INVESTMENT CONSULTANTS

(A Registered Investment Advisor)

April 10, 2015

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 3-31-2015, covering your mix of funds. This past 3-month period ending March 31 was up for the overall U.S. stock market; up more for the aggregate international stock markets, and up somewhat 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 0.0% & +5.9% for the first quarter. According to Lipper Fund Services, the average U.S. stock mutual fund's first quarter 2014 total return was +2.5%, and the <u>S&P 500 Index was up +1.0% for the first quarter</u>. <u>For the 12 months ending 3-31-2015 the S&P 500 Index was up +12.7%</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 T. Rowe Price Equity Income Fund's 5-year relative performance that lagged. 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 performed well on average over the past 12 months ending 3-31-2015 – 6 funds within the top 25% of their peer groups' funds and 1 fund within the bottom 25% of its peer group's funds. For the past 12 months ending 3-31-2015 (with the S&P 500 Index up +12.7%) two of your six domestic stock-oriented funds outperformed the S&P 500 Index – additionally one of the six was within 0.5%.[1] Obviously, for this time period the place to be invested was in large U.S. companies. Your top performing stock-oriented fund was the Vanguard Mid Cap Index Fund at a +14.7% total return for the 12 months ending 3-31-2015, and your Harbor Bond Fund returned +5.7% 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 +7.3% & +17.5% for the past 5 years ending 3/31/2015. This compares to +14.5% for the S&P 500 Index for the same 5-year period: 5 of your 7 stock-oriented funds exceeded the S&P 500 Index' return for this 5-year period. One of your laggards is your foreign large cap fund, most of which have significantly lagged U.S. stock funds for this period.]

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1 According to Lipper (4/7/2015 Wall Street Journal), for the past 12 months ending 3/31/2015 all domestic diversified, non-specialty stock fund categories had positive returns -- between +3.8% & +14.5%. <u>For the past 12 months the S&P 500 Index outperformed all but 2 of the 13 diversified domestic stock fund categories. One of your stock-oriented funds is foreign/international funds. For the 12 months ending 3/31/2015 the International stock fund category was down -1.2%</u>. For the 5-year period ending 3/31/2015 all domestic diversified, non-specialty U.S. stock fund investment categories had *annualized* total returns of between +12.1% and +15.4%. [International stock fund category = +5.8% 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 3/31/2015.

1st QUARTER, 2015 PLAN SUMMARY REPORT – BROASTER COMPANY

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

You've Got Style! … but … Do You Have the Right Style? [1]

For the 6 years ending 2/28/2015, the S&P 500 Index is up approximately +225%. Because no one knows for sure what will happen in the stock market, nor when, I have asked many individual investor clients the following question: First, let's assume that the stock market is going to move 25-30% over the next year or so, but we don't know which way – "up" *or* "down"! If the market moves upward and you miss much of the rise because you are invested more conservatively, will that "feel/be" worse for you than if the market drops and you avoid much of the downward movement? Oftentimes two significant variables that affect this answer are one's age and how much savings he/she has already accumulated. For example, if you are young and you need to grow your savings substantially over time, you might be willing to invest a larger portion of your money in more volatile investments such as stocks. If you are closer to retirement, safety may be key.[2]

2014 was a year, like most years, that asset classes and "investment styles" mattered! What does this mean, and is this always the case? Like clothing styles, investment styles are defined by their characteristics – a sport jacket might have narrow or wide lapels; or in the case of a mutual fund, it might hold stocks and/or bonds that are associated with big, more stable "value companies", or with more speculative "growth companies" (perhaps holding the stock of small, medium-size, or large companies). At different times, professional investment advisors favor different styles (as do different clothing designers); then again, there are investment management firms who stick with a certain style, no matter what is "hot" at the time. Many long-term investors prefer professional investment managers (called portfolio managers for mutual funds) who are consistent in their styles. Why? There are two main reasons: (1) Associated with different investment styles are different levels of risk and different levels of long-term returns (both historical returns and expected future returns). If an investment manager is continuously switching styles, it is impossible to anticipate future levels of investment risk in your portfolio, along with associated performance; and it is impossible to monitor and measure a mutual fund's relative performance. (2) Many long-term investors attempt to put together a mix (or a portfolio) of mutual funds that are both distinctively different from, and at the same time complementary to, one another. Without consistency in the way mutual funds are managed, it is impossible to structure such a portfolio mix.

Let's look at 12 prominent asset classes[3] (often associated with mutual fund investment styles) for the previous 15 years to see if we can predict future performance based on past successes. These 12 asset classes include various U.S. (or domestic) investments; and foreign (or international) investments [in developed and in emerging markets] – across stocks, bonds, real estate investments, and commodities. For the previous 15 years: 7 different asset classes finished 1st on the annual listing – the Emerging Markets stock category finished at the top 5 times (4 times from 2003-2009), but was at the bottom 3 times (2 times from 2008-2011, having a -53.3% return in 2008); the Real Estate category (REIT's) finished at the top 3 times (including 2004 and 2006), but since then it was at the bottom once and at the top once; the Commodities category finished at the top 2 times, but was at the bottom 4 times (2 times in the past 3 years); and a Bond category even led the way (2008 and 2011). In other words, there were no consistent "winners"; and associated with categories such as Emerging Market stocks, an investor had to take the risk of big losses in the "off" years. Because different asset classes and mutual fund investment styles vary so much in their outperforming one another in different time periods, most long-term investors *diversify* by investing in numerous stock and bond investment styles. Although we all like big returns, most of us are not willing to put all of our savings into an investment that can be way up one year and way down the next. Most professional advisors agree with this, as well.

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[1] Periodically we revisit and update report topics. A report similar to this one was distributed for the second quarter of 2010.

[2] If you believe that you need to make big changes in your current fund mix, but you are concerned about the impact that current market conditions could have on making the changes now, consider spreading the fund transfers gradually over the next 2 or 3 quarters.

[3] These are as defined by FactSet as of 12/31/2014.

BROASTER COMPANY - 1st Quarter, 2015 Plan Summary Report
Funds' Performances for Periods Ended March 31, 2015

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 2015 total return was +2.5%; and for the 12-month period ending March 31, 2015, the total return was +8.8%. [For 12 months: the S&P 500 index returned +12.7%; the small-cap stock index returned +8.2% [2]; & the average international stock fund returned -1.2%]. The 3-month total return for taxable bond mutual funds averaged +1.2%, taking the average taxable bond fund total return to +2.3% 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, 2015: 1-Year Total Return *(Growth of $1,000)* [3]	**5-Year Average Return**	Fund Ranking [4] **5 Years**	Fund Ranking [4] 10 Years
Stock-oriented:				
Large Cap Funds:				
(T. Rowe Price Equity Income) *[NASDAQ Code = PRFDX] [LV]* [5]	+4.7% *($1,047)*	**11.7%**	**65**	49
(Vanguard Total Stock Market Index) *[NASDAQ Code = VTSMX] [LB]*	+12.2% *($1,122)*	**14.6%**	**16**	15
(Fidelity Contrafund) *[NASDAQ Code = FCNTX] [LG]*	+13.5% *($1,135)*	**14.9%**	**28**	15
Mid Cap Fund:				
(Vanguard Mid Cap Index/Inv) *[NASDAQ Code = VIMSX] [MB]*	+14.7% *($1,147)*	**15.9%**	**14**	20
Small Cap Funds:				
(Vanguard Tax-Mged Small Cap/Adm) *[NASDAQ Code = VTMSX] [SB]*	+9.3% *($1,093)*	**16.3%**	**14**	15
(Loomis Sayles Small Cap Growth) *[NASDAQ Code = LSSIX] [SG]*	+5.7% *($1,057)*	**17.5%**	**17**	4
International Fund:				
(T. Rowe Price Overseas Stock) *[NASDAQ Code = TROSX] [LB]*	+1.1% *($1,011)*	**7.3%**	**14**	(----) [6]
Moderate Allocation Fund – Stocks & Bonds:				
(T. Rowe Price Capital Appreciation) *[NASDAQ Code = PRWCX] [LG]*	+12.7% *($1,127)*	**12.6%**	**1**	2
Bond-Oriented Funds:				
(Harbor Bond Institutional) [7] *[NASDAQ Code = HABDX]*	+5.7% *($1,057)*	**4.7%**	**50**	9
(Templeton Global Bond Adv) *[NASDAQ Code = TGBAX]*	+1.3% *($1,013)*	**4.7%**	**21**	1
(Vanguard ST Inv-Grade/Adm) *[NASDAQ Code = VFSUX]*	+2.1% *($1,021)*	**2.8%**	**25**	17
Money Market Fund:				
(TD Bank USA Institutional MMDA) *[NASDAQ Code = N/A]*	+0.0% *($1,000)*	**0.0%**	(-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, 2014, one year later (on March 31, 2015) 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, 2015. 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] Fund has not been in existence for all 10 years.

[7] 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.