Northwestern Mutual® | BLACK BALSAM WEALTH ADVISORS

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Dear Clients

It's a genuine pleasure to report to you on the progress of our portfolio and even more important, on our financial plan during the first seven months of 2024. I ask that we 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.

We are goal-focused, plan-driven, long-term equity investors. Our portfolios are derived from and driven by your most cherished lifetime financial goals, not from any view of the economy or the markets. 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 therefore believe that the most efficient method of capturing the full premium compound return of equities is by remaining fully invested all the time. We are thus prepared to ride out the equity market's frequent, often significant but historically always temporary declines. We believe that even during such trying episodes, by reinvesting dividends you will be buying more lower-priced shares and that the power of equity compounding will be continuing, for your long-term benefit.

The first seven months of 2024 can be simply but accurately summed up in two observations. First the U.S. economy continued to grow, however modestly. Second the equity market is responding to accelerating earnings growth and dividend increases. Economic growth remained marginally positive, continuing to avoid recession, while job growth continued at a relatively strong rate. 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 we believe long-term investors should want it to be, as getting inflation down to the Fed's target two percent remains job one.

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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. Earnings and dividends are the variables that ultimately drive the long-term value of our core investment asset, that is ownership of equity in a broadly diversified portfolio of enduringly successful companies. It is not the national debt, nor the looming election. It is not the presence or absence of Fed rate cuts nor war(s) or anything else government related.

We continue to believe that the more we focus on the fundamental strengths of basic financial planning, 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 a privilege to serve you.

Sincerely,

Billy Cooper & Austin Pullicin

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