WISCO
Investment Management

Second Quarter 2024

DEAR CLIENTS & FRIENDS;

The second quarter was a mixed one for investors. After a board-based rally in the first quarter, the second quarter's performance was more dispersed. Investors experienced gains in U.S. large cap stocks, emerging market funds, high yield bonds, and precious metals but these gains were partially offset by losses in U.S. small cap stocks, international large cap developed market funds, long duration bonds and agricultural commodities.

The U.S. and International stock markets both increased in the first quarter, up 3% and 1%, respectively. Low unemployment and solid GDP growth helped companies grow earnings. In the United States, technology companies posted strong results helped by CHIPS Act spending and increased demand for Artificial Intelligence (AI) infrastructure. Oversees, performance was driven by emerging markets, which increased 5% in the quarter. While the Federal Reserve maintained the Fed funds rate range at 5.25%-5.50% this quarter, the Fed is projecting that they will cut rates once in 2024 and most of the Fed's voting members feel the rate will be around 4.1% at the end of 2025 and around 3.1% at the end of 2026. Lower interest rates should benefit equity investors around the world.

Fixed Income performance was essentially unchanged in the second quarter. Short duration bonds did better than long duration bonds and, in general, it was advantageous to take credit risk in the quarter. The 10-year treasury yield increased from 4.2% at the beginning of the quarter to 4.3% at quarter-end as inflation concerns lingered throughout the quarter (bond prices generally decrease as rates increase). Safe short-term investments like CDs, Treasury Bills, and money markets, continue to look attractive yielding in the 5% range.

The Dow Jones-UBS commodity index increased 3% in the quarter. Gold, silver and natural gas prices increased during the quarter, while corn, soybeans, wheat and crude oil declined in value. Silver increased 17% in the quarter and is up 22% year-to-date.

As a reminder, our policy is to rebalance client portfolios on a semi-annual basis. This allows us to realign the positioning of your portfolio with our current market expectations and we will be working on rebalancing portfolios over the course of the next few weeks. To that end, feel free to contact us to review your current investment strategy, portfolio performance, targeted risk level, financial goals and/or any other life changes that may be relevant to your investment strategy. We can also help consolidate accounts to make sure your overall investment strategy is as simple and organized as possible. Finally, per our annual requirements, we have attached a copy of Wisco's privacy policy and will send you a copy of our Company Brochure 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. 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*

Wall Street to Wisconsin

Investment Advisors: **Stephen Share** sshare@wiscoinvest.com **Greg Schroeder** gschroeder@wiscoinvest.com

Wisco Investment Management

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

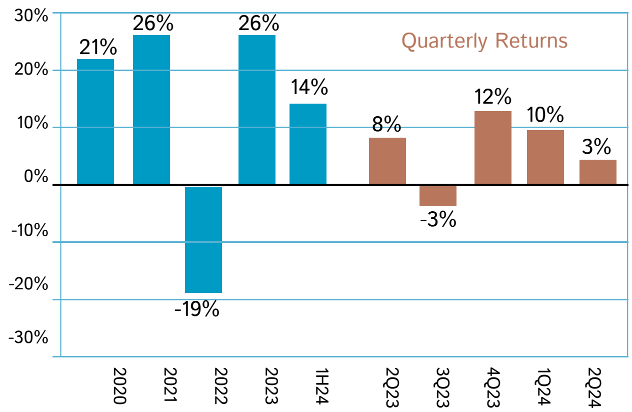
WISCO MANAGED PORTFOLIOS

as of July 2024 rebalancing	Conservative	Balanced	Balanced Growth	Growth	Aggressive
Domestic Equity	27%	36%	45%	54%	63%
International Equity	8%	12%	15%	20%	25%
Domestic Fixed Income	49%	38%	28%	16%	5%
Alternative Investments	5%	5%	5%	5%	5%
Prime Money Funds	11%	9%	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

Second Quarter 2024 Market Review

DOMESTIC EQUITY

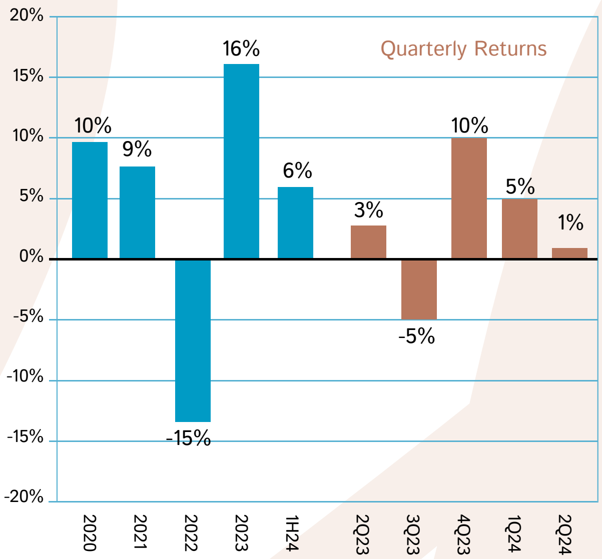


Source: Dow Jones U.S. Broad Stock Market Index and Wisco.

The stock market increased 3% in the second quarter, with the S&P 500 closing 2Q24, near an all-time high. Once again, large-cap stocks (up 4%) performed much better than small-cap stocks (down 3%). In the first half, large-cap stocks are up 15% versus up 1% for small caps, with Nvidia alone accounting for one-third of the S&P 500's gains. The United States 1Q24 GDP increased 1.4%, which was helped by construction spending and consumer spending. The S&P 500's earnings increased 6% in 1Q24, with strength in Communication Services (+34%) and Utilities (+32%) partially offset by weakness in Energy (-26%) and Health Care (-25%). Analysts are forecasting S&P 500 earnings growth of 11% in 2024, with growth expected to accelerate in the 2nd half. While double-digit growth might be challenging, there are some positive signs in the economy. First, low unemployment could bode well for consumer spending and boost retail earnings. Second, giant technology companies and the government through the CHIPS Act have committed to spending billions on semiconductor and AI infrastructure. Finally, interest rate sensitive and smaller companies should see better results in 2H24 as inflation moderates and the Federal Reserve becomes less restrictive.

Large stocks have posted strong results this year while small stocks' performance has been more muted. The S&P 500 is trading at 22x forward earnings, which is a little stretched. However, a more accommodative Fed, could benefit the market, especially small-cap stocks. That, along with accelerated earnings growth and a resolution to the election could drive stock prices higher. We hold domestic stocks in all client portfolios and are going to increase our exposure to small stocks in July.

INTERNATIONAL EQUITY

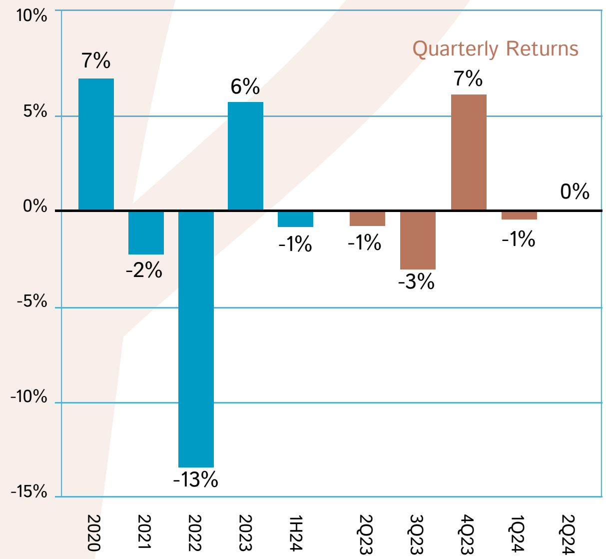


Source: MSCI ACWI ex USA and Wisco.

International markets increased 1% in the quarter, with the FTSE Developed Large Cap Index down 1%, FTSE Small Cap Index down slightly, and FTSE Emerging Market Index up 5%. In Europe, the Euro Stoxx 600 was down slightly in 2Q24, with France's CAC 40 among the weakest markets declining 9%. In Asia, Taiwan (up 15%) and Hong Kong (up 9%) both increased, while Japan (down 7%) and the Shanghai composite (down 3%) both declined. India's BSE Sensex was up 7% in the quarter. First quarter GDP was strong in China (+6.6%), Hong Kong (+9.6) and India (+5.4%) but saw only modest growth in Britian (+2.5%), Canada (+1.7%) and the Euro zone (+1.3%). Japan (-1.8%) had negative GDP.

International stocks had positive returns in 2Q24 with emerging markets having the best performance. International stocks are currently trading at a 45% valuation discount to domestic stocks, well below the historic 15-20% discount. For this reason, Wisco holds international stocks in all our client portfolios. In our July rebalancing, we plan to reduce our exposure to China as there appears to be bipartisan support in the U.S. government to take a tougher stance on China by both increasing tariffs and limiting China's access to cutting edge technologies.

DOMESTIC FIXED INCOME



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

The Barclays U.S. Aggregate Bond Index was flat in 2Q24. Treasuries were up 1%, Short-term Investment Grade was up 1%, Long-term Investment Grade was down 2%, and High Yield was up 1%. The 10-year treasury yield started the quarter at 4.2%, increasing to 4.7% on April 25th, before finishing the quarter at 4.3%. Annual inflation (CPI) held steady in May coming in at 3.3%, while significantly lower than June 2022's 9.1% peak, over the last twelve months inflation has been between 3.7% and 3.0%. May's unemployment rate was 3.9%. The Fed held its target rate range at 5.25%-5.50%. The Fed now holds $7.2T of assets down from its April 2022 peak of $9.0T. The money supply (M2) now stands at $21T down $0.7T from its March 2022 peak, but up modestly over the last over the last 12 months.

The fixed income markets had an uninspiring second quarter. Lingering inflation, low unemployment and continued government deficits have some investors worried interest rates will stay elevated for an extended period. We feel the Fed will likely cut rates in 2024. This, combined with attractive short-term yields, suggests it might be a good time to hold fixed income and we prefer short-term corporates (both investment grade and high yield) to long-term government bonds.

ALTERNATIVE INVESTMENTS

The Dow Jones-UBS Commodity Index increased 3% in the quarter. In agriculture, grain prices were lower. Corn prices decreased 9%[1], soybean prices were down 3%[1] and wheat prices decreased 1%[1] in the quarter. Lower feed and fuel demand has hurt corn prices while higher yields have driven down all grain prices.

Precious metal prices were higher in the quarter. Gold increased 5%[2] and silver increased 17%[3]. For the year, silver is up 22%[3] Precious metals likely benefited from high government spending, a more dovish Fed, sticky inflation, and rising geopolitical tensions with elections in France, Britian and the United States combined with wars in Ukraine and Gaza.

The WTI Crude Oil August contract decreased 3%[4] in the quarter. Natural gas prices have been especially volatile this year. They declined 41% in the first quarter as an especially mild winter resulted in excess natural gas supply, but prices jumped 48% in the second quarter as the prospects of a abnormally hot summer is driving demand from power producers.

We are going to increase our gold holdings in all our client portfolios. Gold is not as economically sensitive as other commodities, protects against geopolitical risk and helps diversify portfolios.

PRIME MONEY FUND

The prime money fund continues to produce positive returns for clients. The fund currently yields 5.1%. While it is unlikely to go much higher, we feel this is an attractive return for a very low risk investment. If the Fed starts to cut interest rates, this rate will likely fall.

OUR SERVICES

Financial Advisory

Investment Management

Financial Planning

Retirement Planning

Life Insurance & Annuities

401K Rollovers

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