



WISCO
Investment Management

First Quarter 2025

DEAR CLIENTS AND FRIENDS;

The first quarter was a mixed one for investors. After strong gains in the fourth quarter, the domestic stock market declined in the first quarter. These losses were somewhat offset by gains in international stocks, fixed income and gold. Tariff fears negatively impacted domestic stocks, but lower rates and attractive valuations helped international stocks and fixed income produce positive results.

International stocks increased 6% in the quarter, while the United States stock market declined 5%. There were a number of reasons for the performance gap between international and domestic stocks. Domestic stocks trade at a significant valuation premium to international stocks, leaving little room for disappointment in the domestic market. In addition, tariff uncertainty has made investors concerned about U.S. stocks ability to grow earnings in the face of potentially higher input cost and supply chain disruptions from imported goods. Finally, a greater chance of a recession is being priced into the domestic stock market.

The U.S. Aggregate Bond Index increased 3% in the first quarter. The 10-year treasury yield decreased from 4.6% at the beginning of the quarter to 4.2% at quarter-end (bond prices generally increase as rates decrease). These lower yields are likely the result of lower growth expectations in the domestic economy. GDP growth moderated from 3.1% in the 3rd quarter to 2.4% in the 4th quarter. S&P 500 earnings growth are now expected to grow 11% in 2025, down from 15% three months ago. Short-term investments like CDs, Treasury Bills, and money markets continue to offer returns in the 4% range.

The Dow Jones-UBS commodity index increased 10% in the quarter. Gold and silver were once again bright spots in the quarter, increasing 19% and 18%, respectively. Geopolitical tensions, tariff uncertainty and risk adverse investors all drove precious metal prices higher. Agricultural commodity prices were mixed in the quarter, and oil prices declined by around 4%. After a strong performance in 2024, Bitcoin declined 12% in the quarter.

Tax Day is April 15th. Roth and/or Traditional IRA contributions for the 2024 tax year must be received before that date. Tax season can also be a good time to review your current investment strategy. Feel free to contact us to review your financial goals, targeted risk level, or any other life changes that may be relevant to your long-term investment strategy. We can also help you organize and review insurance policies including term life, whole life, and annuity products.

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



First Quarter 2025

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 asset class allocations are as follows:

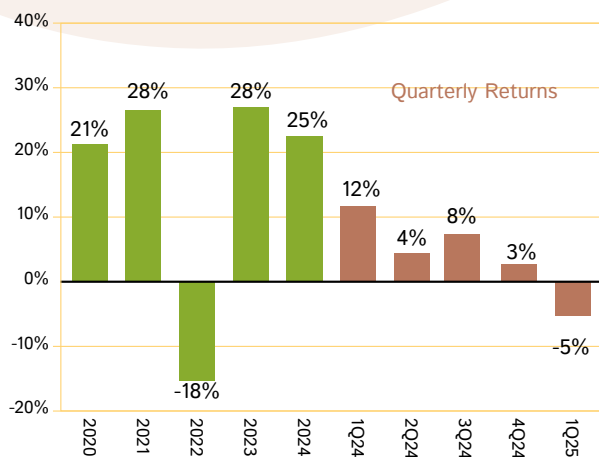
WISCO MANAGED PORTFOLIOS

as of January 2025 rebalancing	Conservative	Balanced	Balanced Growth	Growth	Aggressive
Domestic Equity	27%	36%	45%	55%	65%
International Equity	5%	9%	12%	17%	21%
Domestic Fixed Income	49%	38%	28%	16%	5%
Alternative Investments	8%	8%	8%	7%	7%
Prime Money Fund	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

First Quarter 2025 Market Review

DOMESTIC EQUITY



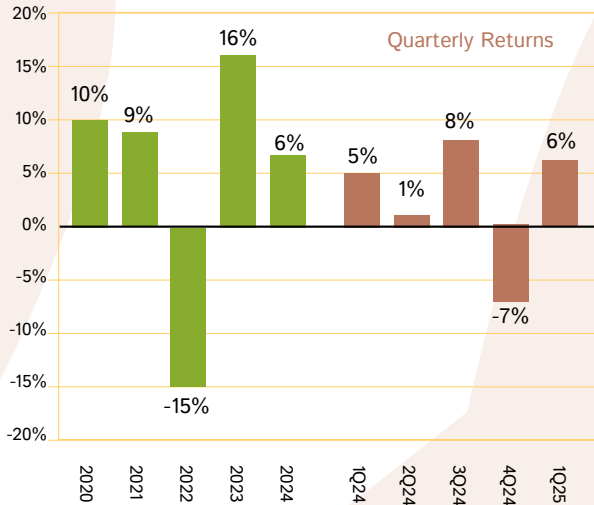
Source: Dow Jones U.S. Broad Stock Market Index and Wisco.

The stock market decreased 5% in the first quarter. The S&P 500's post-election surge continued into 2025 with the index reaching an all-time high of 6147 February 19th before declining 9% in the last 39 days of the quarter to close at 5612. The S&P 500 currently trades at 21x forward earnings. Large cap stocks, down 4.5%, outperformed small cap stocks, down 9%. The Dow Jones Dividend 100 Index was up 3%. The United States 4Q24 GDP increased

2.4%, which was boosted by strong consumer and government spending partially offset by weaker exports. The S&P 500's earnings increased 18% in 4Q24, with strength in Financials (+56%) and Communications Services (+30%) partially offset by weakness in Energy (-26%). Analysts are forecasting S&P 500 earnings growth of 11% in 2025, down from 15% three months ago. Growth is expected to be driven by three factors. First, margin expansion is possible if we have a more favorable regulatory environment. Second, energy and material stocks could face a better pricing environment in 2025. Finally, advancements in artificial intelligence could improve productivity.

Investors are concerned that higher government tariffs will cause more inflation and negatively impact economic growth. This was a catalyst for the selloff in the quarter. While tariffs are a concern, it is hard to know how permanent or temporary the tariffs will be. It is also unclear what the severity of the tariff impact will be on the economy. We feel the best approach to market volatility is to remain focused on your long-term investment objectives and with that in mind, we continue to hold domestic stocks in all client portfolios.

INTERNATIONAL EQUITY

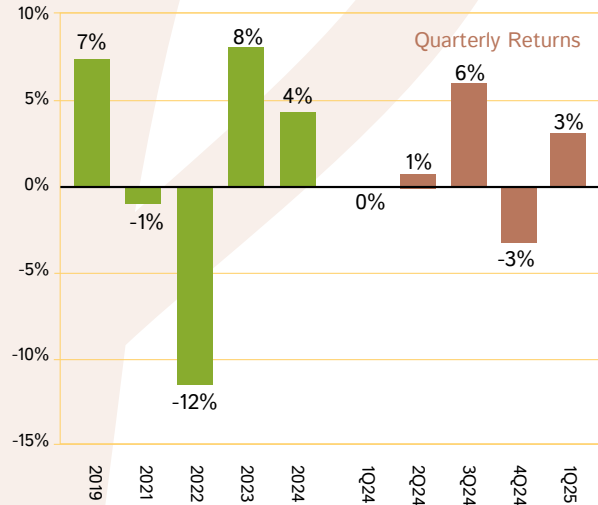


Source: MSCI ACWI ex USA and Wisco

In a reversal from the 4th quarter, international stocks increased 6%, while domestic stocks declined. The FTSE Developed Large Cap Index was up 7%, FTSE Small Cap Index was up 4.5%, and FTSE Emerging Market Index was up 3.5%. In Europe, the Euro Stoxx 50 increased 8% in 1Q25. Poland (up 24%), Spain (up 16%) and Germany (up 15%) were among the top performers. In Asia, Hong Kong was up 15%, South Korea was up 3%, Shanghai composite was flat, and Japan declined 11%. Brazil was among the strongest emerging markets up 8%, while Thailand struggled down 17%. China's 4Q24 GDP improved to 6.6%, Canada and Japan were solid up 2.6% and 2.2% respectively, while Britain (+0.4%) and the Euro zone (+0.9%) posted soft yet positive results.

After underperforming domestic stocks for two years in a row, international stocks outperformed domestic stocks in 1Q25, as investors seemed to prefer international stock's lower valuation (14x forward earnings) to domestic stock's higher growth potential. We feel international equity is an important part of a diversified portfolio and have exposure to international stocks in all our client portfolios. We prefer international large-cap stocks to small-cap stocks.

DOMESTIC FIXED INCOME



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

The Barclays U.S. Aggregate Bond Index was up 3% in 1Q25. Treasuries were up 3%, Short-term Investment Grade was up 2%, Long-term Investment Grade was up 2.5%, and High Yield increased 1%. The 10-year treasury yield began the quarter at 4.6% and peaked at 4.8% on January 14th then steadily declined throughout the rest of the quarter finishing around the quarterly low at 4.2%. Annual inflation (CPI) declined slightly in February coming in at 2.8%. CPI hasn't changed much in the last year; however, inflation is well below the June 2022 peak of 9.1%. The unemployment rate in February was up slightly at 4.1%. The Fed left its target rate range unchanged this quarter at 4.25%-4.50%. They anticipate reducing rates by 0.5% in 2025. The Fed now holds \$6.7T of assets down from its April 2022 peak of \$9.0T. The money supply (M2) now stands at \$21.7T up \$0.9T over the last 12 months and near its April 2022 peak.

While lower growth expectations hurt the stock market, they helped fixed income performance in 1Q25. We feel the Fed could resume cutting rates later in 2025. In addition, we feel 4%+ yields are attractive. For these reasons, we continue to hold fixed income in all our portfolios.

ALTERNATIVE INVESTMENTS

The Dow Jones-UBS Commodity Index increased 10% in the quarter. In agriculture, grain prices were mixed. Soybean prices increased by 2%¹ this quarter, corn prices were flat, and wheat prices declined 3%¹ in the quarter. Wheat prices were hurt by less demand from China and a strong dollar.

Precious metal prices were strong in the quarter. Gold increased 19%², and silver was up 18%³. Precious metals prices benefit from geopolitical and trade tensions. In addition, gold and silver are often popular investments when investors want to reduce risk in their portfolios.

The WTI spot Crude Oil price decreased 4%⁴ in the quarter. Slowing global growth likely negatively impacted demand, while higher U.S. inventory suggests there is ample supply.

After strong results in 2024, digital currencies declined in value during the quarter, with Bitcoin down 12%⁵ and Ethereum down 46%⁶. While digital currencies have some diversification characteristics, to date, they are more closely correlated with risky assets.

We will continue to hold gold in all our portfolios because of its safe haven characteristics along with its low correlation to stocks and bonds. We hold a bitcoin ETF in our more aggressive portfolios, while volatile we feel a more favorable regulatory environment along with its limited supply characteristics will be a tailwind for bitcoin longer term. In our more conservative portfolios, we hold a silver ETF along with gold.

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. Return calculation uses Grayscale Bitcoin ETFs (GBTC and BTC) as a proxy for Bitcoin.
6. Return calculation uses Grayscale Ethereum ETFs (ETHE and ETH) as a proxy for Ethereum.

DISCLAIMER:

Wisco Investment Management LLC is a registered investment adviser. Information presented is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities product, service, or investment strategy. Investments involve risk and unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial adviser, tax professional, or attorney before implementing any strategy or recommendation discussed herein.

PRIME MONEY MARKET

The prime money fund continues to produce positive returns for investors. The fund current yield is 4.2% unchanged this quarter. This rate will likely decline if the Fed cuts rates, we feel this is an attractive return for a very low risk investment.

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