Commentary

6/30/2019

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

It had been twenty years since I last visited China, and, though that trip included several major cities, this is my first visit to Shanghai. Twenty years ago, we had a polaroid camera and opened many pleasant conversations by showing people a picture of themselves for the first time.

Today, with Alibaba and WeChat both boasting over a billion subscribers, it is hard to imagine anyone without a cell phone and a digital camera. The streets are still filled with bicycles, but now those bikes are only a small part of the traffic as evidence of the biggest automobile market in the world is integrated with every form of scooter that you can imagine. Many of these scooters are integrated into the digital age as Alipay and WeChat dwarf Amazon Prime in the United States with almost instantaneous delivery services.

Want a latte delivered to your apartment? The streets are filled with delivery people using every vehicle you can imagine. And almost all payments are made instantaneously with a mobile device. Scan a code, payment made.

The first six months of 2019 provided attractive returns in both the equity and fixed income markets even as territorial boundaries of this new digital age dominated economic headlines. Privacy, the scope of digital social networks, intellectual property and integrated supply chains have raised significant issues of Government sovereignty and nationalist goals as policies attempt to keep up with the digitally transformed world.

Last year double-digit growth in corporate earnings was met with negative market returns for most major domestic equity indices. This year's tapering earnings growth expectations have so far been coincident with double digit market returns for domestic stock markets and most world equity markets. Interest rates defied predictions coming into the year and Treasury and mortgage rates have declined. The consensus expectation is for continued declines.

We continue to believe that the digital transformation of payments, simulation technology in engineering software and enterprise systems to the cloud all offer significant investment opportunities. Companies are not only incorporating disruptive technologies into our daily lives but also, just as

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importantly, are converting these technologies into business models that incorporate recurring revenue streams. Just as John D. Rockefeller realized that the automobile industry allowed him to sell gasoline on a recurring basis over a hundred years ago, software as a service allows companies to develop business models that deeply integrate their services into our lives on a recurring basis.

For the rest of this year, we foresee a battle of expectations to cause a return to historical volatility but feel very comfortable with your holdings.

From Shanghai, with beautiful one-month old granddaughter, Vivian, it is hard not to be optimistic about our future. Please enjoy your moments, and don't let the sensationalist news media cause you too much angst.

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Thomas G. Plumb is the founding principal of Wisconsin Capital Management, LLC (formerly Thompson Plumb & Associates), which began in 1984. In addition to his roles with the Funds, Tom maintains an ownership interest in and serves as the president of SVA Plumb Financial, LLC, an affiliated entity.

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.

Past performance does not guarantee future results.

Opinions expressed are those of the author as of July 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.

Earnings growth is the annual rate of growth of earnings from investments.

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.

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