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 6-30-2015, covering your mix of funds. This past 3-month period ending June 30 was slightly up for the overall U.S. stock market and for the aggregate international stock markets, and down 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 -1.1% & +2.0% for the second quarter. According to Lipper Fund Services, the average U.S. stock mutual fund's second quarter 2015 total return was +0.0%, and the S&P 500 Index was up +0.3% for the second quarter. For the 12 months ending 6-30-2015 the S&P 500 Index was up +7.4%. 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 -- it is being replaced later in July. 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 6-30-2015 – 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 6-30-2015 (with the S&P 500 Index up +7.4%) three of your six domestic stock-oriented funds outperformed the S&P 500 Index – additionally two of the six were within 0.4%.[1] For this time period the place to be invested was in U.S. growth companies, with U.S. large cap growth companies leading the way. Your top performing stock-oriented fund was the Loomis Sayles Small Cap Growth Fund at a +13.4% total return for the 12 months ending 6-30-2015, and your Harbor Bond Fund returned +1.7% 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 +10.8% & +20.2% for the past 5 years ending 6/30/2015. This compares to +17.3% for the S&P 500 Index for the same 5-year period: 3 of your 7 stock-oriented funds exceeded the S&P 500 Index' return for this 5-year period (all but one of your domestic stock-oriented funds were above +17.0%). 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 (7/7/2015 Wall Street Journal), for the past 12 months ending 6/30/2015 all domestic diversified, non-specialty stock fund categories had positive returns -- between +0.7% & +10.5%. For the past 12 months the S&P 500 Index outperformed 4 of the 13 diversified domestic stock fund categories. One of your stock-oriented funds is a foreign/international fund. For the 12 months ending 6/30/2015 the International stock fund category was down -3.5%. For the 5-year period ending 6/30/2015 all domestic diversified, non-specialty U.S. stock fund investment categories had *annualized* total returns of between +14.3% and +18.0%. [International stock fund category = +9.1% per year.]

[2] According to Lipper, the average intermediate-term (U.S.) taxable-bond fund total return was -1.9% for the previous 12 months ending 6/30/2015.

2nd QUARTER, 2015 PLAN SUMMARY REPORT – BROASTER COMPANY

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

Some Items That You Can & Cannot Control

Most of us have played cards, and we know that you can "get on a roll". All of a sudden, and for no understandable reason, all the right cards come your way. Some people understand the "odds" in different card games better than others, and some seem to be luckier than others. But no one controls the cards. Similarly, no one can control the financial markets. Some people are more knowledgeable than others, and some are indeed luckier than others (at least for short periods of time). But no one controls the financial markets. To continue this line of thought, a person who is "on a roll" while playing the card game blackjack, can persist in betting all of his winnings on the next hand of blackjack until he finally loses. An alternative to this? Once he has won several hands, our player puts a significant portion of the winnings into one of his pockets, while continuing to play with the remainder of the winnings. In this way, even when his hot streak ends, he is able to keep playing AND can walk away with more money than his original amount – that is, a permanent profit.

According to the July 7 Wall Street Journal, for the second quarter of 2015 (April 1 – June 30), the S&P 500 Index (of large US companies) was up slightly (+0.3%). Coming into the second quarter, for the 6 years and 1 month ending 3/31/2015, the S&P 500 Index was up approximately +220% -- a great run! If you were aggressively invested in US stocks for all or most of this 6+ year period, you have undoubtedly benefitted a great deal from this growth. So what should you do? Should you "just roll with it"? Well, many investment experts would advise that this "now wealthier" person do the investing equivalent of our blackjack example – that is, put some of these "winnings" into safer investments, and continue to "play the investment game" with the remainder of his/her account balances and with future payroll deductions. So let's translate this into a plan of action that is suitable if you are a retirement plan investor who has significantly benefitted from the recent past's exceptional stock market gains, who has at least 7 years before you intend to begin withdrawing for retirement life, and who is concerned over the seemingly heightened volatility in the financial markets.

An Approach to Consider:[1] One way that some investors have dealt with their past successes (and/or their concerns/fears of a future stock market slump) is by *shifting a portion* of their *existing stock investment balances toward more conservative funds* such as balanced funds (a mixture of stocks & bonds), bond funds, and money market funds. As the investors adjust to become <u>more conservative with their existing account balances</u>, the same investors also shift their *future payroll deduction purchases more toward stock funds*, thereby actually getting <u>more aggressive with their future purchases</u>. If the stock market were to drop significantly, these investors would be buying (through future payroll deductions) stock funds, but at lower prices – a good thing. All the while their "now-more-conservative" existing account balances' should shield them from what would have otherwise been "more severe" short-term stock market losses.

A couple of final items – consider them "food for thought". The following are from the May 2015 "Money" magazine's "101 Ways to Build Wealth":

1. #14 is "USE WINDFALLS TO RAMP UP. The easiest dollars to set aside are the ones you aren't used to spending. So put a portion of bonuses and tax refunds into savings. Make raises an occasion to up your 401(k) contribution. …"
2. #22 is "GET YOUR 401(k) IN GEAR. … aim for *[saving]* 12% or more of income … *[including any company match or profit sharing]*. At that rate, you're likely to hit your retirement goal."

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[1] In the language of investing, stocks are considered more aggressive than bonds because they typically fluctuate more in value over time. An investment that has greater fluctuations (or "volatility") is said to be more risky.

BROASTER COMPANY - 2nd Quarter, 2015 Plan Summary Report
Funds' Performances for Periods Ended June 30, 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 second quarter 2015 total return was +0.0%; and for the 12-month period ending June 30, 2015, the total return was +5.2%. [For 12 months: the S&P 500 index returned +7.4%; the small-cap stock index returned +6.5% [2]; & the average international stock fund returned -3.5%]. The 3-month total return for taxable bond mutual funds averaged -0.7%, taking the average taxable bond fund total return to -0.4% 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 June 30, 2015: 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]	-0.3% *($997)*	**14.3%**	**70**	48
(Vanguard Total Stock Market Index) *[NASDAQ Code = VTSMX] [LB]*	+7.1% *($1,071)*	**17.2%**	**18**	18
(Fidelity Contrafund) *[NASDAQ Code = FCNTX] [LG]*	+10.3% *($1,103)*	**17.1%**	**49**	14
Mid Cap Fund:				
(Vanguard Mid Cap Index/Inv) *[NASDAQ Code = VIMSX] [MB]*	+8.5% *($1,085)*	**18.1%**	**19**	28
Small Cap Funds:				
(Vanguard Tax-Mged Small Cap/Adm) *[NASDAQ Code = VTMSX] [SB]*	+7.1% *($1,071)*	**18.4%**	**15**	16
(Loomis Sayles Small Cap Growth) *[NASDAQ Code = LSSIX] [SG]*	+13.4% *($1,134)*	**20.2%**	**14**	4
International Fund:				
(T. Rowe Price Overseas Stock) *[NASDAQ Code = TROSX] [LB]*	-1.9% *($981)*	**10.8%**	**13**	(----) [6]
Moderate Allocation Fund – Stocks & Bonds:				
(T. Rowe Price Capital Appreciation) *[NASDAQ Code = PRWCX] [LG]*	+8.8% *($1,088)*	**14.4%**	**1**	1
Bond-Oriented Funds:				
(Harbor Bond Institutional) [7] *[NASDAQ Code = HABDX]*	+1.7% *($1,017)*	**3.7%**	**51**	10
(Templeton Global Bond Adv) [8] *[NASDAQ Code = TGBAX]*	-1.6% *($984)*	**5.2%**	**12**	1
(Vanguard Sht-Term Inv-Grade/Adm) *[NASDAQ Code = VFSUX]*	+1.1% *($1,011)*	**2.5%**	**22**	16
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 June 30, 2014, one year later (on June 30, 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 June 30, 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.

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