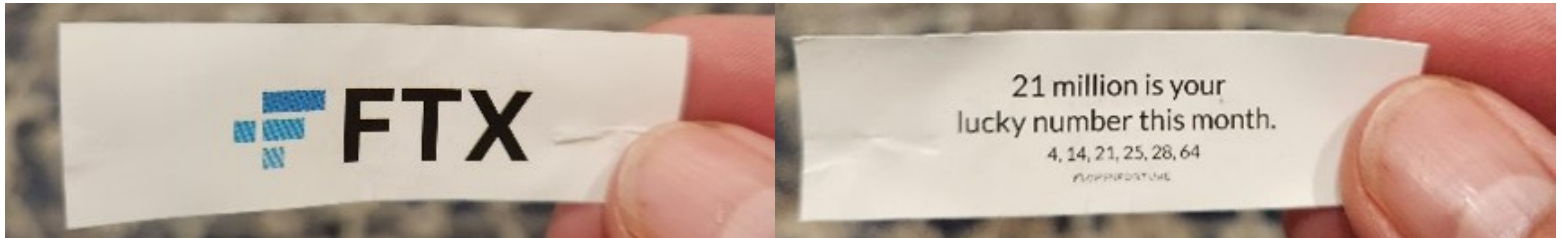


A Note From Your Advisors

BAIRD

THE MAIN, GOWIN, FISCHER, RICE GROUP

November 28, 2022



In recent days we've received several questions and concerns about cryptocurrencies. These questions are most likely prompted by the recent failure of FTX and its related companies. FTX was one of the largest cryptocurrency exchanges in the world, until its startling and sudden collapse.

Inevitably, media coverage of this failure has been wide-spread and damning: recent cover stories by The Economist ("Crypto's Downfall") and Bloomberg Business Week ("In Ruins: The Fall of a Crypto Empire") go into great detail about the unraveling, so there's no need for me to repeat that work here. Never mind that the level of media cheerleading for FTX and crypto in general has for years been astonishing. FTX's founder, Sam Bankman-Fried ("SBF" to those hip enough to follow along) were treated like rock star geniuses, who had cracked some mythical code. At least two crypto exchanges had their names on sports stadiums, along with Super Bowl ads. I literally opened a fortune cookie three weeks ago and saw that my fortune was sponsored by FTX!

For the last few years I have received good questions from thoughtful investors wondering about crypto. My answers generally always included these three things: (1) It may well be a legitimate asset class long term; (2) But I don't have the expertise or belief to be a great source of information about it; (3) Baird does not currently offer advice or trading in cryptocurrencies; and (4) The lack of transparency and rules around crypto are worrying.

Recently the questions I get are more like: "Will the collapse of FTX affect the markets? Should we be concerned?" We haven't yet seen evidence that extreme pain in the crypto markets has carried over to more traditional securities like stocks, bonds and mutual funds. In fact, typically when we look back at bear markets through history, we often see one or more high profile failures as the inflection point that can mark a bottom and turnaround. Those failures often define the bear market in our memory – think "tech bubble," "Enron," and "Lehman Brothers." It's a crude phrase, but we sometimes hear market observers say "a body has to float to the surface" before we can move higher. Perhaps FTX will be that body – perhaps, it will even be crypto more broadly as an asset class.

Regardless, it seems clear that for cryptocurrencies and exchanges to survive there is a dire need for transparency, oversight and appropriate rules & regulation. Baird's Vice Chairman, John Taft, says it very well in his most recent blog post, which I strongly encourage you to read: "It's Time to Corral Finance's Wild West."

In the meantime, we will continue to provide clients with plan-centered investment advice and portfolios built around traditional stocks, bonds, and mutual funds as appropriate!

- The Main, Gowin, Fischer, Rice Group