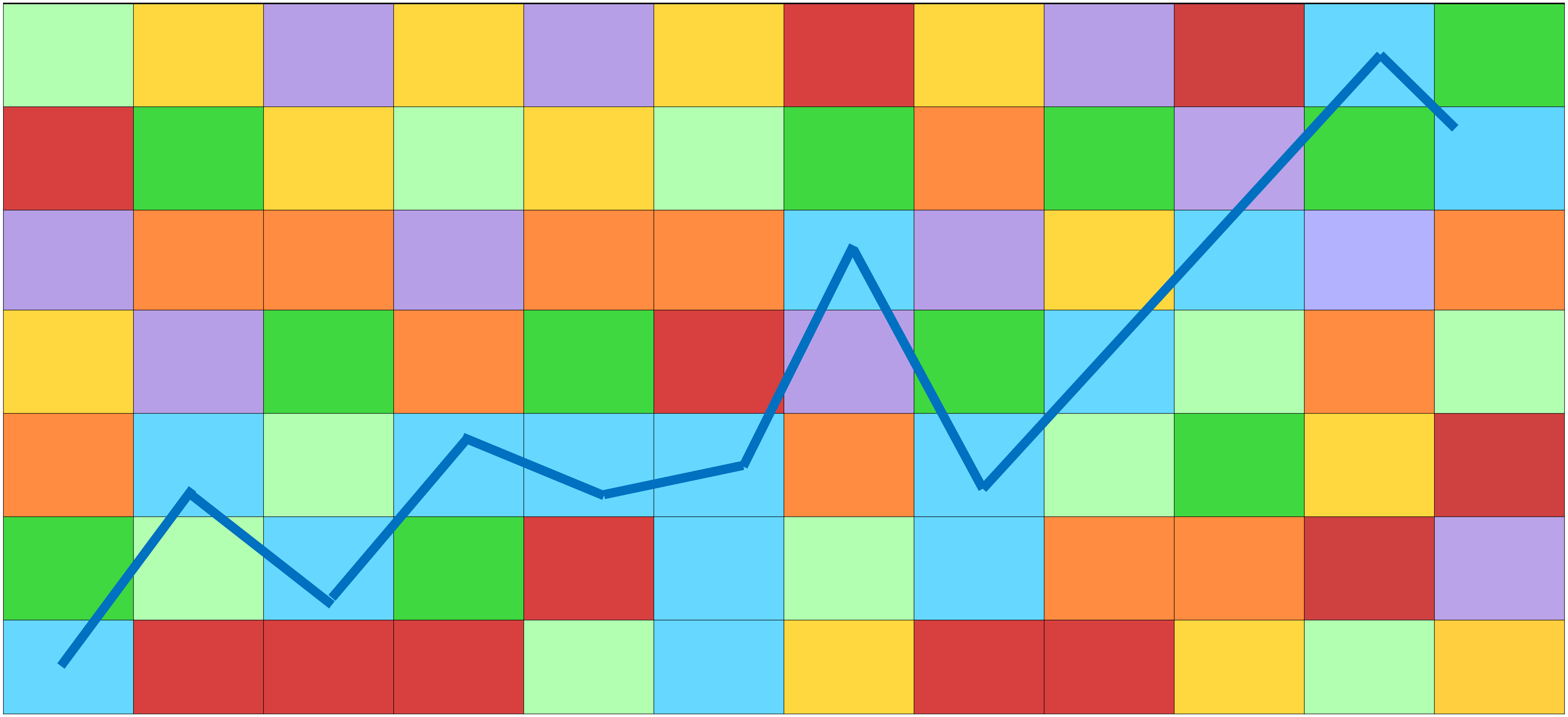

VSM
WEALTH ADVISORY
REGISTERED INVESTMENT ADVISOR

Q2
Quarterly Market Review
Second Quarter 2022

Quarterly Market Review

Second Quarter 2022

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.

To Our Valued Clients,

We thank you very much for the trust you have placed in us. For thirty-years, we have made ourselves available to act as a sounding board for anyone who may need financial advice, a trusted financial partner—or just a second opinion. During this time we have been able to help make a positive difference for hundreds of families.

As a result, almost all of our new clients come to us exclusively through referrals, which we are very grateful for. If you know someone who just needs a sympathetic ear or possibly a better path, please let them know that we will always find the time to listen; and we'll do our best to help.

By making ourselves available in this way, we're striving to make this world a better place to live.

Overview:

Mid Year Letter

Second Quarter 2022

Dear Valued Clients,

The first six months of 2022 saw the S&P 500 decline 23.6% from its all-time high at 4,796.56 to a closing low (so far) of 3,666.77 on June 16. The Index finished its worst first half since 1970 at 3,785.38

More noteworthy even than the extent of the decline was its gathering violence: in mid-June, the market ran off a streak of five out of seven trading days on which 90% of S&P 500 component stocks closed lower. This is one-sided negativity on a historic scale.

Let's stop right there. Because regardless of any and all other points we wish to make in this report to you, the most urgent should already be clear.

Simply stated, the best way to completely destroy any chance for lifetime investment success has historically been to sell one's quality equity portfolios into a bear market.

But to sell when investor sentiment is sufficiently negative to drive 90% of S&P stocks lower on five out of seven trading days—to sell, that is, when everyone else is selling—must strike us as the height of long-term folly.

With that clearly on the record, let us attempt to make some kind of sense out of what's going on here. (We have made some or all of these points to you earlier in a Reality Check. Please bear with us: they seem more than worth repeating.)

To do so, we need to take you back to the bottom of the Great Panic on March 9, 2009. From that panic-driven trough, the S&P 500 (with dividends reinvested) compounded at 17.6% annually for the next twelve years, through the end of 2021. At its peak this past January 3, the Index was up seven times from its low. This was one of the greatest runs in the whole history of American equities.

Moreover, the Index's compound return over the last three of those years—2019 through 2021, encompassing the worst of the coronavirus plague—shot up to 24% annually.

But when inflation soared late last year, it became evident that equities' jaw-dropping advance over those three years had been fueled to some important extent by an excess of fiscal and monetary stimulus, mounted to offset the economic devastation of the pandemic. In one sentence: the Federal Reserve created far too much money, and then left it sloshing around out there far too long.

And since inflation, as Milton Friedman taught us, is always and everywhere a monetary phenomenon, we investors now find ourselves having to give back some of the extraordinary 2009–2021 market gains, as the Fed moves belatedly to sop up that excess liquidity by raising interest rates and shrinking its balance sheet.

Yes, the war in Eastern Europe and supply chain woes of various kinds have exacerbated inflation, but in our judgment they're irritants: monetary policy (seasoned as well with a bit too much fiscal stimulus) got us into this mess, and monetary policy must now get us out. The fear, of course, is that Fed will overtighten, putting the economy into recession.

Mid Year Letter

Second Quarter 2022

Our position in all our discussions with you has been, and continues to be: so be it. If an economic slowdown over a few calendar quarters is what it takes to stamp out inflation, it would be by far the lesser of the two evils. Inflation is a cancer, and it must be destroyed.

With regard to our investment policy, nothing has changed, because nothing ever changes. That is: we are long-term, goal-focused, plan-driven equity investors. We own diversified portfolios of superior companies; these companies have demonstrated the ability to increase earnings (and in most cases dividends) over time, thus supporting increases in their value.

We act continuously on our financial and investment plan; we do not react to current events, no matter how distressing they may be. After 30 months of chaos—the pandemic in its several variants, the election that would not end, roaring inflation (most painfully in stupefying gas price increases), the supply chain mess, war in Europe and so on—we're all understandably exhausted. That's when the impulse to capitulate—to get to the illusory "safety" of cash—becomes strongest. So that's when the impulse must be resisted most strongly. And that's our job.

This too shall pass. We're here to talk all this through with you at any time. Thank you for being our clients. It is a privilege to serve you.

Long-Term Market Summary

Index returns as of June 30, 2022

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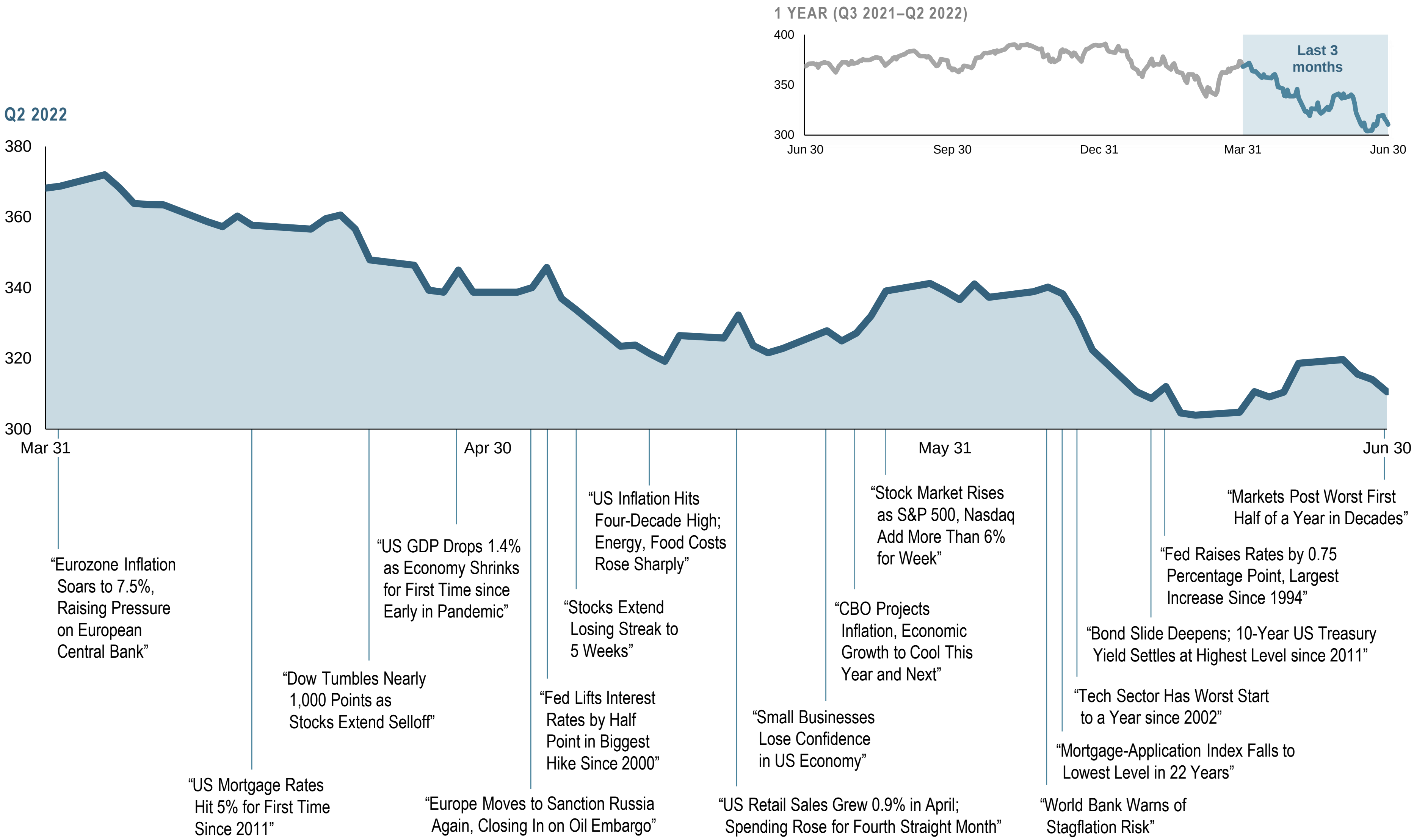
	STOCKS				BONDS	
	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
1 Year	-13.87%	-16.76%	-25.28%	-10.61%	-10.29%	-7.75%
5 Years	10.60%	2.66%	2.18%	2.79%	0.88%	1.30%
10 Years	12.57%	5.37%	3.06%	5.15%	1.54%	2.66%

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]).

World Stock Market Performance

MSCI All Country World Index with selected headlines from Q2 2022



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 2022, all rights reserved.
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.**

Impact of Diversification

As of December 31, 2021

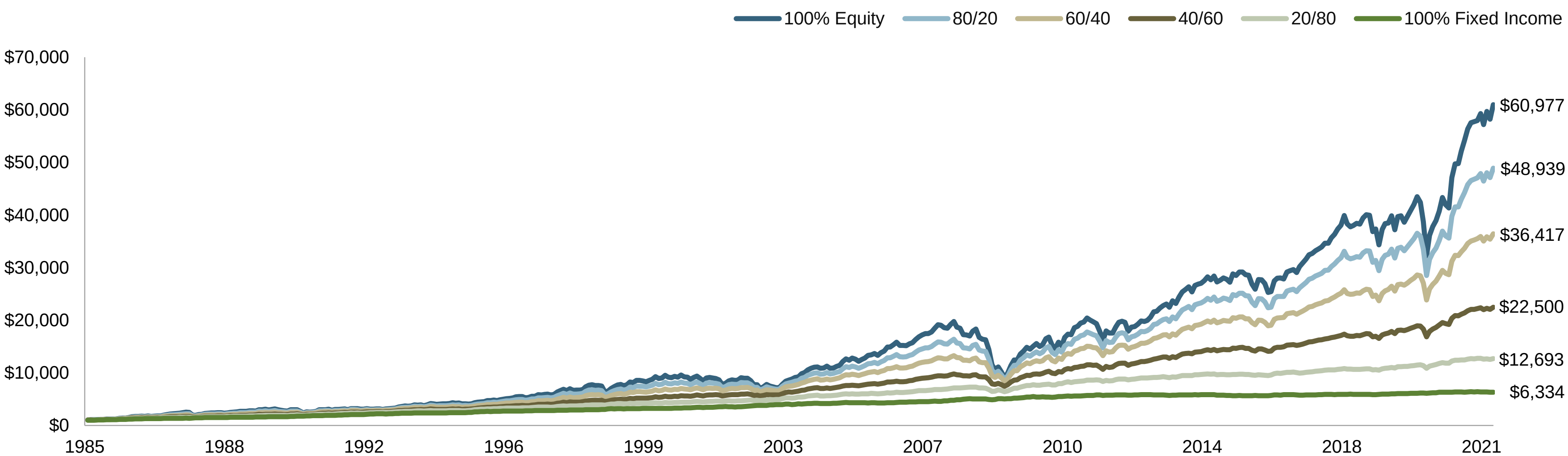
These indices illustrate the performance of different global stock/bond mixes and highlight the benefits of diversification. Mixes with larger allocations to stocks are considered riskier but have higher expected returns over time.

Period Returns (%)

** Annualized*

Dimensional Core Plus Wealth Index Model	3 Month	1 Year	3 Years*	5 Years*	10 Years*	10-Year STDEV[1]
100% Equity	6.61	22.63	21.12	14.57	13.24	14.11
80/20	5.30	17.70	18.49	12.90	11.94	11.76
60/40	3.86	12.63	15.37	10.82	9.99	9.07
40/60	2.22	7.79	10.82	7.75	7.28	6.13
20/80	0.55	2.10	6.40	4.89	4.05	3.71
100% Fixed Income	-0.51	-0.93	2.20	1.98	0.97	1.73

Growth of Wealth: The Relationship Between Risk and Return



1. STDEV (standard deviation) is a measure of the variation or dispersion of a set of data points. Standard deviations are often used to quantify the historical return volatility of a security or portfolio.

Diversification does not eliminate the risk of market loss. For illustrative purposes only. Past performance is no guarantee of future results. The performance reflects the growth of a hypothetical $1,000. Assumes all models have been rebalanced monthly. See appendix for allocation information. All performance results are based on performance of indexes with model/back-tested asset allocations; the performance was achieved with the benefit of hindsight; it does not represent actual investment strategies. The index models are unmanaged and the model's performance does not reflect advisory fees or other expenses associated with the management of an actual portfolio. In particular, Model performance may not reflect the impact that economic and market factors may have had on the advisor's decision making if the advisor were actually managing client money. The models are not recommendations for an actual allocation. Indices are not available for direct investment. Backtested performance results assume the reinvestment of dividends and capital gains. Sources: Dimensional Fund Advisors LP for Dimensional Indices.

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Randomness Of Market Returns

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Highest Return	Small Cap US 36.99%	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 35.80%
	Large Cap US 29.60%	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%	US Bonds -10.35%
	International Developed 22.77%	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%	Global Allocation -13.43%
	Global Allocation 15.97%	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%	Emerging Markets -18.78%
	Commodity -1.22%	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 -19.96%
	US Bonds -2.02%	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%	US REIT -20.72%
	US REIT -2.30%	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%	International Developed -20.97%
Lowest Return	Emerging Markets -5.03%	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%	Small Cap US -23.93%

Large Cap US is defined as the S&P 500 Index, Small Cap US is defined as the Russel l 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.