarter. Precious metals performed extremely well in 2020 as demand was driven by their safe-haven status and hedging ability against an increasing money supply. Wisco uses alternative exposures (like metals & agricultural products) in our ETF portfolios as they tend to improve portfolio diversification when combined with traditional investments.

As a reminder, our policy is to rebalance client portfolios on at least a semi-annual basis. To that end, we plan to complete our January rebalancing over the next few weeks. 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. Also, the 2020 IRA contribution deadline is fast approaching so let us know if we can help.

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

Wall Street to Wisconsin

Sincerely,

*The **Wisco** Team*

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Fourth Quarter 2020

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:

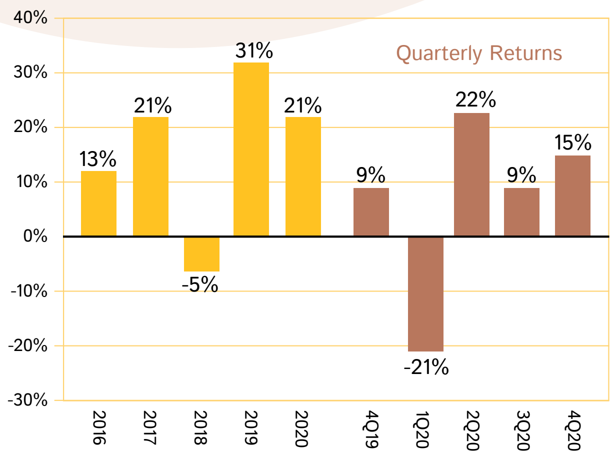
WISCO MANAGED PORTFOLIOS

	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

Fourth Quarter 2020 Market Review

DOMESTIC EQUITY

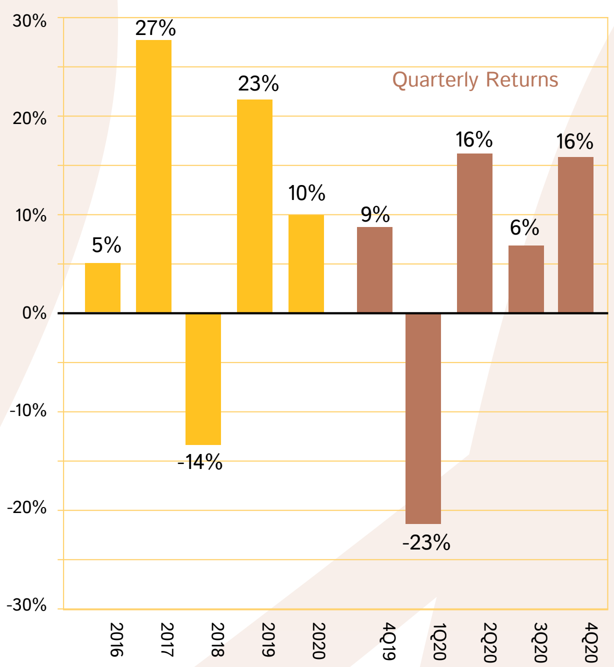


Source: Dow Jones U.S. Broad Stock Market Index and Wisco.

The stock market had another strong quarter returning 15% and returned 21% in 2020. The S&P 500 reached a new high November 9th on news of a successful COVID-19 vaccine trial. The S&P 500 then continued to make new highs, reaching an all-time high on December 31th, and finished the year at 3756, 68% above the March 23rd bottom. The United States' 3Q20 GDP recovered from its worst decline ever in 2Q but is still on pace to decline almost 4% in 2020. S&P 500's 3Q20 earnings declined 7%, with strength in Health Care (+13% earnings growth) and Consumer Staples (+7%) more than offset by declines in Industrials (-48%) and Energy (-109%). Consensus estimates suggest earnings declined 14% in 2020. Going forward, 2021 consensus earnings estimates are expected to be 22% higher than 2020's and 4% higher than 2019's peak levels. We are optimistic about 2021's growth prospects for a number of reasons. First, widespread vaccinations in the first half of 2021 could unleash pent-up demand in consumer spending. Second, a 25% increase in the money supply in 2020, has resulted in ample liquidity for the economy. Finally, a $900 billion stimulus package could boost consumer spending.

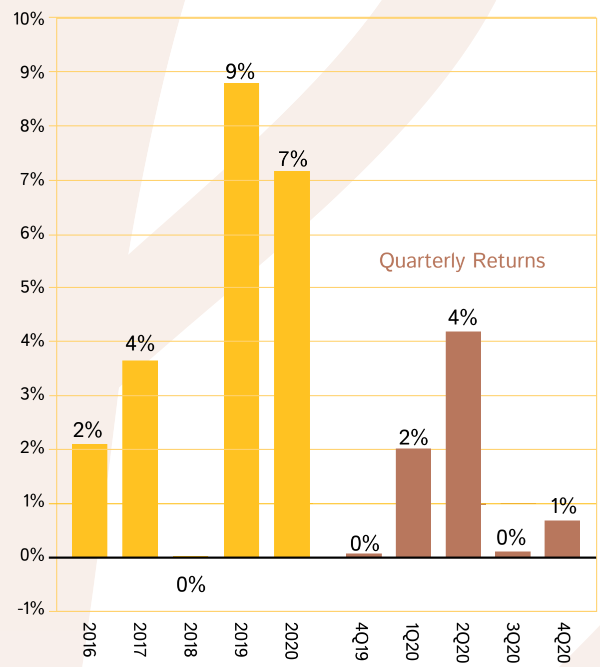
While lower than normal interest rates and strong growth prospects both justify higher multiples, the S&P 500 is trading at 22x 2021 consensus earnings estimates, which is its highest forward multiple since the beginning of the century. Therefore, we are going to reduce domestic equity allocations in all of our managed portfolios back to their July levels and incrementally add exposure to smaller companies which could have more upside in an accelerating economy.

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 4Q20, with FTSE Developed Large Cap Index up 16%, FTSE Small Cap Index up 18% and FTSE Emerging Market Index up 17%. In Europe, markets were strong across the board with Austria (+39%) and Greece (+35%) among the top performers. Asia was also strong with Japan up 21%, Hong Kong up 16% and South Korea up 33%. Emerging markets had increases in Shanghai (12%), Mexico (31%), and South Africa (24%).

3Q20 GDPs did recover from the historic 2Q20 declines. For the year, the Eurozone GDP is projected to decline 8% and Britain is expected to decline 11%. China is the only major economy expected to have GDP growth (+1.8%) in 2020. COVID-19 shutdowns negatively impacted economies in 2020, however, we are hopeful economic growth returns in 2021, as promising vaccines are rolled out. International stocks trade at a 19 forward PE vs. 22 for the United States which suggests valuations might be more attractive aboard. In addition, as economies recover, we think small and emerging market companies could grow faster than more developed companies. Therefore, we are maintaining our international equity exposure and focusing more on smaller, less developed companies.

The Barclays U.S. Aggregate Bond Index was up 1% in 4Q20 and up 7% for the year with Intermediate Treasuries (flat in 4Q, up 8% in 2020), Investment Grade Bonds (up 3% in 4Q, up 11% in 2020) and High Yield Bonds (up 6% in 4Q, up 4% in 2020). The 10-year treasury yield trended higher in the quarter starting at 0.66%, peaking Dec. 4th at 0.99%, before finishing the quarter at 0.92%. Annual CPI in November continued to be tame at 1.2%. The Federal Reserve continues to hold rates around 0% and increased the assets on its balance sheet 77% this year. The Fed now holds $7.4T in fixed income securities. The money supply (M2) now stands at $19.2T up from $15.3T a year ago.

After posting solid returns in the first half of the year, fixed income had an underwhelming 2nd half return. Going forward, we continue to feel it is unlikely yields move materially higher in the first half of 2021. The economy remains sluggish, the Fed appears committed to easy monetary policies for an extended period, and inflation remains in check. For these reasons, we are maintaining 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 12% in the quarter. In agriculture, grain prices were strong in 4Q20. Wheat prices increased 11%[1], corn prices were up 28% and soybean prices increased 29%[1]. Grain prices were helped by accelerated purchases from China.

Precious metals also continued to do well. Silver posted another strong quarter increasing 14%[3] in 4Q20 and went up 48% in 2020. Gold prices increased 1%[2] in the quarter and were up 25%[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 19% in the quarter to $47.50/barrel. For the year, spot oil declined 22%.

Wisco holds positions in alternative investments because these assets tend to not be correlated with stocks and bonds and improve a portfolios risk adjusted return. Wisco is going to increase our clients' silver exposure and decrease our clients' gold exposure. Precious metals could benefit from geopolitical uncertainty. Plus, gold and silver could benefit from central banks around the world aggressively increasing the money supply. Silver has the added benefit of several industrial applications and we feel a stronger economy could increase demand for silver.

MONEY MARKET

The current money market yield is 0.03%. Given this low yield, Wisco is going to hold a minimal amount of Cash/Money Market assets in our client portfolios.

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.

Wall Street to Wisconsin

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