



**WISCO**  
Investment Management

*Second Quarter 2026*

**DEAR CLIENTS & FRIENDS;**

**The second quarter of 2026 produced positive results for investors.** Both domestic and international equities were strong, fixed income was modestly higher in the quarter, while commodities and cryptocurrencies were down.

**United States and international equities increased 16% and 12% respectively.** Domestic equities benefited from expanded margins, productivity improvements, and strong earnings growth driven by the buildout of artificial intelligence (AI) infrastructure. International stocks benefited from solid global GDP growth; plus, strong global semiconductor demand has benefited many Asian chip manufacturers. Finally, lower oil prices are positive for most equity investments.

**The U.S. Aggregate Bond Index was up 1% in the second quarter.** The Federal Reserve held rates steady in the quarter and are now projecting one rate cut in 2026 with just one more cut in expected in 2027. This more cautious view from the Fed is the result of higher inflation and new Chairman Warsh's hawkish commentary. Short-term investments like CDs, Treasury Bills, and money markets have yields in the 3% to 4% range.

**After a strong showing in the first quarter, the Dow Jones-UBS commodity index decreased 9% in the second quarter.** WTI spot crude was down 30%, silver down 21%, gold down 14%, bitcoin down 13%, corn down 10%, wheat down 6%, and soybeans down 5%. Despite WTI's decline it is still up 26% year-to-date as its price moves are partially tied to changes in the Iran peace negotiations. Grain prices were impacted by higher interest rates and generally ample supplies.

**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 to 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. 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. This information is also available at [www.wiscoinvest.com](http://www.wiscoinvest.com).

**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*



## Second Quarter 2026

# 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:

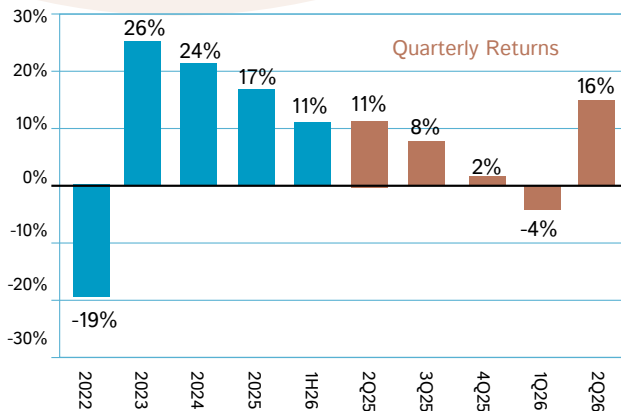
### WISCO MANAGED PORTFOLIOS

as of July 2026 rebalancing	Conservative	Balanced	Balanced Growth	Growth	Aggressive
Domestic Equity	26%	35%	44%	53%	62%
International Equity	7%	11%	15%	19%	23%
Domestic Fixed Income	52%	41%	30%	19%	7%
Alternative Investments	7%	7%	7%	7%	7%
Prime Money Funds	8%	6%	4%	2%	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

## Second Quarter 2026 Market Review

### DOMESTIC EQUITY



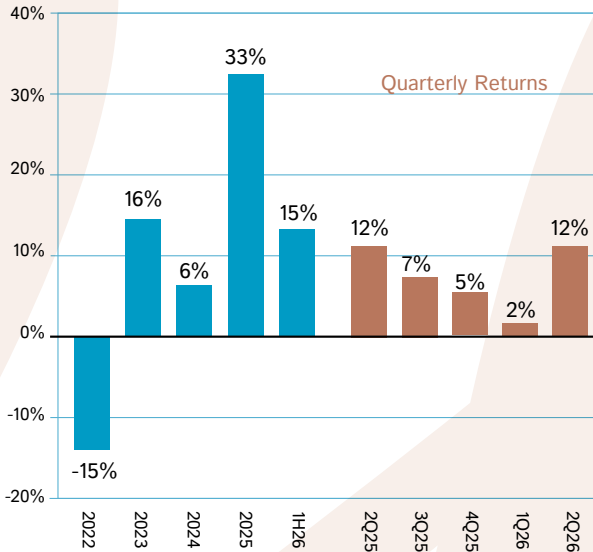
Source: Dow Jones U.S. Broad Stock Market Index and Wisco.

The stock market increased 16% in the second quarter. Small cap stocks (up 25%) outperformed large cap stocks (up 15%), while high-yield dividend stocks lagged (up 4%) in the quarter. The S&P 500 reached an all-time high on June 2nd at 7621, before closing the quarter at 7499. Impressive earnings growth was likely a key factor driving stock prices higher. S&P 500 earnings increased 27% in 1Q26, with the fastest growth in Technology (up 55%) and Communication Services (up 49%) only Health Care

experienced declining earnings (down 3%). Increased spending on AI drove earnings higher. The S&P 500 currently trades at 21x forward earnings. The United States 1Q26 GDP increased 2.1% compared to 0.7% in 4Q25. Higher business investment, more exports and increased government spending helped GDP accelerate in the quarter. Going forward, analysts are forecasting S&P 500 earnings growth of 24% in 2026 vs 13% in 2025. While that is a high bar, AI spending should drive revenue growth, and productivity improvements could expand corporate margins. Finally, we believe energy prices could go from a headwind to earnings to a tailwind by year end.

The incredible growth in technology infrastructure combined with the ceasefire in Iran, resulted in the best quarter in the market since 2Q20. In terms of PE, domestic stocks look expensive. However, the AI infrastructure buildout shows no signs of slowing down, which could lead to very strong earnings growth. Therefore, we are maintaining our domestic equity allocation in all our portfolios and increasing our exposure to dividend paying stocks while decreasing our exposure to growth companies.

## INTERNATIONAL EQUITY

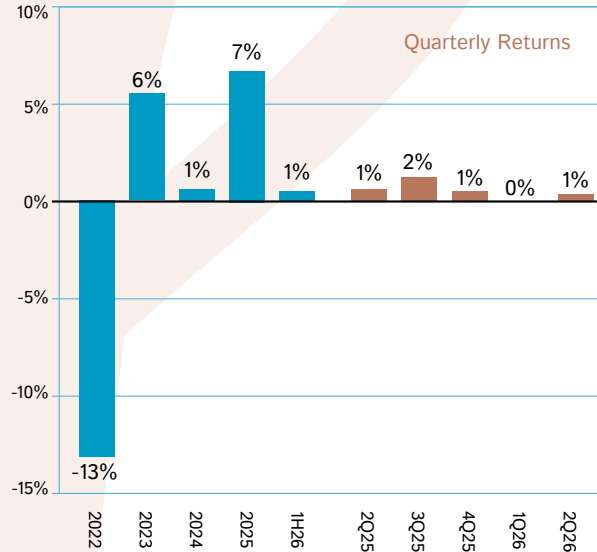


Source: MSCI ACWI ex USA and Wisco.

International stocks increased 12% in the second quarter. The FTSE Developed Large Cap Index was up 13%, FTSE Small Cap Index was up 3% and FTSE Emerging Market Index was up 10% in the quarter. In Europe, the Euro Stoxx 600 increased 9% in 2Q26. Austria (up 21%) and Italy (up 17%) were top performers, while Norway declined (down 9%). In Asia, results were strong with South Korea up 63%, Japan up 35% and China up 12%. However, Hong Kong did fall 8%. Among emerging markets, Taiwan posted strong results, up 46%. China's 1Q26 GDP was strong at 5.3%, GDP in Britain and Japan was solid up 2.5% and 1.8% respectively, the Euro zone and Canada experienced GDP contractions down 0.9% and 0.1% respectively.

International stocks had a strong quarter as lower oil prices and healthy GDPs helped returns. Strong AI chips production drove the outsized returns in South Korea and Taiwan. Going forward, global GDP growth is projected around 3.0% in 2026 and 2027. This solid growth, combined with international stocks' 25% PE discount to domestic stocks, make us bullish on international stocks. Therefore, we are increasing international equity exposure in our client portfolios and prefer developed markets to emerging markets.

## DOMESTIC FIXED INCOME



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

The Barclays U.S. Aggregate Bond Index was up 1% in 2Q26. Treasuries were flat, Short-Term Investment Grade were up 1%, Long-term Investment Grade and High Yield were up 2%. The 10-year treasury yield started the quarter at 4.3%, then drifted higher for most of the quarter, topping out on May 19th at 4.7% before closing the quarter at 4.4%. May's annual inflation (CPI) reading came in at 4.2%, its highest reading since April 2023. However, oil prices have fallen significantly since May, so inflation may subside in the coming months. The unemployment rate moved down slightly, coming in at 4.3% in May. The Fed's target interest rate range remained unchanged at 3.50%-3.75%. The Fed now holds \$6.7T of assets down from its April 2022 peak of \$9.0T. The money supply (M2) is \$23.1T, up 6% over the last year.

The truce in the Iranian conflict resulted in lower oil prices, which moderated 10-year yields. The Fed is likely to be on hold (perhaps for the balance of 2026) until it has more clarity around inflation. Given yields are in the 4%+ range, we think fixed income is a more attractive investment than money market funds and have increased fixed income exposure in all our client portfolios and prefer corporates to treasuries.

## ALTERNATIVE INVESTMENTS

The Dow Jones-UBS Commodity Index decreased 9% in the quarter. In agriculture, grain prices were down. Soybean prices were down 5%<sup>1</sup>, wheat prices were down 6%<sup>1</sup>, and corn prices were down 10%<sup>1</sup> in the quarter. Favorable growing conditions suggest ample supply which has pushed grain prices lower.

After starting the year strong, precious metals were down in the quarter. Gold decreased 14%<sup>2</sup> and silver prices decreased 21%<sup>3</sup> in 2Q26. An easing of geopolitical tensions, combined with the prospect that interest rates could remain higher for longer likely resulted in lower precious metal prices.

The WTI spot Crude Oil price decreased 30%<sup>4</sup> in the quarter, but is still up 26% year-to-date. The Iran conflict has been the main factor in these dramatic price swings, with oil prices rising at the start of the conflict but then falling with the opening of the Strait of Hormuz.

Once again, cryptocurrencies performed poorly in the quarter. Ethereum fell 25%<sup>6</sup> this quarter and Bitcoin decreased 13%<sup>5</sup>. Higher interest rates likely hurt cryptocurrencies performance.

We are going to maintain our gold position in all client portfolios because of its safe haven characteristics along with its low correlation to stocks and bonds. We are also maintaining our silver position in more conservative portfolios. In more aggressive portfolios, we are replacing a bitcoin ETF with a broad-based commodity fund

which has exposure to oil & gas, copper, aluminum and live cattle among other commodities.

## PRIME MONEY FUND

The prime money fund continues to produce positive returns for investors. The funds currently yield 3.5%. We are going to reduce money fund exposure in all client portfolios as we see better investment opportunities elsewhere.

## OUR SERVICES

Financial Advisory

Investment Management

Financial Planning

Retirement Planning

Life Insurance & Annuities

401K Rollovers

Learn More: [wiscoinvest.com](https://www.wiscoinvest.com)

### 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 advisor. The 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.

*Wall Street to Wisconsin*