

Quarterly Market Review

Second Quarter 2024

This report features world capital market performance and a timeline of events for the past 12 months. It begins with a global overview, then features the returns of stock and bond asset classes in the US and international markets.

The report also illustrates the impact of globally diversified portfolios and features our Mid-Year Letter.

Required by the SEC

SEC adopted the Client Relationship Summary (Form CRS) and requires all registered investment advisors and broker-dealers to prepare and deliver the Form CRS to clients and prospective clients. Form CRS is intended to provide transparency and full disclosure. The CRS along with Form ADV Part II can be found on the VSM website at vs-m.com.

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Dear Friends and Valued Clients:

It's a genuine pleasure to report to you on the progress of your portfolio—and even more important, of your financial plan—during the first six months of 2024.

As we usually do in these reports, we ask that you first remember a handful of what we regard as timeless truths about enduringly successful wealth management. Then we can proceed to some more current observations.

OUR CORE BELIEFS IN PURSUIT OF OUR CLIENTS' MOST IMPORTANT AND CHERISHED LIFETIME FINANCIAL GOALS

- Wealth Management should be goal-focused and planning-driven.
- Investment decisions should be based on the science of capital markets and its application.
- Your advisor should have the obligation to put your interest first and act out of fiduciary duty.

- Your advisor should always have the courage to tell you the truth, even when you don't especially wish to hear it.

- We believe these principals and practices are most families best chance to achieve and preserve wealth.

CURRENT COMMENTARY

The first six months of 2024 can be simply but accurately summed up in two observations. (1) The U.S. economy continued to grow, however modestly. (2) The equity market—responding to accelerating earnings growth and dividend increases—did very well indeed.

Economic growth remained marginally positive, continuing to avoid recession, while job growth continued relatively strong. Inflation slowed very grudgingly, providing the Federal Reserve with no urgent prompting to reduce interest rates.

Monetary policy remains gently but quite firmly restrictive—that is, the fed funds rate is well above the inflation rate—as I believe long-term investors should want it to. Getting inflation down to the Fed's target two percent remains Job One.

Mid-Year Letter

Second Quarter 2024



Even without stimulating rate cuts, the equity market advanced solidly across a broad front: all three major stock indexes are significantly into new high ground. The impetus for this has been just what it fundamentally ought to be: strengthening earnings and rising dividends. Bloomberg's current estimates are for the S&P 500's earnings to be up something like 8.8% this year, to be followed by a further 13.6% increase in 2025.

Even though cash dividend payments to shareholders are at record high levels, S&P 500 companies are still paying out a below average percentage of earnings (about 37% versus the average for the last 30 years of nearly 46%). Between that and sharply increasing earnings, there would appear to be quite a bit of room for further dividend growth this year and next.

Earnings and dividends are the variables that ultimately drive the long-term value of our core investment asset: ownership equity in a broadly diversified portfolio of enduringly successful companies. Not the national debt; not the looming election; not the presence or absence of Fed rate cuts; not war(s); not the onset of the next regularly scheduled government shutdown "crisis."







We do not believe the economy can be consistently forecast, nor the markets consistently timed. We do not believe it is possible to gain any advantage by going in and out of the markets, regardless of current conditions.

We continue to believe that the more we focus on the fundamental strengths of our core asset, the more we're able to tune out the noise, and the less danger we will be in of emotional overreaction to gyrations in "the stock market."

Thank you, as always, for being our clients. It is our privilege to serve you.

Quarterly Market Summary










Index returns

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
Q2 2024	STOCKS				BONDS	
	3.22%	-0.60%	5.00%	-1.48%	0.07%	0.11%
						
Since Jan. 2001						
Average Quarterly Return	2.4%	1.6%	2.5%	2.2%	0.9%	0.9%
Best Quarter	22.0%	25.9%	34.7%	32.3%	6.8%	5.4%
	2020 Q2	2009 Q2	2009 Q2	2009 Q3	2023 Q4	2023 Q4
Worst Quarter	-22.8%	-23.3%	-27.6%	-36.1%	-5.9%	-4.1%
	2008 Q4	2020 Q1	2008 Q4	2008 Q4	2022 Q1	2022 Q1

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2024, all rights reserved. Bloomberg data provided by Bloomberg.

Long-Term Market Summary

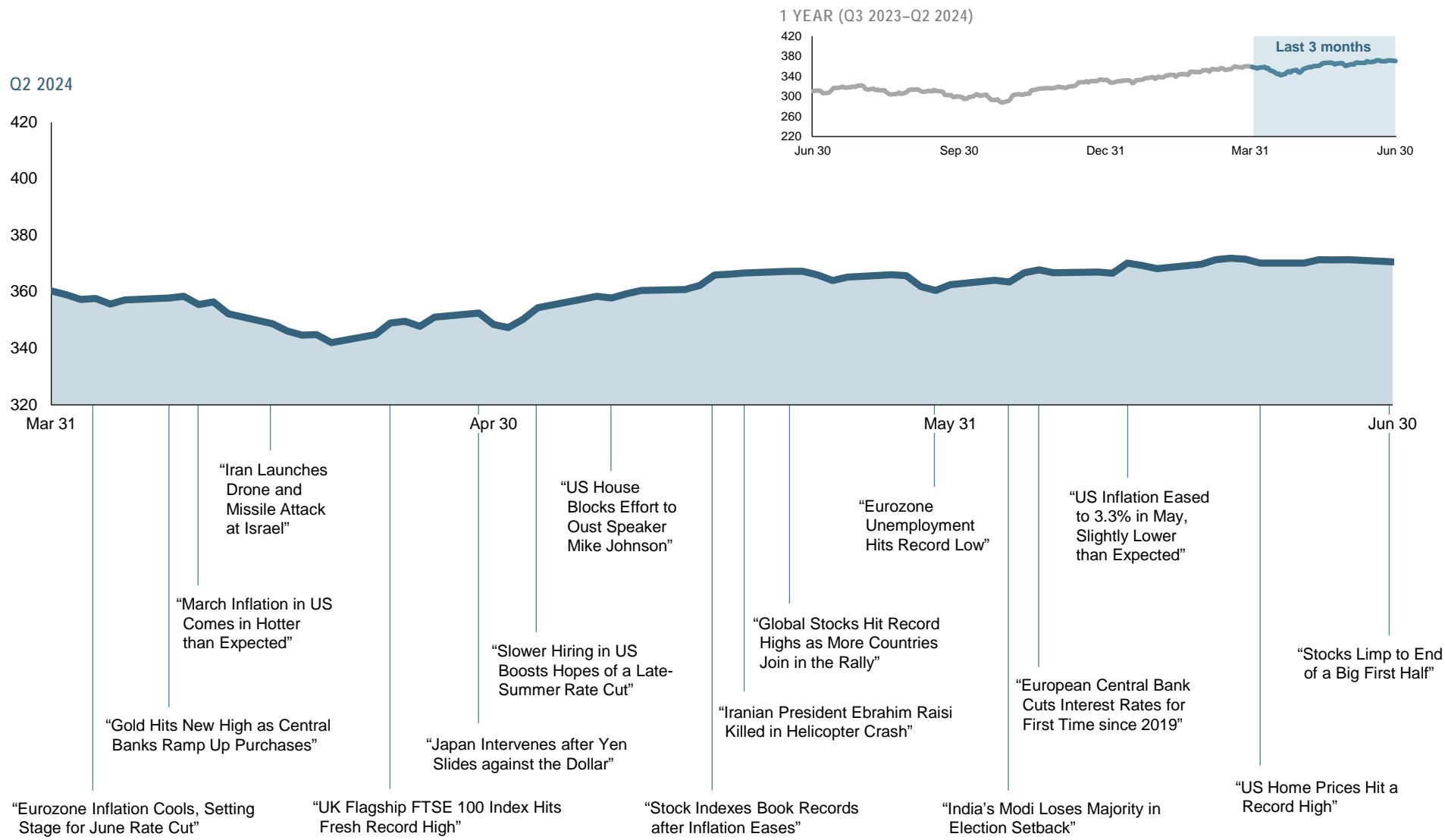
Index returns as of June 30, 2024

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
1 Year	STOCKS				BONDS	
	23.13%	11.22%	12.55%	5.10%	2.63%	5.26%
						
5 Years						
	14.14%	6.55%	3.10%	0.65%	-0.23%	0.51%
						
10 Years						
	12.15%	4.27%	2.79%	2.94%	1.35%	2.45%
						

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World Stock Market Performance

MSCI All Country World Index with selected headlines from Q2 2024



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2024, all rights reserved. Index level based at 100 starting January 2000.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.

Randomness Of Market Returns

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Highest Return	US REIT 0.80%	Commodity 9.86%	Emerging Markets 34.35%	US Bonds 0.01%	Large Cap US 28.88%	Large Cap US 18.40%	Commodity 40.35%	Commodity 25.99%	Large Cap US 26.29%	Large Cap US 15.29%
	US Bonds 0.55%	US REIT 8.90%	International Developed 25.03%	Large Cap US -6.20%	US REIT 25.84%	Small Cap US 18.36%	US REIT 35.55%	Global Allocation -12.08%	Small Cap US 15.09%	Commodity 11.08%
	Large Cap US -0.73%	US Bonds 5.31%	Large Cap US 19.40%	Global Allocation -6.41%	Small Cap US 23.72%	Emerging Markets 15.84%	Large Cap US 28.71%	US Bonds -13.01%	International Developed 15.03%	Global Allocation 6.61%
	International Developed -0.81%	Emerging Markets 5.03%	Global Allocation 14.04%	US REIT -8.00%	International Developed 18.44%	Global Allocation 10.12%	Small Cap US 13.70%	International Developed -16.79%	Global Allocation 14.53%	Emerging Markets 6.11%
	Global Allocation -1.74%	Global Allocation 9.16%	Small Cap US 13.10%	Small Cap US -12.20%	Global Allocation 18.17%	US Bonds 7.51%	Global Allocation 13.52%	Large Cap US -18.11%	Emerging Markets 7.04%	International Developed 3.51%
	Small Cap US -5.70%	Large Cap US 2.70%	Commodity 5.77%	International Developed -13.79%	Commodity 17.63%	International Developed 5.43%	International Developed 8.78%	Small Cap US -21.56%	US REIT 6.49%	Small Cap US 1.02%
	Emerging Markets -16.96%	Small Cap US 1.40%	US Bonds 3.54%	Commodity -13.82%	Emerging Markets 15.42%	US REIT -9.32%	US Bonds -1.54%	Emerging Markets -22.37%	US Bonds 5.53%	US Bonds -0.71%
Lowest Return	Commodity -32.86%	International Developed -4.42%	US REIT -0.10%	Emerging Markets -16.64%	US Bonds 8.72%	Commodity -23.72%	Emerging Markets -4.59%	US REIT -27.89%	Commodity -4.27%	US REIT -4.27%

Large Cap US is defined as the S&P 500 Index, Small Cap US is defined as the Russel I 2000 Index, US Reit is defined as the Dow Jones US Select REIT Index, International Developed is defined as MSCI EAFE Index, Emerging Markets is defined as the MSCI Emerging Index, Commodity is defined as the S&P GSCI and US Bonds are Defined as the BarCap US Agg Bond Index. Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Global Allocation is defined as the DFA 60/40 Global Allocation Fund Institutional Shares.