Newsletter
Second Quarter 2022

Punch

A BOUTIQUE INVESTMENT ADVISORY

July 2022

CELEBRATING 20 YEARS

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In this Issue

Twenty Years of Investing at Punch

John Carraux, CFA, CIC
Managing Partner & Portfolio Manager

An Unpaid Internship

When I started as an intern at Punch & Associates back in the summer of 2002, my knowledge of the world of investing barely scratched the surface. My pay reflected as much: I received none. Summer internships back then were usually unpaid, and I was no exception. Also, I was the only candidate to apply for the job, so the decision to hire me was apparently an easy one.

I distinctly remember walking into our old, renovated, red-brick warehouse building on the edge of downtown for the first time and thinking, "Well, this place is different." It was a world away from the drab steel-and-glass office towers where I had other interviews for finance jobs. The lobby was quiet and mostly empty, not bustling and hurried. The elevators were slow, and the temperature in the building was not well-regulated. Inside the second-floor offices of Punch & Associates (then called Bridgewater Capital Advisors), solid wood beams and exposed brick framed a couple of small offices and a conference room.

I could tell right away that the place embodied something—a culture, an ethos—that I could not identify but would discover in time. My soon-to-be mentor, Howard Punch, sat in a corner of the open office (dubbed the "trading pit") working the keyboard of a Bloomberg terminal in the same way that a craftsman stands over his workbench: deep in thought, quietly plying his trade. This was not the chaotic trading floor of a Wall Street firm or the grand conference room of a fiftieth-floor investment bank; it was calm and thoughtful and struck me as an intellectual pursuit of which I wanted to be a part.

The culture and ethos that pervaded the office in those early days was one of humble service and collaborative camaraderie that still exists today. It is the reason I love being a part of our firm. In an industry rife with ego, ambition, and the blind pursuit of wealth, Punch stands apart with an emphasis on humility, service to others, shared success, and the pursuit of meaning in one's work and life. My partners have personified those traits since our first days, and I believe they are the ingredients that have allowed us to attract such wonderful colleagues and trusting clients along the way.

Twenty years later, I am humbled by and grateful for the opportunity that somehow landed in my lap that hot and muggy Minnesota summer. Working diligently alongside colleagues whom I admire and respect, on behalf of trusting clients, has been an immense privilege.

I could never have imagined the journey that we had all just embarked on in those early days.

A Bear Market to Start

The spring and summer of 2002 was an inauspicious time to start an investment firm. Having just experienced the greatest decade of wealth creation in history, investors felt the sting of the dot-com bubble popping in early 2000, and by 2002 they were still working off the hangover. That year the Dow Jones Industrial Average dropped 15% and the NASDAQ fell over 30%. Both indexes did not hit bottom until early 2003.

I was far removed from the reality of losing money in stocks in those early days of 2002. Growing up, I had always been fascinated by this complex, mysterious money machine called "the stock market" but had no real comprehension of its workings. Investing was not a part of our family life, and my knowledge of it was mostly limited to headlines and stock quotes in the daily newspaper I delivered each morning before dawn. I was always intrigued, but more out of intellectual curiosity than anything else.

College provided a strong foundation for a career in finance and investing, and I still draw on many of the principles I learned at the University of St. Thomas, but academics and real-life experience are two very different things when it comes to managing money. They don't tell you much in the ivory tower about some of the most important things: using common sense, managing behavior and emotions, making independent judgments, and finding good people to work with and emulate.

Working under the tutelage of Howard and Andy Matysik, my real education in finance began that first year at Punch in the teeth of a bear market. One of my earliest lessons was the value of independent thinking and emotional detachment.

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The world had just experienced the irrational exuberance of the late-1990s and was now facing the harsh realities of its crumbling façade. Emotions were running high, and the indiscriminate buying of the upswing had given way to indiscriminate selling in the downturn.

As it turns out, the bear market did not last forever (they never do) and there were some startlingly attractive investments in the rubble of the market declines. Once high-flying stocks were now trading for less than liquidation value, and boring businesses that had been left behind because they simply did not have "dot-com" in their name were finally being appreciated. By rolling up our sleeves and digging into areas that were discarded, avoided, or simply ignored by others, we were able to uncover compelling investments, some of which we still hold today.

That first year was an early test of our contrarian, value-oriented investment philosophy, and it vindicated an approach that eschewed following the investment crowd in favor of independent thinking, rigorous analysis, risk awareness, and emotional control.

It took no shortage of tenacity and courage to create the foundation for the next twenty years in the face of challenging market conditions at the start. Over the following two decades, the S&P 500 Index would go on to return 486%, or just over 9% per year.

An Investment Philosophy

Indeed, 2002 was not the only challenging market that we would face in our first twenty years as a firm. Few could have predicted events like the Great Financial Crisis (2008-09), Sovereign Debt Crisis (2011-12), Brexit (2016), or Global Pandemic (2020-21), all of which tested our skills and abilities in the face of fear and uncertainty. Our investment philosophy, grounded in risk-aversion, a quality bias, and a value discipline, matured during these periods, while remaining largely the same.

Like others who experienced those challenging periods, I clearly remember the emotions of fear and uncertainty that become visceral during market downturns. The Great Financial Crisis and the Global Pandemic, in particular, were once-in-a-lifetime events that challenged my own assumptions and formed my appreciation for risk. During these times, our investment process became sharper, with deeper analysis, more pointed conversations, and heightened awareness of the need to invest with a margin of safety. They also underscored the importance of having an investment philosophy in the first place.

Many investment firms, particularly larger ones, do not have investment philosophies. Instead, they have investment products. Rather than forming a belief system about the way the world of investing works, and adhering to those principles, they try to provide their clients with as wide a variety of investing options as possible to accommodate as many potential clients as possible. Instead of curating a finely tuned menu for their guests, their chefs lay out an all-encompassing buffet from which to pick and choose.

In the short run, investment styles can go in and out of favor, as markets go through cycles and investor preferences shift. During the Great Financial Crisis, the only investing style that performed well was one of extreme safety and defensiveness. During the global pandemic, a portfolio of e-commerce companies and vaccine manufacturers did best. It can be tempting to chase the latest investment trends or move quickly between areas of the market that have done well recently in search of safety or returns.

Not having well-defined investment principles to cling to when storms inevitably come, portfolios can get blown off-course to areas of the market that happen to be doing best lately, but where prospective returns may be subpar. These portfolios are usually not well-served when the cycle eventually turns and the outlook shifts.

Over the long-term, I have learned that the best way to generate durable investment returns is to buy quality assets when their prices are undervalued and hold them through market cycles. I have also learned that investment returns can only be achieved with patience and fortitude, particularly during stressful times. While I hope we don't experience anything like the crises of the past twenty years again any time soon, they have been formative in creating the investment philosophy that we have today.

A Reflection

As I reflect on my last twenty years at Punch, what stands out to me are two things.

First, despite market downturns and periods of economic distress, investors have been able to do well by investing with patience and discipline while adhering to an investment philosophy. Those were hard things to do at several junctures since 2002, during times when the environment was replete with fear and uncertainty. Today we find ourselves in another episode of market declines and anxious outlooks—the reasons are different, but the emotions are the same. I don't believe there is a compelling reason to think, "it's different this time."

Second, the importance of a firm's people and culture cannot be overstated. We consider ourselves fortunate to have the team that we do and the culture of humility and service that we believe is unique in our industry. While we are a larger firm today than we were twenty years ago, the spirit of that first office in a renovated warehouse is still the same, and we work hard every day to keep it that way.

Today, we look to the past twenty years with gratitude, to our clients and colleagues who have made our firm what it is today, and we look forward to the next twenty years, confident that the best is yet to come. ◆

Thank You

for celebrating our 20th anniversary with us at the Lafayette Club.
It was a beautiful evening, and we enjoyed seeing everyone again!

Punch Income Strategy

An Update on Inflation

Thoughts on Navigating a Bond Bear Market

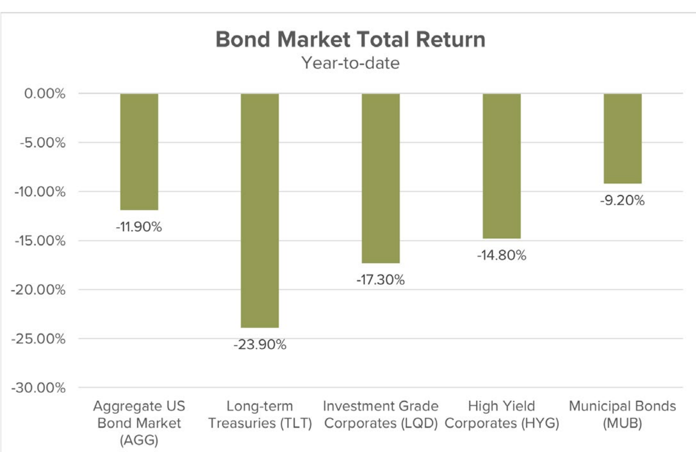
John Carraux, CFA, CIC
Managing Partner & Portfolio Manager

A few weeks ago, our household added a new driver. My daughter, a freshman in high school, passed her driver's permit test with flying colors and excitedly drove home from the DMV with her nervous father in the passenger seat. The world has suddenly opened to our young Lucy.

Like all newbies, her newfound freedom came with a few jarring realizations. The first was an unfortunate encounter with another driver's road rage on her first day behind the wheel. The second was her first stop at the gas station. Of course, her shock at the cost of a fill-up matches my own these days. I can clearly remember when gas prices were measured in cents, not dollars.

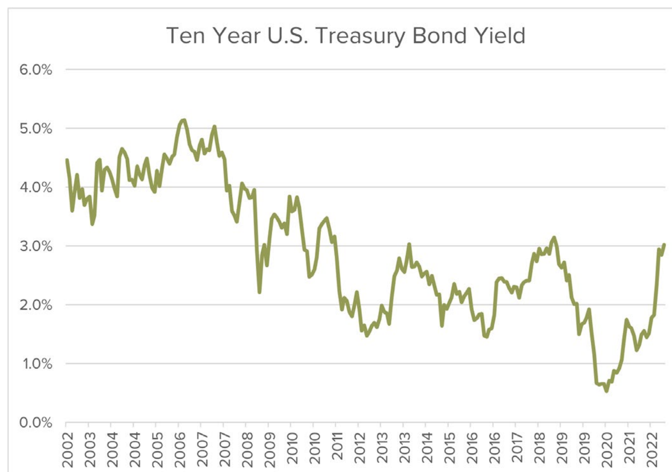
Inflation is everywhere, and the idea it is "transitory" seems like wishful thinking. Cars, homes, flights, food, gas, and just about everything else are going up in price and going up quickly. The year-over-year increase in the consumer price index (CPI) hasn't been this high since 1982.

Rising inflation affected the bond market this year in a big way with higher interest rates and lower bond prices. The aggregate bond market was down nearly 6% in the second quarter alone and is now down almost 11% for the year. **Long-dated treasury bonds are down 24% since January 1.** This is by far the worst bond market in generations.



When markets "readjust" this quickly, the temptation is to think the worst is yet to come and we should get more conservative with our investment posture. At Punch we believe the better instinct is to think the opposite. The lower markets go, the less risky they become—not the other way around.

After recent declines, interest rates are now back to more normal levels and are starting to look attractive to income-oriented investors. The 10-year treasury yield today is above both its 10-year and 20-year historical averages. Corporate bonds are quickly approaching those average levels as well. Pockets of the bond market, including the debt of "fallen angel" growth companies, look particularly appealing and should compensate investors for inflation risks.



Still, risks persist—most notably, stubbornly high inflation. We continue to own securities we believe should act as hedges against inflation and higher rates, including floating-rate debt, equities with rising dividend payouts, and select commodity-related securities, some of which helped mitigate the market volatility this year. In certain cases, we are adding to these positions as conditions allow.

It remains anyone's guess how inflation transpires over the next year, but there is a possibility that price increases will begin to moderate by year-end. This would be a welcome development and could signal a more stable bond market going forward.

Keep an eye on those gas prices and be patient with other drivers—you never know whose daughter you might be stuck behind! ◆

The Punch Income Strategy is a total return strategy that emphasizes current income over capital appreciation. The strategy invests in a variety of securities and asset classes that generally share the common characteristic of producing cash flow income that has the potential to rise over time.

Punch Large Cap Strategy

For Every Market, There is a Season

A Timely Trip to Omaha to be Reminded of What We Already Know

Paul Dwyer, CFA
Portfolio Manager & Director of Research

"Go to Des Moines and turn right" were my parents' directions for the drive to Creighton University where I attended college and was introduced to Warren Buffett and Berkshire Hathaway. Twenty years later, I repeated the trek with a group from Punch on our way to Berkshire's Annual Meeting.

Tens of thousands of people annually descend on Omaha to hear Warren Buffett and his partner, Charlie Munger, speak. It's a unique research trip for Punch because anyone from the firm interested and willing to spend a weekend immersed in an event dubbed the "Woodstock of Capitalism" is invited to join. Having others from Punch join in the trip strengthens team collaboration and reinforces the firm's investment philosophy. It's a trip I look forward to each year—listening to a few of my investment heroes by day and sharing a meal with colleagues and revisiting my old college hangouts by night.

Members of Punch have attended the Berkshire meeting for years, and it's fair to ask, "How much can you really learn after the first, second, or tenth trip?" Markel Corp's CEO Tom Gayner's answer resonated with me when he compared a trip to Berkshire like going to church: "We don't go to learn something new, but to be reminded of what we already know." Given the recent stock market volatility, it was a timely and welcome refresher on value investing principles.

1. The stock market has seasons. The first half of 2022 turned into bear season, and the S&P 500 Index finished the second quarter down 20% year-to-date. Recognizing that bear markets are normal provides some needed perspective. The goal is to battle the tendency to become myopic about the near-term. Bear markets seem irreversible and disastrous in the moment. If it was easy to see past the fear, the stock market wouldn't be as volatile in the first place.

2. Bear markets usually present opportunities to improve a portfolio. In the second quarter, we purchased a long-admired company but historically felt its valuation did not provide enough downside protection. The market correction placed it at a valuation not seen since 2014, and we took the opportunity to become owners. We also added to existing portfolio companies with excess cash on their balance sheets and led by CEOs with proven investing track records. Our expectation is that the bear market will create attractive investment opportunities for them as well. For taxable accounts, we started exiting positions with losses to capture the tax benefit and will repurchase the positions after the required waiting period to help optimize after-tax returns.

3. All seasons come to an end, and this bear market will too. One core belief at Punch, regardless of the season, is that opportunities are greatest where capital is most scarce. A bear market occurs when buyers become scarce. During the Omaha weekend, Berkshire disclosed that 2022 has become one of its largest periods of investment in history. Focusing on fundamentals and buying when others are too scared is a hallmark of Berkshire Hathaway's success, and this was the biggest reminder from the weekend.

The Punch group enjoying a dinner together in Omaha.

Financial author Morgan Housel stated, "A lot of financial debates are just people with different time horizons talking over each other." The Punch Large Cap Strategy stays invested in our highest conviction companies not because we are ignoring near-term risks but because we are focused on long-term earnings potential and our companies' ability to navigate the current turbulence.

The last reminder from Berkshire weekend was that investing is simple but not easy. Focusing on the longer term can seem out of touch, but history suggests it is the correct approach. While we work to take advantage of the opportunities that present themselves during this bear market, we wish everyone a wonderful summer and look forward to a more enjoyable investing season. ◆

The Punch Large Cap Strategy invests in large publicly traded companies. The strategy takes a long-term, concentrated approach to owning companies with durable competitive advantages, cash flow generation, and growth potential.

Punch Small Cap Strategy

A Templeton Moment

Howard Punch
President and
Chief Investment Officer

"To buy when others are despondently selling and sell when others are greedily buying requires the greatest fortitude and pays the greatest reward."
– Sir John Templeton

The year 1939 in America was a difficult time for our country and the world. Hitler's so-called "Lightning War," or "Blitzkrieg," was just getting started while our country had suffered a full decade of economic misery beginning with the stock market crash of 1929. War was on our horizon, the mood in America was pessimistic, and the stock market reflected it.

I am not a big believer in gurus. The investing world seems to be littered with people who purport to be able to forecast the performance of assets at every turn. In my early years, it seemed that the good ones (newsletter writers, columnists, strategists, and talking heads) established winning streaks approximating one in a row, and they would usually welcome the opportunity to publicly gloat on CNBC or in the Wall St. Journal. It was generally a bad idea to hitch one's investment strategy to any one of the soothsayers.

I did, however, believe in role models. I would describe these people as principled professionals who quietly and successfully practiced their craft and communicated clearly what worked for them. They avoided forecasts. Sir John Templeton (who was knighted by Queen Elizabeth in 1987 for his philanthropic work) was one such person.

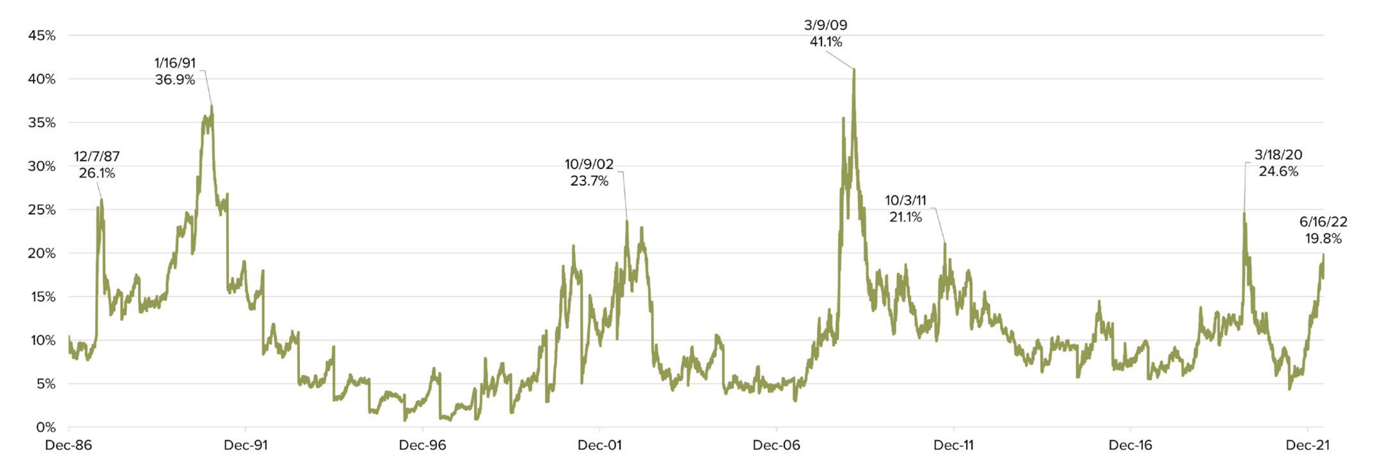
One of the principals that Templeton stood for was buying at the point of maximum pessimism. In 1939, amidst the gloom of Hitler's War, 27-year-old Templeton borrowed $10,400 to set up his portfolio. Templeton used the loan to purchase one hundred shares in each of 104 companies trading under $1 per share on the New York Stock Exchange (NYSE). By the end of the war, his portfolio was up 400%, despite 34 of the companies going bankrupt. This was during a time frame when stocks, in general, went down (the Dow Jones Index suffered a decline of 22% from 1939 to 1943). Templeton went on to prove he was not a "one-hit wonder" by establishing one of the best mutual fund track records of all time.

The Current Mood

It's an odd reality that some of the saddest and most anxious times in our past have been amongst the best times to invest. War, inflation, rising interest rates, and a potential recession have created some extreme discomfort for investors. This uncertainty has factored into the Russell 2000 Small Cap Index, just completing its worst first half in its 42-year history by sinking over 23%.

Our friends at Furey Research point out just how uncomfortable investors have become by charting the percentage of Russell 2000 companies that are selling below five dollars per share. They suggest it is very uncommon for the percentage of these stocks to reach 20% or more of the index. It has only occurred eight percent of the time. Even more rare is for the percentage of these stocks to near 25%, with those moments clustered around four events: the COVID-19 initial sell-off; the Great Financial Crisis; the first Gulf War; and the 1991 recession following the 1987 stock market crash. We are close to one of those periods right now.

The percentage of R2000 stocks below $5.00 stock price is climbing.



Source: Furey Research Partners and FactSet. Data as of 7/8/22.

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Each of these occasions has represented a buying opportunity with forward returns more than making up for losses, sometimes in less than a year.

It's uncommon for so many R2000 stocks to be below $5.00 share price.

% of R2000 Stocks Below $5.00	Average Forward 12 Months Return	% Periods Positive Return
10%	17.5%	79%
15%	25.9%	92%
20%	32.9%	98%
25%	43.1%	100%

Source: Furey Research Partners and FactSet. Data as of 6/17/22.

Are we at the point of maximum pessimism (a "Templeton Moment")?

Each economic and global era is distinct. We are not advocating for buying every stock under one dollar on the NYSE (adjusted for inflation, a one dollar stocks in 1939 would be $19 per share today). Indeed, as we manage the Punch Small Cap Strategy, our group is focused on buying and owning small, profitable companies that can thrive in a less-than-friendly economic environment. Like 1939, the mood right now is quite dour. We would suggest, therefore, that we may be nearing one of these Templeton Moments.◆

The Punch Small Cap Strategy is a growth oriented equity strategy that invests in smaller publicly-traded companies, primarily located in the U.S. The strategy looks for higher-quality companies that are trading at discounted prices because they are under-the-radar, out-of-favor, or simply misunderstood.

In June, members of the Punch team volunteered at The Open Door pop-up produce stands in the southern metro. The Open Door is committed to providing a fresh approach to ending local hunger through access to healthy food and is the only mobile food program in Dakota County. We're thankful for the opportunity to support an organization that is making a positive impact on the community!

"I'm grateful for the opportunity to partner with Open Door. They have a direct impact on the community and the need for what they provide is evident." - Miraya Gran

Wealth Planning

The Holy Grail of Personal Finance

The Quest for Organization and Simplicity

Jessica Johnson, JD
Managing Partner

Stories about treasure hunting have a special role in our collective imagination. Pursuing an elusive but valuable prize captures our attention and resonates with us as an endeavor worthy of sacrifice, risk-taking, and heroic effort. When Harrison Ford as Indiana Jones finally reaches the Holy Grail, portrayed as a modest-looking cup capable of providing eternal life, the knight guarding the vessel tells him, “You have chosen wisely.”

As advisors, we have met with many people over the years searching for something more when it comes to personal finances—and not just higher investment returns. They want a better, deeper, fuller understanding of the various moving parts represented on their balance sheet, in their business, or within their opaque legal documents. We refer to this hidden treasure as clarity and purpose, and in this article, we offer a map for finding these gems.

1. The Villain

In every good adventure movie, some type of force is working against the heroine during her quest. Entropy is the gradual decline into disorder, and it is one of the most challenging foes in the quest for clarity and purpose. In physical science, the law of entropy says disorder will grow within a closed system. Without an injection of outside energy, disorder escalates. In sociology, entropy is the natural decay of structure. In other words, without constant maintenance, societies tend toward chaos and increasingly divergent behavior.

Have you experienced the forces of entropy in your own financial life? About ten years ago, I started working with a family as their attorney when I was in private law practice. They came to me with a simple request to understand their estate plan. They had worked with some of the best advisors our community had to offer, but confusion remained for them due to their complex and uncoordinated financial and legal situation. We started by reviewing together a summary illustration one of their advisors prepared, which looked like someone had dumped a plate of spaghetti on a page. With a lot of work, patience, and collaboration, we were able to unwind certain aspects of their plan that were too complex and identify the rationale for other portions of the plan that were complicated but served an important purpose. We streamlined the illustration so we could revisit the overview without having to slog through pages of legalese to get our bearings each time we talked. We then took time to align their balance sheet and their estate plan, considering the best titling of assets and beneficiary designations in light of their overall intent. We've since reviewed their plan annually to ensure that entropy doesn't undo our hard-earned success.

2. The Battle

The struggle against entropy can feel overwhelming. Some people give up, surrender to the forces of disorganization, and limp along with a disorganized approach. Others fall into habits and repetitive patterns that are not helpful in accomplishing their true objectives. I'm reminded of the Greek mythological character Sisyphus. Zeus forced him to roll a huge boulder up a hill only to have it roll back down each time he neared the summit. While Sisyphus was condemned to a never-ending sense of futility, your financial story can (and should) take a starkly different path. Our goal is to address repeated frustration by helping you and your family get the boulder over the hill, and we may have several hills to conquer throughout the years as we work together.

According to thought leader Shane Parrish: “To maintain our health, relationships, careers, skills, knowledge, societies, and possessions requires never-ending effort and vigilance. Disorder is not a mistake; it is our default. Order is always artificial and temporary. Does that seem sad or pointless? It's not. Imagine a world with no entropy—

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everything stays the way we leave it, no one ages or gets ill, nothing breaks or fails, everything remains pristine. Arguably, that would also be a world without innovation or creativity, a world without urgency or a need for progress."

Most people suffer from unnecessary and pointless complexity in their financial, business, and estate planning. Often this complexity is a result of inattentiveness or lack of engagement (entropy!). Some clients believe they have a simple situation when all kinds of uncovered issues lurk beneath the surface. Rather than viewing this as a hopeless state of being, we see disorganization as an opportunity for dialogue, discovery, definition, and creative planning.

3. X Marks the Spot

The key to combating entropy is to inject some outside energy and to focus on your plan over time. Our Punch advisory group offers the energy needed to wrestle the disorganization in your financial and estate plan. We invest time to evaluate all aspects of your situation, and unlike many transactional advisors who simply prepare a document or sell financial products, we view our engagement with you as a long-term relationship involving strategy, design, coaching, education, and communication.

As we work with families, we prefer simplicity and pursue clarity whenever possible. We tolerate complexity only intentionally, with eyes wide open, and for worthwhile reasons. For example, one client might create an irrevocable trust for the benefits of tax savings and creditor protection for beneficiaries. Another client might convert a portion of his traditional IRA to a Roth IRA, creating an extra account to track and taxes to report, or he might create a private family foundation with administrative maintenance to accomplish charitable giving goals. When we accept any degree of complexity, we insist on a rationale for allowing it.

Our mission is to enable families and institutions to steward resources with clarity and purpose. Your family will inevitably encounter changes in the stock market, spending decisions, and family dynamics. All of this leads to a healthy need for regular and thoughtful review. We look forward to adventuring with you in the ongoing development of a better personal financial situation, one that would not have been possible without our combined efforts. Creating an organized and thoughtful plan is a gift for your family and beneficiaries, one that results from "choosing wisely" to pursue the treasures of clarity and purpose. ◆

Considerations for IRA Retirement Account Beneficiaries

The SECURE Act, effective December 31, 2019, requires nearly all inheritors of retirement accounts, other than the surviving spouse or a disabled beneficiary, to withdraw the entire account by December 31st of the 10th year following the original owner's death. Depending on the inheritor's income tax situation, this rule can steeply increase the income taxes due on inherited retirement accounts.

We work with many clients to strategize the best way to leave a retirement account to beneficiaries, whether family or charity. Please contact our Advisory team if you are a retirement account owner and would like to schedule a review.

Operations

The Big Freeze

Putting Identity Theft on Ice

Miraya Gran
Operations Analyst

Last fall, a day of coincidences forced me to contemplate the unsettling topic of identity theft. Within hours of receiving a notice from my medical provider informing me my records had been part of an information breach, I stumbled upon a National Public Radio segment about freezing my credit—particularly, freezing a child's credit. The universe was calling me to act! Being a mother of a one-year-old and with that great "new mom sense," I took to the internet to explore "The Big Freeze."

What is a credit freeze and how can it benefit me?

A credit freeze is essentially a lock on your credit report. When a freeze is in place, potential lenders are unable to access your credit report. A credit freeze also helps prevent others from accessing your credit report fraudulently and applying for credit in your name, adding a layer of protection against identity theft.

How to Freeze your Credit

There are four major credit reporting agencies you will want to contact when placing a freeze on your credit. They are Experian, Equifax, TransUnion, and Innovis. To receive the full benefit of a credit freeze, it is imperative to place a freeze with each agency.

You can request a credit freeze online, over the phone, or by mailing requests to the agencies directly. I found placing a freeze online is the easiest route. Each agency provides detailed steps and can walk you through the process.

Below is the contact information for all four credit reporting agencies:

- Experian: (888) 397-3742
  https://www.experian.com/freeze/center.html
- Equifax: (888) 298-0045
  https://www.equifax.com/personal/credit-report-services/credit-freeze/
- TransUnion: (888) 909-9972
  https://www.transunion.com/credit-freeze
- Innovis: (866) 712-4546
  https://www.innovis.com/personal/securityFreeze

How to Freeze the Credit of a Minor Child

Most children under the age of 16 do not have established credit, however, a parent or guardian can request a copy of a minor child's credit report and can freeze the credit of a minor who has established credit. To establish a credit freeze for a minor, you must submit a written request to each agency. Some agencies have their own minor credit freeze request form located on their website. You will need to include a copy of the minor's birth certificate and social security card along with copies of your own identification. A list of acceptable forms of identification can be found on each reporting agency's website.

Once you place the freeze for the minor, be sure to talk with them frequently about the importance of credit and share with them why you placed the freeze on their behalf. Communicating with your children about credit reporting is an additional line of defense against identity theft.

How to Unfreeze your Credit

Need to apply for credit and already have a credit freeze established? No problem! You can set up a temporary credit "thaw" or choose to unfreeze permanently at any time. Some agencies require a pin code to unfreeze your credit. That pin code will be set up when you initially request a freeze. Be sure to keep your pin code secure by saving it in a secure password manager. Most agencies will allow you to establish a temporary thaw with a pre-determined end date. This is especially useful for the off chance you forget to reactivate the freeze.

Watch for more information on password management tools in the upcoming third quarter Punch newsletter.

Frequently Asked Questions about the Big Freeze

- **Will establishing a credit freeze effect my credit report?** No! A credit freeze is simply an added layer of security.
- **Will I still be able to use my credit cards after placing a credit freeze?** Yes! Placing a freeze on your credit is a freeze on your credit report, not your credit cards.
- **Can I place a credit freeze on behalf of a deceased individual?** Yes! This process is laid out online through each reporting agency. It is very similar to the process for freezing the credit of a minor child.
- **Can I still experience identity theft if I have a credit freeze established?** Unfortunately, yes. However, establishing a credit freeze at all four of the credit reporting agencies is an added layer of protection from identity theft.

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- **What is the difference between a credit freeze and a credit lock?** A credit freeze is free. Some agencies charge a fee for a credit lock. A credit freeze is mandated and regulated by the government. A credit lock is not.

Combating Identity Theft Together

Freezing your credit is an essential way to add a layer of protection against identity theft. The Punch team encourages you to reach out to us if you have any questions about embarking on the "The Big Freeze." Let's work to combat identity theft together. ◆

Welcome, Linnea and Alicia!

Linnea Åkesson joined Punch & Associates in June as a Research Analyst on the Investment team after interning the fall of 2020 and summer of 2021. Linnea graduated from the University of Minnesota with a B.S. in Finance and a minor in Accounting. At the University, she participated in the David. S. Kidwell Funds Enterprise as a Fixed Income Analyst specializing in the Consumer Discretionary sector. When Linnea isn't studying for her CFA® designation exam, she enjoys a good game of squash, visiting her family in Sweden, and yoga.

Alicia Tompkins joined Punch & Associates in July as a Data Management Analyst. She brings over a decade of operations and accounting experience in the financial services industry to our team. She graduated with a B.S. in Business Administration from Metropolitan State University and an A.A.S. in Financial Accounting from Rasmussen College. Alicia ensures our data systems run smoothly and accurately. She lives in Edina with her husband and their two boys. Between kids sports and activities she enjoys flower gardening and spending time outside with the family.

Introducing Summer Interns

This summer, two interns from the University of St. Thomas joined the Investment team. Punch has several alumni from St Thomas, and we enjoy partnering with the school in a variety of capacities, including presentations to student groups and sponsoring the Family Business Advisor Luncheons.

Sarah Morin was drawn to Punch because of our unique approach to investment advisory, and she's excited to gain insight to what a career in investments could look like. This fall, she will start her senior year, and she is double majoring in Finance and Business Law & Compliance. Sarah is originally from Eagan, Minnesota and enjoys traveling, going to her cabin, being on the lake, and spending time with her friends and family.

Tucker Turrittin was introduced to Punch when he attended a presentation by Paul and Sam at the University of St. Thomas Finance Club. He found the internship opportunity appealing because of his appreciation for our firm's philosophy of value investing. He looks forward to seeing first hand what it takes to be an equity research analyst and plans to pursue it as a career. He will graduate this December with a major in Business Economics.

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