Plumb Funds

1Q2019

Commentary

3/31/2019

Thomas G. Plumb, CFA
Lead Fund Portfolio Manager
President, CEO, Chairman

The first quarter of 2019 was a very good three months for both stock and bond markets with the S&P 500 Total Return Index recording its best quarter in twenty-one years, up 13.65%, the MSCI Ex USA International Index up 10.31% and the Bloomberg Barclays Intermediate Corporate Total Return Index up 3.82%.

Bonds benefitted from the decline of over one quarter of one percent in 3 to 10-year US Treasury Bond interest rates, reflecting the perception that the Federal Reserve wants to keep rates low for the foreseeable future. Stocks recovered from the miserable fourth quarter of 2018 as China trade tensions lessened, interest rate fears subsided and commodities, especially oil, recovered. In fact, led by the 32.5% rise in West Texas Intermediate oil prices, the CRB commodity index advanced 8.2% for the quarter.

Not only did interest rates subside, but the incremental rate charged for credit risk declined sharply. For example, the yield on a five-year BBB Motorola bond was about 4.25% six month ago, stood at 4.59% the first week of January and declined to 3.6% by the end of March. This reflects the risk associated with the volatile sentiment about the world economy's status and outlook. Lower yields and spreads from the Treasury "risk free" rate reflect the market's diminished fear of an imminent collapse in the economy and market liquidity.

For now the equity markets reflect the perception of a "Goldilocks" economy, not too hot (which would cause world monetary authorities to increase interest rates and reduce credit expansion), not too cold (where economies slip into a recession), but just right (where governments and monetary authorities keep the cookie jar open with stimulative fiscal and monetary policies).

But we should remember that six months ago the headlines heralded the best quarter in the stock market in five years and immediately was followed by the worst performance in ten years in the fourth quarter of 2018. Market volatility and sentiment can turn on a dime in the short run. That is why we try to focus on long-term secular growth trends that should build portfolio value over time as we seek to identify these major disruptive trends, the companies driving them, enabling them or benefitting from them.

In today's world, the digitization of everything is radically changing how we transmit information (and misinformation), develop new products, market and bring to market those new products and services, transact our businesses, make cars safer, identify and treat health risks, etc. etc. it will take a lot of work to identify new business trends and differentiate them from fads that can't sustain a business model

We are very pleased that you have entrusted us with the responsibility to monitor and manage your investment opportunities and risks. Best wishes for the rest of 2019.

Sincerely,

Thomas G. Plumb, President

Thomas G. Plumb, CFA
President,
Lead Fund Portfolio Manager

Thomas G. Plumb is the founding principal of Wisconsin Capital Management, LLC (formerly Thompson Plumb & Associates), which began in 1984.

He served as president, CEO and CIO of SVA Plumb, a company he co-founded, from March 1, 2011 to March 31, 2019.

Tom formerly was the lead portfolio manager of Dreyfus Premier Balanced Opportunity Fund. He earned a bachelor of business administration from the University of Wisconsin-Madison in 1975, is a member of the Madison Investment Management Society and holds the Chartered Financial Analyst designation.

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained on www.plumbfunds.com or by calling 1-866-987-7888. Read it carefully before investing.

Opinions expressed are those of the author as of March 31, 2019 and are subject to change, are not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

Past performance does not guarantee future results. Index performance is not illustrative of Plumb Funds' performance. Please call 866-987-7888 for performance of the funds or or visit https://www.plumbfunds.com/funds/plumb-equity-fund for the Equity Fund or https://www.plumbfunds.com/funds/plumb-balanced-fund for the Balanced Fund.

References to other funds should not be interpreted as an offer of these securities.

Mutual fund investing involves risk. Principal loss is possible. The fund may invest in small and mid sized companies which involve additional risks such as limited liquidity and greater volatility. The funds invest in foreign securities which involve

greater volatility and political, economic and currency risks and differences in accounting methods. Because the funds may invest in ETFs, they are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of an ETF's shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a fund's ability to sell its shares. The fund may also use options and future contracts, which have the risks of unlimited losses of the underlying holdings due to unanticipated market movements and failure to correctly predict the direction of securities prices, interest rates and currency exchange rates. The investment in options is not suitable for all investors. The Plumb Balanced Fund will invest in debt securities, which typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities.

The S&P 500 Total Return Index is calculated intraday by S&P based on the price changes and reinvested dividends of SPX <INDEX> with a starting date of Jan 4, 1988.

The MSCI ACWI ex USA Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries*. With 2,148 constituents, the index covers approximately 85% of the global equity opportunity set outside the US. * DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK. EM countries include: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

The Bloomberg Barclays US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by non-US industrial, utility and financial issuers.

The Commodity Research Bureau (CRB) Index acts as a representative indicator of today's global commodity markets. It measures the aggregated price direction of various commodity sectors. The index comprises a basket of 19 commodities, with 39% allocated to energy contracts, 41% to agriculture, 7% to precious metals and 13% to industrial metals. The CRB is designed to isolate and reveal the directional movement of prices in overall commodity trades.

Credit Quality weights by rating are derived from the highest bond rating as determined by Standard & Poor's ("S&P"), Moody's or Fitch. Bond ratings are grades given to bonds that indicate their credit quality as determined by private independent rating services such as S&P, Moody's and Fitch. These firms evaluate a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade. In limited situations when none of the three rating agencies have issued a formal rating, the Advisor will classify the security as nonrated.

Plumb Equity Fund Holdings

Plumb Balanced Fund Holdings

You cannot invest directly in an index.

Plumb Funds are distributed by Quasar Distributors, LLC, distributor.