INVESTMENT CONSULTANTS

(A Registered Investment Advisor)

April 10, 2014

From: Bill Gela, Investment Consultants
Topic: The Broaster Company 401(k) Plan – Quarterly Plan Summary Report

Enclosed is your Plan Summary Report for the quarter ending 3-31-2014, covering your mix of funds. This past 3-month period ending March 31 was up slightly for the overall U.S. stock market, for the aggregate international stock markets, and for the overall U.S. bond market. Within the U.S. stock market, the diversified stock fund categories (as defined by Lipper investment styles and capitalizations) had returns of between -0.02% & +3.2% for the first quarter. According to Lipper Fund Services, the average U.S. stock mutual fund's first quarter 2014 total return was +1.3%, and the <u>S&P 500 Index was up +1.8% for the first quarter</u>. <u>For the 12 months ending 3-31-2014 the S&P 500 Index was up +21.9%</u>. According to Morningstar™ all of your funds have performed solidly-to-well for both 5 and 10 years relative to similar "peer group" funds, with the exception of the Royce Special Equity Investment Fund's 5-year relative performance that lagged significantly. [Notes: The Royce Special Equity Investment Fund has outperformed 58% of other small cap blend funds for the past ten years ending 3-31-2014. This fund will be replaced within the next couple of months – more to come on this. Your passive "index funds" (versus actively-managed funds) strive to mirror their indices' performances at all times -- no more, no less.]

Relative to similar "peer group" funds, your fund mix has continued to perform solidly on average over the past 12 months ending 3-31-2014 – 3 funds within the top 25% of their peer groups' funds and 2 funds within the bottom 25% of their peer groups' funds. For the past 12 months ending 3-31-2014 (with the S&P 500 Index up +21.9%) four of your seven stock-oriented funds outperformed the S&P Index.[1] Your top performing stock-oriented fund was the Loomis Sayles Small Cap Growth Fund at a +31.7% total return for the 12 months ending 3-31-2014, and your Templeton Global Bond Fund returned +1.8% for the same 12-month period.[2]

[Note: To put your funds' returns into perspective during the past five years' dynamic "up" market conditions, your 7 stock-oriented funds have annualized total returns (compounded each year) of between +18.0% & +26.5% for the past 5 years ending 3/31/2014. This compares to +21.2% for the S&P 500 Index for the same 5-year period: 4 of your 7 stock-oriented funds exceeded the S&P 500 Index' return for this 5-year period. Two of the laggards (domestic funds) were up +20.0% or more. The other laggard is your foreign large cap fund, most of which have significantly lagged U.S. stock funds for this period.]

1 According to Lipper (4/7/2014 Wall Street Journal), for the past 12 months ending 3/31/2014 all domestic diversified, non-specialty stock fund categories had positive returns -- between +17.7% & +26.8%. <u>For the past 12 months the S&P 500 Index underperformed most of the diversified domestic stock fund categories. One of your stock-oriented funds is a foreign/international fund. For the 12 months ending 3/31/2014 the International stock fund category was up +15.7%</u>. For the 5-year period ending 3/31/2014 all domestic diversified, non-specialty U.S. stock fund investment categories had *annualized* total returns of between +19.2% and +25.1%. [International stock fund category = +15.7% per year.]

2 According to Lipper, the average intermediate-term (U.S.) taxable-bond fund total return was -4.9% for the previous 12 months ending 3/31/2014.

1st QUARTER, 2014 PLAN SUMMARY REPORT – BROASTER COMPANY

Prepared by: ***Investment Consultants (an affiliate of Compensation & Capital)***

"NEWS FLASH" – Should you care?: What is being written about, read about, and talked about the most at any given time – is it important to you as an investor? All day long today we will hear about "what is trending" -- on "Entertainment Tonight", on the "Tonight Show", on the internet, on talk radio, and even on news shows. This is pretty important to fashion, to selling newspapers, TV programs, internet content, etc.; but does it matter to investors? The answer is an emphatic "Yes and No"! It probably matters quite a bit to short-term investors and to those who are actively buying and selling stocks and bonds (day traders) because short-term trends may temporarily affect securities' prices. [You may have read about "high-speed trading" recently, or seen a segment on "60 Minutes" about it. Precisely what "high-speed trading" is may not be clear to most people, but I assure you that the topic is "trending".] If you are an investor who will be buying a stock or a bond and selling it soon thereafter, you may benefit greatly from what is trending. On the other hand, for most of us who are concerned with our investments in 401(k) and/or Profit Sharing retirement plans, the hot, trending topic of the day is typically rather irrelevant to the success of our long-term investing. From my experience, investors who attempt to "time" the markets' "ups and downs" (called market timers) are often among the least successful investors. Many successful long-term investors select an asset allocation [1] that seems to fit their investing timeframes and then they diversify their investments among various stock and bond funds, including some funds specializing in U.S. and in foreign securities; some stock funds investing in small, mid-size, and large companies; and perhaps some bond funds along with a money market fund. Lastly, many successful long-term investors rebalance their portfolios periodically. [2]

In the five years ending February 28, 2014, the S&P 500 Index of large U.S. company stocks was up approximately +181.6%. Let's assume that you have rebalanced your portfolio periodically, protecting some of the growth in your account value that you have experienced during this enormous "up market". Let's also assume that the market will *not* go up forever – a pretty good assumption. Now then, if the stock market drops who might benefit from a prolonged market downturn? Such a downturn could benefit investors who are continuously investing *additional money in the stock market* -- such as participants in 401(k) and profit sharing plans. Let's explore why and how this is true ….

T. Rowe Price Associates (the mutual fund company) did a study looking at two hypothetical investors who both invest $100 a month for 5 years, each for a total investment of $6,000. The first investor enjoys a steadily rising stock market climbing 10% per year, for a 5-year total return of 61.1% [10% compounded]. At the end of the 5 years this investor's $100 per month investment is worth $7,717. The second investor also experiences a 5-year total market climb of 61.1%, but he/she experiences a "valley" and a "peak" along the way -- the market plunges 20% over the first two years and then rallies over the next three. Bad luck? Not at all! Because of the initial market dive stocks were bought at cheaper prices, and the second investor finishes the 5 years with $9,574, or *24% more* than the first investor does!

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[1] Asset allocation refers to the percentage mixture of different types of mutual funds – e.g., (U.S. and foreign) stock, bond, money market, etc. An example of a conservative asset allocation is – 20% money market funds, 45% bond funds, 27.5% U.S. large company stock funds, and 7.5% in foreign large company stock funds from countries with well-established, large stock markets. The aggressiveness or conservativeness of an individual's asset allocation is most often influenced by that individual's current savings versus his/her long-term needs, and his/her age and tolerance for (and comfort with) taking risk.

[2] Periodically adjusting your holdings of various stock funds and fixed income funds to keep a consistent target percentage of each is called *rebalancing your account balance.* As stated in the last 1/4ly report, we suggest that you review your stock and fixed income funds' percentages at least once each year, and that you consider rebalancing your retirement investments if either stock or bond fund percentages have moved 5% or more away from your target percentages established for them. That is, after an "up" stock market year such as 2013, you may sell some of your stock fund holdings and buy some more bond funds.

BROASTER COMPANY - 1st Quarter, 2014 Plan Summary Report
Funds' Performances for Periods Ended March 31, 2014

The following report is intended to help you in evaluating your investments [1], and in selecting your mix of mutual funds for the future. The average diversified U.S. stock mutual fund's first quarter 2014 total return was +1.3%; and for the 12-month period ending March 31, 2014, the total return was +21.3%. [For 12 months: the S&P 500 index returned +21.9%; the small-cap stock index returned +24.9% [2]; & the average international stock fund returned +15.7%]. The 3-month total return for taxable bond mutual funds averaged +1.7%, taking the average taxable bond fund total return to +1.0% for the previous 12 months. Lastly, (retail taxable) money market funds' average yield was +0.01% for the previous 12 months. Remember that one quarter does *not* make your retirement investing a success or a failure, nor does it insure success or failure for the next quarter -- investing is a long-term proposition.

Fund Type	Periods Ended March 31, 2014: 1-Year Total Return *(Growth of $1,000)* [3]	**5-Year Average Return**	Fund Ranking [4] **5 Years**	10 Years
Stock-oriented:				
Large Cap Funds:				
(T. Rowe Price Equity Income) *[NASDAQ Code = PRFDX] [LV]* [5]	+18.6% *($1,186)*	**21.3%**	**21**	32
(Vanguard Total Stock Market Index) *[NASDAQ Code = VTSMX] [LB]*	+22.5% *($1,225)*	**21.9%**	**14**	18
(Fidelity Contrafund) *[NASDAQ Code = FCNTX] [LG]*	+23.5% *($1,235)*	**20.4%**	**43**	6
Mid Cap Fund:				
(Vanguard Mid Cap Index) *[NASDAQ Code = VIMSX] [MB]*	+23.4% *($1,234)*	**24.9%**	**27**	18
Small Cap Funds:				
(Royce Special Equity Invmt) *[NASDAQ Code = RYSEX] [SB]*	+18.2% *($1,182)*	**20.0%**	**92**	42
(Loomis Sayles Small Cap Growth) *[NASDAQ Code = LSSIX] [SG]*	+31.7% *($1,317)*	**26.5%**	**21**	4
International Fund:				
(Harbor International Adm) *[NASDAQ Code = HRINX] [LB]*	+15.3% *($1,153)*	**18.0%**	**9**	6
Moderate Allocation Fund – Stocks & Bonds:				
(T. Rowe Price Capital Appreciation) *[NASDAQ Code = PRWCX] [LG]*	+17.0% *($1,170)*	**18.6%**	**1**	1
Bond-Oriented Funds:				
(Harbor Bond Institutional) [6] *[NASDAQ Code = HABDX]*	-0.9% *($991)*	**6.6%**	**49**	11
(Templeton Global Bond Adv) *[NASDAQ Code = TGBAX]*	+1.8% *($1,018)*	**9.5%**	**19**	1
(Vanguard GNMA) [7] *[NASDAQ Code = VFIIX]*	-0.3% *($997)*	**4.0%**	**21**	10
Money Market Fund:				
(TD Bank USA Institutional MMDA) *[NASDAQ Code = N/A]*	+0.0% *($1,000)*	**0.1%**	(-N/A-)	

(Endnotes on next page) →

Endnotes:

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[1] Remember that past performance is absolutely *not* a guarantee of future performance.

[2] Russell 2000 Index. All statistics in this paragraph are from the Wall Street Journal (Source: Lipper).

[3] If an investor had put $1,000 into each fund on March 31, 2013, one year later (on March 31, 2014) each fund would have been worth the amount in italics and parentheses below.

[4] Example -- "35" below means that the fund ranked in the top 35% in investment performance, as compared to funds with a similar investment style or objective, for the 5-year period or for 10 years ending March 31, 2014. This is commonly stated as "the fund ranked in the 35th percentile of its peer group." For percentile rankings, lower is better – a 35th percentile fund outperformed 65% of peer group funds for the timeperiod stated. Data supplied by Morningstar.

[5] The following categories are as defined by Morningstar. Small Cap, Mid Cap, and Large Cap refer to the average size of the companies whose stock is held in the fund. For your stock funds (and the stock holdings of your balanced fund): [first letter] L = Large Cap, M = Mid Cap, S = Small Cap; [second letter] G = Growth, V = Value, B = Blend (Value/Growth). Example – *[LV]* means a large cap, value style. A "Value" style means that typically the fund portfolio manager buys stocks that he/she thinks will both grow in price *and* currently can be purchased at a price that is a good value. A "Growth" style manager focuses on buying stocks that are anticipated to grow in price, regardless of the current price of the stock (that is, even if based on historical standards, the stock price seems expensive already). "Moderate Allocation" and "Conservative Allocation" funds are "balanced funds" that hold a mixture of predominantly U.S. stocks and bonds; the former has a relatively higher position in stocks (50%-70%), while the latter has a relatively higher position in fixed income and cash (50%-80%). A "Foreign or International Equity" fund holds predominantly non-U.S. stocks, whereas a "World Stock" fund holds non-U.S. and U.S. stocks.

[6] Morningstar categorizes the Harbor Bond Fund as an "intermediate-term bond fund". Over time it is diversified across various bonds, including corporate and government bonds.

[7] Morningstar categorizes the Vanguard GNMA Fund as an "intermediate-term government bond fund".