INVESTMENT CONSULTANTS

(A Registered Investment Advisor)

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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 3-31-2016, covering your mix of funds. This past 3-month period ending March 31 was mixed, but somewhat down for the overall U.S. stock market and down more for the aggregate international stock markets, and up 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 -4.8% & +2.9% for the first quarter. According to Lipper Fund Services, the average U.S. stock mutual fund's first quarter 2016 total return was -0.4%, and the S&P 500 Index was up +1.3% for the first quarter. For the 12 months ending 3-31-2016 the S&P 500 Index was up +1.8%. According to Morningstar™ all of your funds have performed well for both 5 and 10 years relative to similar "peer group" funds. 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 well on average over the past 12 months ending 3-31-2016 – 5 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 3-31-2016 (with the S&P 500 Index up +1.8%) one of your six domestic stock-oriented funds outperformed the S&P 500 Index.[1] For this time period the place to be invested was in large U.S. growth companies (many of those stocks make up the S&P 500). Your top performing stock-oriented fund was the Vanguard Equity-Income Fund at a +4.5% total return for the 12 months ending 3-31-2016, and your Vanguard Short-Term Investment-Grade (Bond) Fund returned +1.9% 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 +2.7% & +12.3% for the past 5 years ending 3/31/2016. This compares to +11.6% for the S&P 500 Index for the same 5-year period: 1 of your 7 stock-oriented funds exceeded the S&P 500 Index' return for this 5-year period (all except one of your domestic stock-oriented funds were at least +10.0% annualized). Your foreign large cap fund lagged dramatically -- most foreign stock funds dramatically lagged U.S. stock funds for this period.]

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[1] According to Lipper (4/4/2016 Wall Street Journal), for the past 12 months ending 3/31/2016 all domestic diversified, non-specialty stock fund categories had returns between -12.1% & -1.3%. For the past 12 months the S&P 500 Index outperformed all of the 13 diversified domestic stock fund categories. One of your stock-oriented funds is a foreign/international fund. For the 12 months ending 3/31/2016 the International stock fund category was down -7.2%. For the 5-year period ending 3/31/2016 all domestic diversified, non-specialty U.S. stock fund investment categories had *annualized* total returns of between +6.4% and +10.4%. [International stock fund category = +1.8% per year.]

[2] According to Lipper, the average intermediate-term (U.S.) taxable-bond fund total return was +0.5% for the previous 12 months ending 3/31/2016.

1st QUARTER, 2016 PLAN SUMMARY REPORT – BROASTER COMPANY

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

A Perspective on Retirement Planning – Revisiting Some Planning Issues for All of Us

To retire comfortably, it has always been important to save and to have a Financial Plan for today and for the future; but it may never have been as important as it is today! A recent article in the Chicago Tribune caught my attention: Monday, April 4, 2016 – Article Title: "A shocking one-third of Americans have zero saved for retirement". Two quotes from the article follow: "Americans are leaving as much as $24 billion in unmatched 401(k) dollars on the table …." & "The data revealed that …. 56 percent [of Americans] have saved less than $10,000." These troubling statistics (along with the swollen National Debt that has grown significantly since the recession of 2008) will have a significant negative impact on the ability of the Social Security System to pay future retirees at current levels, and it will adversely affect the funding of many other "entitlement programs". Following are some "financial planning thoughts" that I hope are helpful and/or thought-provoking to many of you:[1]

- To reach success in attaining financial independence during retirement, SAVING is every bit as important as INVESTING. Critical to successful saving is "living within your means", both during and after your working years.
- It is critical to strive to keep your lifestyle decisions in balance with your financial objectives. A family must balance current income demands, future financial responsibilities, quality of life, and current wants and needs. Developing a satisfactory and sustainable lifestyle *before* retirement is at least as crucial to a successful retirement as is the level of financial assets at retirement.
- Whatever Financial Plan you develop must be dynamic. It should be broad-based, grounded in reality, and you must be able to track its progression – consistently, but PATIENTLY. For a Financial Plan to be successful it must *evolve* as your family moves through different stages of life.
- Set priorities – immediately *involve your family* in the process of developing and tracking your Financial Plan. Participation by your family is imperative to the success of a Plan. *Prioritize!!*
- Doing whatever you can to stay physically healthy is tantamount to financial success.
- Responsible use of credit is very important – use credit cards for convenience, *not* for financing your lifestyle. Create an "emergency fund" for possible job loss, home upkeep & car replacement.
- Many financial experts suggest that Life Insurance (particularly "Term Life Insurance") be properly used to support your dependents in the case of your death. It should *not* be used as an investment.
- Consider Disability Insurance (for protection during working years) and Long Term Care Insurance (purchased while still working, but predominantly for protection during retirement years).

How Many Years Will It Take To Get To $100,000 – Assuming That You Have $25,000 Now?:[2]

6%	**17 Years**	**13 Years**	**12 Years [rounded]**	**10 Years**
5%	**19 Years**	**14 Years**	**12 Years [rounded]**	**10 Years**
4%	**22 Years**	**16 Years**	**13 Years**	**11 Years**
3%	**24 Years**	**18 Years**	**15 Years**	**12 Years**
2%	**28 Years**	**20 Years**	**15 Years**	**13 Years**
Amount You Save Each Year →→	**$1,000**	**$2,000**	**$3,000**	**$4,000**

Real Rate of Return (i.e., after inflation) -- assuming a 3% annual rate of inflation & assuming the "amount you save each year" rises by 3% a year from the '1st year' saving amount in the bottom row above. E.g., the "2% Real Rate of Return" row means that the actual total return for your portfolio each year is 5% (a 2% rate of return plus 3% more to account for inflation).

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[1] Many of these items came from Ken Matson, who runs Compensation & Capital Administrative Services. The thoughts are intended to be a starting point, not a comprehensive list.

[2] The $100,000 goal *is in today's purchasing power*. You can also use this table to answer "How Many Years Will It Take To Get To $1,000,000 – Assuming That You Have $250,000 Now?" merely by adding one "0" to each "Amount You Save Each Year" in the bottom row below – i.e., these 3 numbers are "proportional". (Data was taken from the April, 2011 MONEY magazine, page 63.)

BROASTER COMPANY - 1st Quarter, 2016 Plan Summary Report
Funds' Performances for Periods Ended March 31, 2016

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 2016 total return was -0.4%; and for the 12-month period ending March 31, 2016, the total return was -4.9%. [For 12 months: the S&P 500 index returned +1.8%; the small-cap stock index returned -9.8% [2]; & the average international stock fund returned -7.2%]. The 3-month total return for taxable bond mutual funds averaged +1.7%, taking the average taxable bond fund total return to -1.3% for the previous 12 months. Lastly, (retail taxable) money market funds' average yield was +0.02% 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, 2016: 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:				
(Fidelity Contrafund) *[NASDAQ Code = FCNTX] [LG]* [5]	+0.7% *($1,007)*	**11.2%**	**26**	16
(Vanguard Total Stock Market Index) *[NASDAQ Code = VTSAX] [LB]*	-0.5% *($995)*	**11.0%**	**24**	15
(Vanguard Equity-Income/Adm) *[NASDAQ Code = VEIRX] [LV]*	+4.5% *($1,045)*	**12.3%**	**3**	4
Mid Cap Fund:				
(Vanguard Mid Cap Index/Adm) *[NASDAQ Code = VIMAX] [MB]*	-4.3% *($957)*	**10.0%**	**12**	26
Small Cap Funds:				
(Loomis Sayles Small Cap Growth) *[NASDAQ Code = LSSIX] [SG]*	-9.5% *($905)*	**7.8%**	**27**	4
(Vanguard Tax-Mged Small Cap/Adm) *[NASDAQ Code = VTMSX] [SB]*	-3.4% *($966)*	**10.4%**	**3**	10
International Fund:				
(T. Rowe Price Overseas Stock) *[NASDAQ Code = TROSX] [LB]*	-9.0% *($910)*	**2.7%**	**24**	(----) [6]
Moderate Allocation Fund – Stocks & Bonds:				
(T. Rowe Price Capital Appreciation) *[NASDAQ Code = PRWCX] [LG]*	+4.2% *($1,042)*	**10.8%**	**1**	1
Bond-Oriented Funds:				
(Harbor Bond Institutional) [7] *[NASDAQ Code = HABDX]*	+0.2% *($1,002)*	**3.4%**	**62**	12
(Templeton Global Bond Adv) [8] *[NASDAQ Code = TGBAX]*	-4.2% *($958)*	**2.2%**	**36**	1
(Vanguard Sht-Term Inv-Grade/Adm) *[NASDAQ Code = VFSUX]*	+1.9% *($1,019)*	**2.4%**	**13**	18
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, 2015, one year later (on March 31, 2016) 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, 2016. 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.

[8] Morningstar categorizes the Templeton Global Bond Fund as a "world bond fund". Over time it is diversified across various geographies worldwide.