

Annual Market Review

2023

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.

Year Ahead Planning: A reminder; now is a good time to review your planning and re-focus on your investment objective and strategy. One of the most common reasons for a plan to fail to meet its stated goal is miscommunication between the client and Investment Counsellor. If you have not done so, please call to schedule a review.

Reminder Capital Gain and Loss Reported on 1099-B. The Capital Gain and Loss Statement is not included with the quarterly/annual VSM statements, your 1099-B from Charles Schwab will be the official reporting document.

Required by the SEC
Rule (204-3)(a) of the Investment Advisor Act requires all Investment Advisors to offer, annually, a copy of their Form ADV, Part II to all of their clients. Please consider this as our offer to deliver our most recent Form ADV, Part II. To request a copy, call 410-825-8844 or visit the VSM website at vs-m.com.

Overview:

Annual Client Letter

Quarterly Market Summary

Long-Term Market Summary

World Stock Market Performance

Randomness Of Market Returns

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.

Required by the SEC

Rule (206-3)(6) of the Investment Advisor Act requires all Investment Advisors to make available, to their clients, a copy of their Proxy Voting Policies and Procedures and a copy of the firms' Code of Ethical Conduct. Please consider this our offer to provide, upon request, a copy of our proxy voting policies and procedures and code of ethical conduct.

Annual Client Letter

Dear clients,

It is both delightfully simple and genuinely compelling to be able to summarize the behavior of the equity markets, not only in the calendar year just ended but over the last two years. We can in fact do it in two sentences:

In 2022, the Dow, the S&P 500 and the Nasdaq 100 experienced peak-to-trough declines of 21%, 25% and 35%, respectively. A week before Christmas 2023, all three were in new high ground on a total return basis (that is, including dividends). Why stocks did this is irrelevant to the wonderful lessons to be drawn from this experience. There are almost as many theories and explanations of ***why*** as there are market commentators, of whom we are happily not one. (We would point out, however, that the number of said commentators who successfully forecast both the market action of 2022 ***and*** that of 2023 is, to our knowledge, plus or minus zero.)

What should matter most to us long-term, goal-focused, plan-driven equity investors is not ***why*** this happened but ***that*** it happened. Specifically, that there could be a pervasive and very significant bear market over most of one year, and that those declines could be entirely erased in the following year. Although not nearly as quick or as perfectly symmetrical as the 2022-23 experience, in the largest sense ***that's how it works.***

Let us restate the timeless and enduring principles reinforced by these two years:

- The economy cannot be consistently forecast, nor the market consistently timed. Thus we believe that the highest-probability method of capturing equities' long-term return is simply to remain invested all the time.
- We are long-term owners of businesses, as opposed to speculators on the near-term trend of stock prices.
- Declines in the mainstream equity market, though frequent and sometimes quite significant, have always been surmounted, as America's most consistently successful companies ceaselessly innovate.
- Long-term investment success most reliably depends on making a plan and acting continuously on that plan.
- An investment policy based on anticipating (or reacting to) current economic, financial or political events/trends most often fails in the long run.

As always, we welcome your questions and comments, and we look forward to talking with you soon. Thank you again for the opportunity to serve you and your family. It's a privilege for us to do so.

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
Q4 2023	STOCKS				BONDS	
	12.07%	10.51%	7.86%	15.47%	6.82%	5.36%
Since Jan. 2001						
Average Quarterly Return	2.3%	1.6%	2.5%	2.3%	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

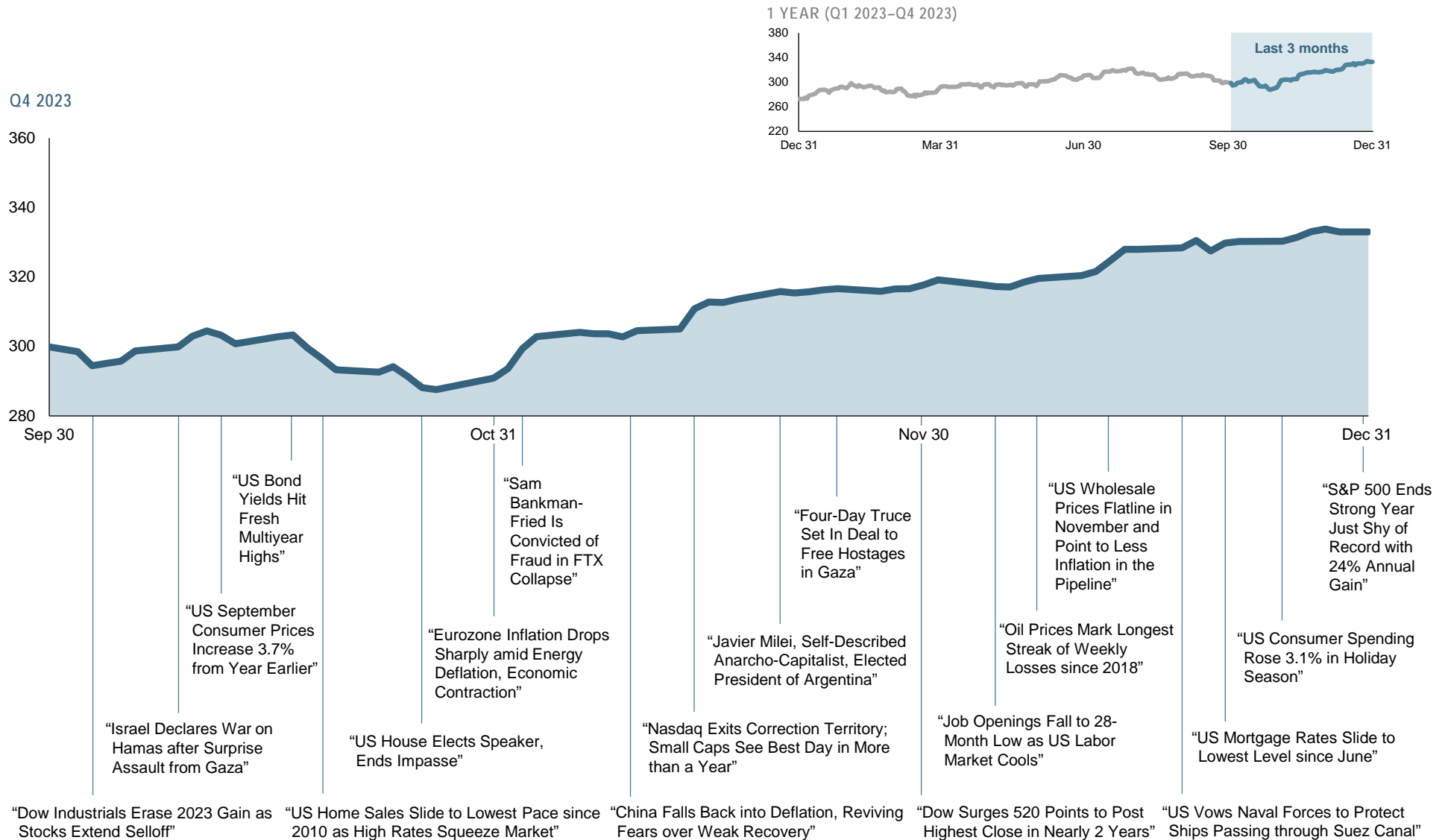
Index returns as of December 31, 2023

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
1 Year	STOCKS				BONDS	
	25.96%	17.94%	9.83%	10.23%	5.53%	8.32%
5 Years						
	15.16%	8.45%	3.68%	4.16%	1.10%	1.50%
10 Years						
	11.48%	4.32%	2.66%	4.72%	1.81%	2.80%

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World Stock Market Performance

MSCI All Country World Index with selected headlines from Q4 2023



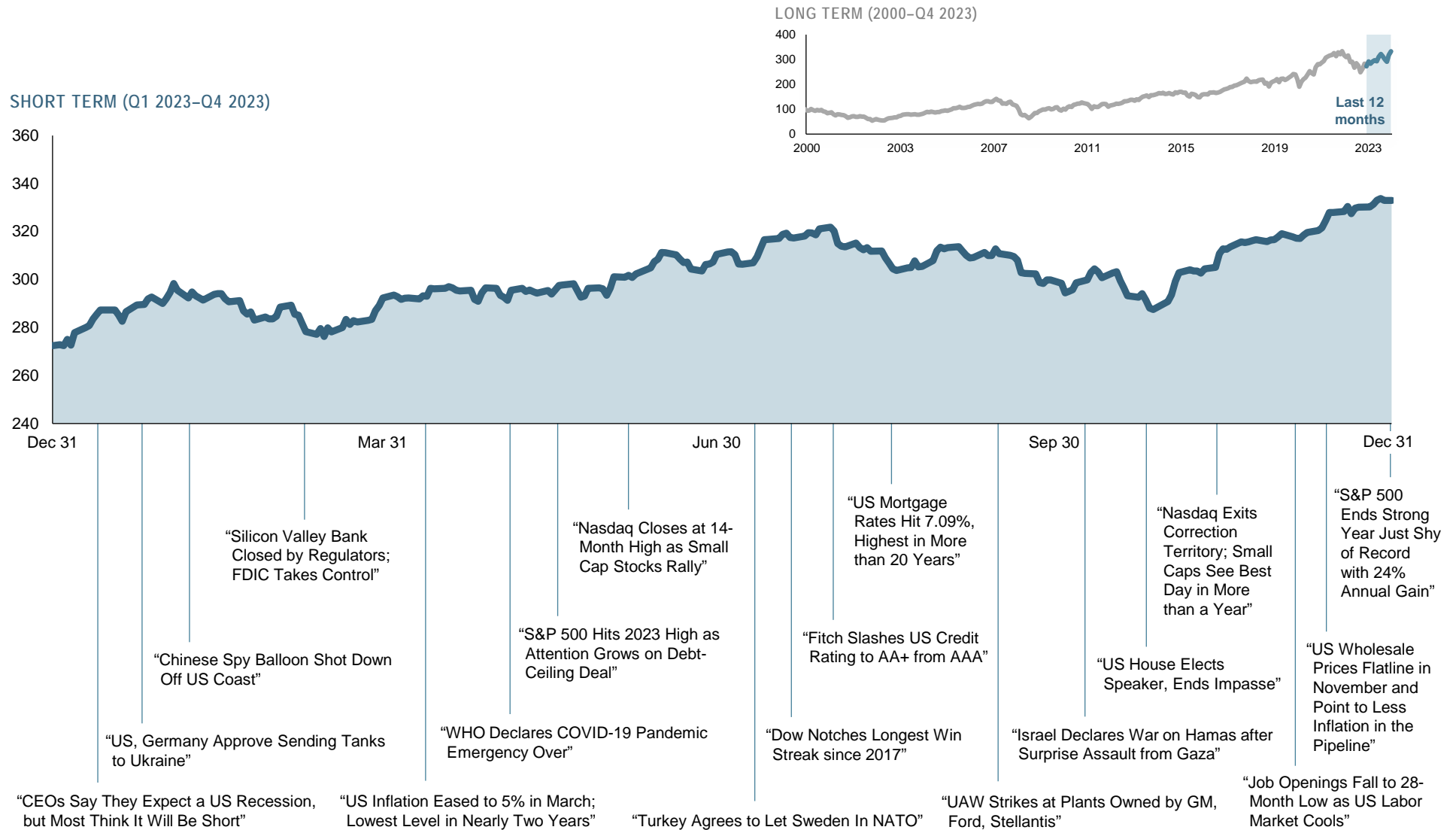
These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

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.

World Stock Market Performance



MSCI All Country World Index with selected headlines from past 12 months



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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<p>Highest Return</p>  <p>Lowest Return</p> 	US REIT 27.40%	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 11.40%	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%
	US Bonds 5.97%	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 3.71%	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%
	Small Cap US 3.50%	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%
	Emerging Markets -4.63%	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%
	International Developed -4.90%	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%
	Commodity -33.06%	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%

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.