WISCO
Investment Management

First Quarter 2023

DEAR CLIENTS AND FRIENDS;

The Wisco-managed ETF portfolios posted positive returns in the first quarter. Our lower risk portfolios (Conservative & Balanced) were up in the 3-4% range while our higher risk portfolios (Growth & Aggressive) were up in the 4-5% range. Performance was positive in domestic equity, international equity, and fixed income.

The U.S. and International stock markets performed well in the first quarter, both up 7%. Stock markets did well despite weak earnings and soft economic growth both here and aboard. That said, we believe the positive returns this quarter were driven by signs that the Fed might be about done increasing rates as we get more signs of moderating inflation. The Fed has moved up its target rate to 4.75%-5% with expectations for only one more 25 basis point increase this year. We feel a less restrictive Fed policy could help the stock market. Historically, stocks have performed well in the year following the end of a tightening cycle.

Fixed Income performance was positive in the first quarter with the aggregate bond index up 3%. The 10-year treasury yield decreased from 3.9% at the beginning of the quarter to 3.5% at quarter-end. A banking crisis brought on by the collapse of Silicon Valley Bank caused rates to fall at the end of the quarter (Bond prices generally increase as rates decrease). On the positive side, safe investments like CDs and money markets are now earning yields of 4-5%, which are at the highest levels we have seen in over a decade.

Commodity markets were generally negative in the quarter. Grains and oil were both negatively impacted by slowing global growth. Our only commodity exposure currently is a gold ETF, which increased 8% in the first quarter. Gold benefited from a 'flight to safety' in the wake of the banking crisis.

Tax Day is April 18th. Roth or Traditional IRA contributions for the 2022 tax year must be received before that date. Tax season can also be a good time to review your current investment strategy, portfolio performance, targeted risk level and/or financial goals. Please do not hesitate to call to schedule a meeting.

How much interest are your bank accounts earning? If these accounts yield less than 4%, we can help you earn a higher return, that is safe and liquid. We can also help consolidate accounts (like old 403b's, 401k's and IRA's) to make sure your overall investment strategy is as simple and organized as possible.

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!**

Sincerely,

*The **Wisco** Team*

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Wisco Investment Management

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

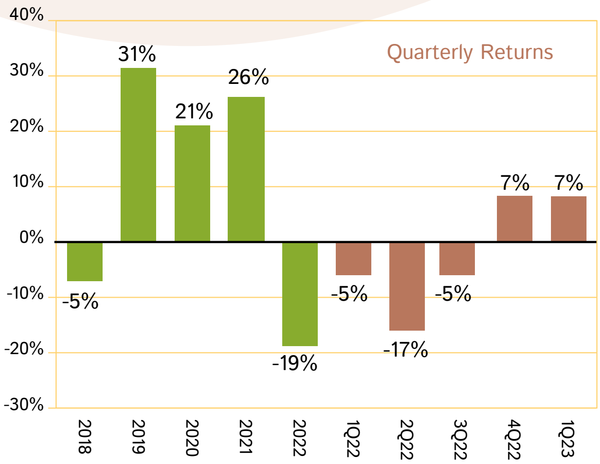
WISCO MANAGED PORTFOLIOS

	Conservative	Balanced	Balanced Growth	Growth	Aggressive
Domestic Equity	29%	38%	46%	55%	65%
International Equity	9%	13%	16%	21%	26%
Domestic Fixed Income	49%	38%	28%	16%	4%
Alternative Investments	3%	3%	3%	3%	3%
Prime Money Fund	10%	8%	7%	5%	2%
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

First Quarter 2023 Market Review

DOMESTIC EQUITY

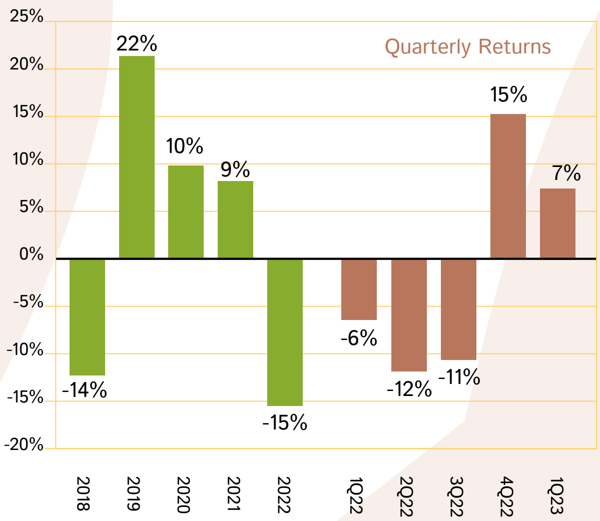


Source: Dow Jones U.S. Broad Stock Market Index and Wisco.

The stock market increased 7% in the first quarter. The S&P 500 ended the quarter at 4109, 15% below its Jan. 4, 2022 all-time high of 4819. Large-cap stocks increased 8% in the quarter outperforming both small-cap stocks (up 4%) and high dividend stocks (down 2%). The United States 4Q22 GDP increased 2.6%, as the economy grew in the 2nd half of 2022 after posting negative results in the first two quarters of 2022. S&P 500's earnings declined 5% in 4Q22, with weakness in Communication Services (-25%), Materials (-25%), Consumer Discretionary (-21%) and Financials (-14%) partially offset by strength in Energy (+56%) and Industrials (+38%). Wall Street analysts are projecting a soft landing for the domestic economy with S&P 500 earnings growth of 1% in 2023 (down from 5% growth three months ago). Going forward, we think earnings may be more disappointing than analysts expect given a banking crisis brought on by the collapse of Silicon Valley Bank (SVB) and Signature Bank. However, the silver lining of this earnings disappointment and banking crisis is that it could help the Federal Reserve in reducing inflation. The Fed will likely stop increasing rates in the first half of 2023. While a recession in 2023 is possible, there are reasons to be optimistic. Government spending on infrastructure will likely ramp up in 2023 and supply chain issues in China should continue to abate as covid restrictions are removed.

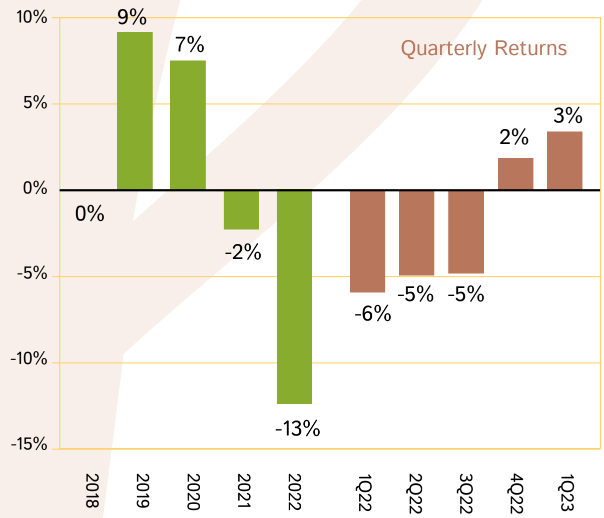
Just as the Fed's inflation fighting hurt the market in 2022, the prospects that the Fed could be near an end of its inflation battle helped first quarter results. The S&P 500 is trading at 22x 2023 earnings estimates, which is high relative to history but may be justified if inflation is under control and growth can reaccelerate in 2024. We increased our domestic equity exposure in January and prefer large cap to small cap companies.

INTERNATIONAL EQUITY



Source: MSCI ACWI ex USA and Wisco

DOMESTIC FIXED INCOME



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

International markets increased 7% in the quarter, with FTSE Developed Large Cap Index up 8%, FTSE Small Cap Index up 7%, and FTSE Emerging Market Index up 4%. In Europe, most markets were up the quarter with the Czech Republic up 18%, France up 15% and Germany up 15%. Norway was down 7% this quarter. Asian markets generally posted positive results in the quarter, with Hong Kong up 3%, South Korea up 8%, and Japan up 7%. Emerging markets were more mixed. Mexico increased 20%, Taiwan was up 14% and Shanghai was up 7%, however, on the downside, Brazil fell 3% and Malaysia was down 4%. 4Q22 GDP was soft around the world. In Asia, China (flat), Japan (+0.1%), Australia (+1.9), and South Korea (-1.6%) had mediocre results. The Euro zone (-0.1%) and Britain (+0.1%) both struggled as did Canada (flat), and Mexico (+1.8%).

International stocks outperformed domestic stocks in 2022 and posted strong results in the first quarter. Even with this strong relative performance, international stocks still trade at a 36% discount to domestic stocks. Wisco has international exposure in all our client portfolios based on its compelling valuation relative to the U.S. and we prefer developed large cap stocks to emerging small cap stocks.

The Barclays U.S. Aggregate Bond Index increased 3% in 1Q23. Intermediate Treasuries up 3%, Short-term Investment Grade up 2%, Long-term Investment Grade up 6% and High Yield up 4% all posted positive results. The 10-year treasury yield started the year at 3.88%, increasing to 4.09% on March 2nd, however, the collapse of SVB on March 10th drove rates lower and the 10-year closed the quarter at 3.49%. Annual inflation (CPI) in February came in at 6.0%, down from June's 9.1% peak. The Fed continued to increase interest rates, with a target range of 4.75-5%, its highest level since before the Great Recession. The Fed's balance sheet bottomed March 8th at $8.3T, however the banking crisis forced the Fed to add $400B in securities and its balance sheet now stands at $8.7B below its April 2022 peak of $9.0T. The money supply (M2) now stands at $21.1T down 2% YoY.

The Fed appears to be almost done with its interest rate increases with projections of just one more 25-basis point increase in rates in 2023. A Fed pause combined with some of the most attractive yields in a decade suggests it might be a good time to hold Fixed Income. We increased our Fixed Income exposure in January and prefer short duration bonds to long duration bonds

ALTERNATIVE INVESTMENTS

The Dow Jones-UBS Commodity Index declined 6% in the quarter. In agriculture, grain prices were down. Wheat prices declined 14%[1], corn prices were down 3%[1] and soybean prices decreased 1%[1] in 1Q23. Wheat prices returned to pre-war prices as black sea shipments returned to normal. Soybean and corn appear to have ample supplies to meet demand. Precious metal prices were up in the quarter. Gold prices increased 8%[2] and silver increased 1%[3] in the quarter. Precious metals benefited from a 'flight to safety' as the banking crisis unfolded. Gold had the added benefit that its price is less economically sensitive than silver prices. Finally, a weaker dollar in the quarter likely boosted precious metal prices.

The Cushing, Oklahoma spot price for WTI crude oil declined 9% in the quarter. Supplies of oil have held up well despite the Ukraine War. On the demand side, weak growth around the world has resulted in soft demand and lower prices.

Wisco sold out of a broad-based commodity fund in all our client accounts in January. While higher inflation helped most commodities in 2022, we feel lower inflation and less growth will be a headwind to both grain and oil prices in 2023. That said, we do still hold a gold ETF in all our client accounts, as we feel gold is not as economically sensitive as other commodities and helps diversify portfolios.

PRIME MONEY MARKET

The prime money fund currently yields 4.7% and this yield will likely go higher as the Fed raises rates. We hold a prime money fund in all our client accounts, with more exposure in conservative accounts.

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.

Wall Street to Wisconsin

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