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 12-31-2013, covering your mix of funds. This past 3-month period ending December 31 was up nicely for the overall U.S. stock market and was also up nicely for the aggregate international stock markets, and it was 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 +8.2% & +10.7% for the fourth quarter. According to Lipper Fund Services, the average U.S. stock mutual fund's fourth quarter 2013 total return was +8.8%, and the S&P 500 Index was up +10.5% for the fourth quarter. For the 12 months ending 12-31-2013 the S&P 500 Index was up +32.4%. 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 Royce Special Equity Investment Fund's 5-year relative performance that lagged significantly. [Notes: The Royce Special Equity Investment Fund has outperformed 65% of other small cap blend funds for the past ten years ending 12-31-2013. 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 12-31-2013 – 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 12-31-2013 (with the S&P 500 Index up +32.4%) four of your seven stock-oriented funds outperformed the S&P 500 Index.[1] Your top performing stock-oriented fund was the Loomis Sayles Small Cap Growth Fund at a +47.7% total return for the 12 months ending 12-31-2013, and your Templeton Global Bond Fund returned +2.4% 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 +14.0% & +23.9% for the past 5 years ending 12/31/2013. This compares to +17.9% 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 the 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 (1/6/2014 Wall Street Journal), for the past 12 months ending 12/31/2013 all domestic diversified, non-specialty stock fund categories had positive returns -- between +27.9% & +42.3%. 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 12/31/2013 the International stock fund category was up +19.6%. For the 5-year period ending 12/31/2013 all domestic diversified, non-specialty U.S. stock fund investment categories had *annualized* total returns of between +15.8% and +22.4%. [International stock fund category = +12.6% per year.]

2 According to Lipper, the average intermediate-term (U.S.) taxable-bond fund total return was -6.5% for the previous 12 months ending 12/31/2013.

4th QUARTER, 2013 PLAN SUMMARY REPORT – BROASTER COMPANY

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

Was 2013 a good year or a bad year?: In 2013 the average European stock mutual fund was up +27.5%, the S&P 500 Index of large U.S. companies was up +32.4%, and the average small company growth fund was up +42.3%.[1] A very good year, right? My condolences to all of you investors who just got into your 401(k) and/or profit sharing plans on January 1, 2013!?! On the other hand, congratulations to investors who retired and "cashed out" of your plans at year-end to buy that retirement home of your dreams! *Why am I giving condolences after a good year in the stock markets?* First, before I explain, I actually believe that it is in each of our long-term best interests to invest for retirement every year, both in "up" and "down" market years! The "condolences" statement above does *not* actually apply to most of us who are in a retirement plan. The point I am making is that for long-term, continuous investors, including most 401(k) and/or profit sharing plan participants; "down" stock market periods (such as November 1, 2007 through February 28, 2009 when the S&P 500 Index of large U.S. companies was down dramatically, approximately -51%), represent the better buying opportunities to purchase stock funds at relatively reduced prices. When you buy funds at reduced prices and then sell the funds at some time in the future, presumably when you are retired, the lower-cost purchases that you had made will result in larger returns. Plan participants who sold their holdings at the end of 2013 to "cash out" of their retirement plans, for whatever reason, benefited from their stock funds' having gone up in value during 2013. But the rest of us actually benefit more in the long term from buying funds during the "down" years – i.e., regardless of the price of a fund when we finally sell it, we are better off if we had originally purchased it for a lesser price.

REBALANCING -- an example: [As of December 31, 2013 the U.S. stock market, as measured by the S&P 500 Index of large U.S. companies, was up +32.4% since the start of the year; and the Russell 2000 Index of smaller U.S. companies was up approximately +38.8% for all of 2013. Stock investments that you were in at the start of the year are undoubtedly up nicely as compared to your fixed income (bond & money market) funds, which typically had small positive or negative returns in 2013.] **Get a calculator in front of you –** If on your December 31, 2012 account statement you had a total of $10,000 in your account balance, including $6,000 in stocks and $4,000 in fixed income funds: dividing 6,000 by 10,000 shows that you had 0.6 or 60% of your account balance in stock funds coming into 2013. *(Assume that this percentage of stock funds was the correct **target allocation** for you.)* Now look on your December 31, 2013 statement and if your total account balance is up to $12,000 including $8,000 in stock funds and $4,000 in fixed income funds: dividing 8,000 by 12,000 = 0.667 or 66.7% of your account balance is now in stock funds. Unless something significant has changed for you financially since the first of the year, you may want to sell 0.067 or 6.7% of your stock funds and use the money to buy fixed income funds to get back to the same percentage **target allocation** that you had on December 31, 2012 (you would sell 0.067 times your account balance = 0.067 x $12,000 = $800). Periodically adjusting your holdings of stock funds and fixed income funds to keep a consistent target percentage of each is called *rebalancing your account balance.* We suggest that you review your stock and fixed income funds percentages at least once each year (or more often during periods when stocks and fixed income funds are way up or down relative to one another), and that you consider rebalancing your retirement investments if either stock or bond percentages have moved 5% or more away from your target percentages established for them.[2]

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[1] Mutual fund categories' statistics on this page are from Lipper.

[2] Because interest rates are still quite low and many investment professionals expect them to rise over time; if you wish to limit the downside risk of your fixed income (bond & money market) funds, you may wish to focus your fixed income investments on short-term bond funds and money market funds.

BROASTER COMPANY - 4th Quarter, 2013 Plan Summary Report
Funds' Performances for Periods Ended December 31, 2013

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 fourth quarter 2013 total return was +8.8%; and for the 12-month period ending December 31, 2013, the total return was +32.3%. [For 12 months: the S&P 500 index returned +32.4%; the small-cap stock index returned +38.8% [2]; & the average international stock fund returned +19.6%]. The 3-month total return for taxable bond mutual funds averaged +0.8%, taking the average taxable bond fund total return to +0.1% 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.

	Periods Ended December 31, 2013:		Fund Ranking [4]	
Fund Type	1-Year Total Return *(Growth of $1,000)* [3]	**5-Year Average Return**	**5 Years**	10 Years
Stock-oriented:				
Large Cap Funds:				
(T. Rowe Price Equity Income) *[NASDAQ Code = PRFDX] [LV]* [5]	+29.8% *($1,298)*	**16.9%**	**30**	32
(Vanguard Total Stock Market Index) *[NASDAQ Code = VTSMX] [LB]*	+33.4% *($1,334)*	**18.7%**	**18**	18
(Fidelity Contrafund) *[NASDAQ Code = FCNTX] [LG]*	+34.2% *($1,342)*	**18.7%**	**52**	6
Mid Cap Fund:				
(Vanguard Mid Cap Index) *[NASDAQ Code = VIMSX] [MB]*	+35.0% *($1,350)*	**21.9%**	**25**	20
Small Cap Funds:				
(Royce Special Equity Invmt) *[NASDAQ Code = RYSEX] [SB]*	+29.4% *($1,294)*	**18.1%**	**83**	35
(Loomis Sayles Small Cap Growth) *[NASDAQ Code = LSSIX] [SG]*	+47.7% *($1,477)*	**23.9%**	**28**	5
International Fund:				
(Harbor International Adm) *[NASDAQ Code = HRINX] [LB]*	+16.5% *($1,165)*	**14.0%**	**15**	7
Moderate Allocation Fund – Stocks & Bonds:				
(T. Rowe Price Capital Appreciation) *[NASDAQ Code = PRWCX] [LG]*	+22.4% *($1,224)*	**17.1%**	**2**	1
Bond-Oriented Funds:				
(Harbor Bond Institutional) [6] *[NASDAQ Code = HABDX]*	-1.5% *($985)*	**6.5%**	**45**	9
(Templeton Global Bond Adv) *[NASDAQ Code = TGBAX]*	+2.4 % *($1,024)*	**9.4%**	**10**	1
(Vanguard GNMA) [7] *[NASDAQ Code = VFIIX]*	-2.2% *($978)*	**3.9%**	**26**	11
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 December 31, 2012, one year later (on December 31, 2013) 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 December 31, 2013. 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".