Third Quarter 2025

WISCO
Investment Management

DEAR CLIENTS & FRIENDS;

The third quarter was a profitable one for investors. Domestic stocks, international stocks, fixed income, gold, silver and bitcoin all posted positive returns in the quarter, despite fears about tariffs, job growth, and inflation.

The United States stock market increased 8%, while international stocks increased 7% in the quarter. International stocks are up 27% for the year on pace for their best year since 2017. International stocks have benefited from a significant valuation discount compared to domestic stocks. In addition, solid GDP growth and a weak U.S. dollar have lifted dollar denominated international returns. On the domestic front, stocks have benefited from strong corporate earnings growth, lower short-term interest rates and excitement around artificial intelligence (AI).

The U.S. Aggregate Bond Index increased 2% in the third quarter. The 10-year treasury yield fell modestly in the quarter, starting at 4.2% and ending the period at 4.1%. The Federal Reserve cut short-term rates in September and job gains were hard to come by in the quarter both suggesting lower rates. However, these dovish forces were partially offset by solid U.S. GDP growth, strong earnings growth and inflation rates above the Fed's target. Short-term investments like CDs, Treasury Bills, and money markets continue to offer returns in the 4% range. However, we expect these rates to come down should the Fed continue to cut rates.

The Dow Jones-UBS commodity index increased 4% in the quarter. Silver increased 29% in the quarter and gold increased 17%, for the year silver and gold are up 61% and 47%, respectively. Bitcoin increased 6% in the quarter. A weak U.S. dollar, geopolitical tensions, tariff uncertainty and higher government spending all helped drive gold, silver, and bitcoin higher. Grain prices and oil prices both declined in the quarter.

Our reports have a new look this quarter. We have switched our back-office data provider from Morningstar to Black Diamond, so the performance reports we are sending out have a different format than in the past. Let us know what you like or don't like about the new reports, and we will do what we can to provide you with the information you want. Additionally, we are available to meet about the positioning of your portfolio, your targeted risk level, or any other life changes that may be relevant to how your portfolio is invested. Also, given the growth in the markets this year, we will be sensitive to realizing capital gains for the remainder of the year. We will be in touch about any significant tax implications for your portfolios later this year.

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 Funds. Our current asset class allocations are as follows:

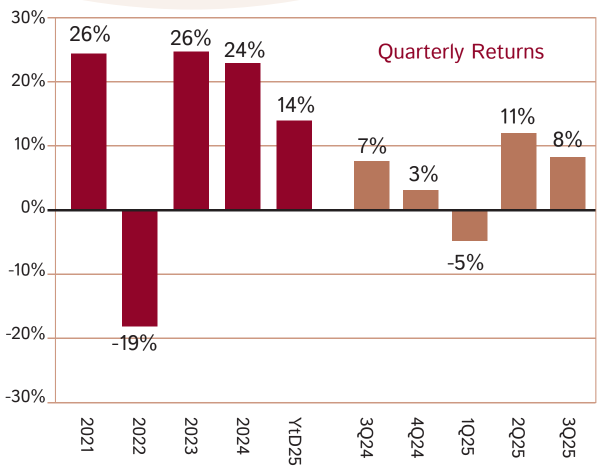
WISCO MANAGED PORTFOLIOS

as of July 2025 rebalancing	Conservative	Balanced	Balanced Growth	Growth	Aggressive
Domestic Equity	27%	36%	44%	54%	64%
International Equity	5%	9%	13%	17%	21%
Domestic Fixed Income	50%	39%	29%	17%	5%
Alternative Investments	8%	8%	8%	8%	8%
Prime Money Fund	10%	8%	6%	4%	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

Third Quarter 2025 Market Review

DOMESTIC EQUITY

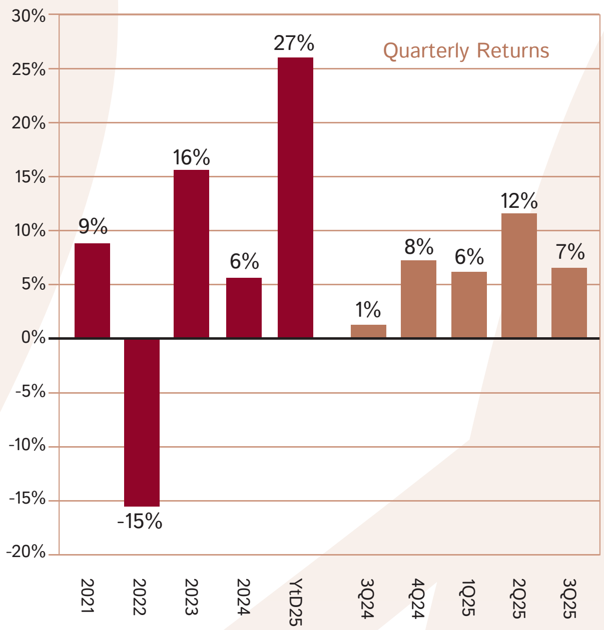


Source: Dow Jones U.S. Broad Stock Market Index and Wisco.

The stock market increased 8% in the third quarter, year-to-date the market is up 14%. Small cap stocks (up 11%) outperformed large cap stocks (up 8%), while high-yield dividend stocks lagged (up 4%) in the quarter. The S&P 500 climbed steadily through the quarter, reaching an all-time high on Sept. 23rd at 6700 before closing the quarter slightly lower at 6688. The S&P 500 currently trades at 22x forward earnings. After declining in the first quarter, the United States 2Q25 GDP increased a healthy 3.8%, driven by strong consumer spending, lower imports and more business investment. The S&P 500's earnings increased 12% in 2Q25 with strength in Communications (up 46%) and Technology (up 23%) partially offset by weakness in Energy (down 18%) and Materials (down 4%). Analysts are forecasting S&P 500 earnings growth of 10% in 2025, and 14% in 2026. While this acceleration in 2026 growth may be a little aggressive, the market could have some tailwinds going into 2026. First, lower short-term interest rates could stimulate more consumer spending. In addition, AI and automation gains could improve business productivity. Finally, business investment will likely continue to be strong next year.

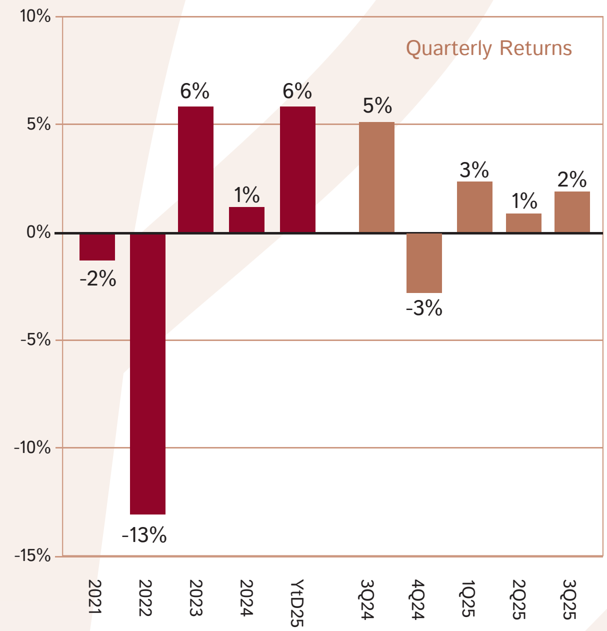
The market shrugged off concerns about tariffs and employment in the quarter. Instead, stocks moved higher because of a healthy economy and solid earnings growth. Going forward, high valuations and mediocre employment growth are a concern, however, the economy and corporate earnings are in good shape. Plus, we feel the AI build out is still in the early stages and we want to stay invested in the domestic market to participate in this secular trend.

INTERNATIONAL EQUITY



Source: MSCI ACWI ex USA and Wisco

DOMESTIC FIXED INCOME



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

International stocks increased 7% in the quarter and are up 27% so far in 2025. The FTSE Developed Large Cap Index was up 5%, FTSE Small Cap Index was up 7%, and FTSE Emerging Market Index was up 11%. In Europe, the Euro Stoxx 50 increased 6% in 3Q25. Spain was among the top performers (up 12%), while Germany lagged (down 1%). In Asia, results were generally strong with South Korea up 12%, Japan up 8%, Hong Kong up 8%, and China up 19%. Mexico was among the strongest emerging markets (up 12%) while India lagged (down 7%). China's 2Q25 GDP was strong at 4.5%, GDP in Japan, Britian, and the Euro zone were all soft but positive up 2.2%, 1.1% and 0.5% respectively. Canada's GDP contracted in 2Q25 down 1.6%.

Domestic stock modestly outperformed international stocks this quarter, but for the year, international is outperforming (27% vs. 14%) and are on pace to post better results than domestic stocks for the first time since 2017. Strong performance benefited from a weak dollar (U.S. dollar is down 11% this year). Despite a strong year, international stocks still trade at a discount (16x forward PE vs 22x for U.S. stocks). We feel international stocks are an important part of a diversified portfolio and hold them in all client portfolios.

The Barclays U.S. Aggregate Bond Index was up 2% in 3Q25. Treasuries were up 1%, Short-term Investment Grade was up 2%, Long-term Investment Grade was up 4%, and High Yield increased 2%. Once again, the 10-year treasury yield traded in a narrow range this quarter. It began the quarter at 4.2%, trading as high as 4.5% and as low as 4.0%, before finishing the quarter down slightly at 4.1%. Annual inflation (CPI) remains above the Fed's 2% target with August's reading coming in at 2.9%. There hasn't been a CPI reading above 3.0% since May 2024. The unemployment rate moved up slightly, coming in at 4.3% in August. The Fed lowered its target rate range 25 basis points for the first time since December 2024 to 4.00%-4.25%. The Fed anticipates reducing rates another 0.5% by year end. The Fed now holds $6.6T of assets down from its April 2022 peak of $9.0T. The money supply (M2) is $22.2T up 5% over the last year.

Fixed income continues to post decent results, helped by the Fed lowering rates and modest global growth. We feel a more dovish Fed along with 4%+ yields make fixed income an attractive investment and we hold it in all our portfolios. We prefer short duration to long duration and corporates to treasuries.

ALTERNATIVE INVESTMENTS

The Dow Jones-UBS Commodity Index increased 4% in the quarter. In agriculture, grain prices were down. Soybean prices decreased by 2%[1] this quarter, corn prices declined 1%[1], and wheat prices declined 4%[1]. The potential for higher-than-normal yields increased supply expectations and negatively impacted grain prices.

Precious metal prices once again had a strong quarter. Silver increased 29%[3] in the quarter and gold was up 17%[2]. For the year, gold is up 47%[2], and silver is up 61%[3]. Precious metal prices likely benefited from U.S. dollar weakness as well as geopolitical and trade tensions.

The WTI spot Crude Oil price decreased 3%[4] in the quarter. Slowing global growth likely negatively impacted demand, while higher inventories suggest there is ample supply.

Ethereum recovered after a weak first half, increasing 64%[6] this quarter, Ethereum is now up 22%[6] for the year. Bitcoin increased 6%[5] this quarter and is up 21% year-to-date.

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 aggressive portfolios. While volatile, we feel a favorable regulatory environment and limited supply will be a tailwind for the crypto-currency longer term. In our more conservative portfolios, we hold a silver ETF along with gold. We also feel gold, silver and bitcoin provide protection against a weakening dollar.

PRIME MONEY FUND

The prime money fund continues to produce positive returns for investors. The funds currently yield 4.0%. That said, we expect yields to fall as the Fed continues to cut rates.

OUR SERVICES

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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.

Wall Street to Wisconsin

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