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 12-31-2014, covering your mix of funds. This past 3-month period ending December 31 was up nicely for the overall U.S. stock market; down 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 +3.4% & +8.1% for the fourth quarter. According to Lipper Fund Services, the average U.S. stock mutual fund's fourth quarter 2014 total return was +4.6%, and the <u>S&P 500 Index was up +4.9% for the fourth quarter</u>. <u>For the 12 months ending 12-31-2014 the S&P 500 Index was up +13.7%</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. 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 12-31-2014 – 4 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 12-31-2014 (with the S&P 500 Index up +13.7%) none of your six domestic stock-oriented funds outperformed the S&P 500 Index – two of the six were above +12.3%.[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 +13.6% total return for the 12 months ending 12-31-2014, and your Harbor Bond Fund returned +4.8% 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 +6.5% & +17.4% for the past 5 years ending 12/31/2014. This compares to +15.5% 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 (the other two of your domestic stock-oriented funds were above +13.2%). 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 (1/6/2015 Wall Street Journal), for the past 12 months ending 12/31/2014 all domestic diversified, non-specialty stock fund categories had positive returns -- between +2.2% & +13.1%. <u>For the past 12 months the S&P 500 Index outperformed all of the diversified domestic stock fund categories. One of your stock-oriented funds is a foreign/international fund. For the 12 months ending 12/31/2014 the International stock fund category was down -5.0%</u>. For the 5-year period ending 12/31/2014 all domestic diversified, non-specialty U.S. stock fund investment categories had *annualized* total returns of between +13.3% and +15.8%. [International stock fund category = +5.3% per year.]

2 According to Lipper, the average intermediate-term (U.S.) taxable-bond fund total return was +2.1% for the previous 12 months ending 12/31/2014.

4th QUARTER, 2014 PLAN SUMMARY REPORT – BROASTER COMPANY

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

Some Thoughts and Approaches for Long Term Investors

For long-term investors, you should consider the statistics [1] that follow: during the "down" stock market period (November 1, 2007 through February 28, 2009) the S&P 500 Index of large U.S. companies was down dramatically, approximately -51%. Many investors panicked and after the market had already dropped, sold out of many of their stock funds. [Historically many large, prolonged U.S. stock market drops represented good buying opportunities to purchase stock funds at relatively reduced prices. 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.] Following the "down" stock market period above -- from March 1, 2009 through November 30, 2014; the S&P 500 Index was indeed dramatically up, approximately +218%.

Of course, if one had the ability to *consistently* get the "timing" of the sales and purchases of securities right, he/she would experience outstanding investment results. But, from my many years of experience in observing investment firms, none consistently get "market timing" correct. That does not mean that many investment professionals (including many that manage mutual funds) do not outperform stock market and bond market indices – such as the S&P 500 Index referenced above. Many investment professionals outperform and many underperform, which is why your Plan Trustees and Investment Consultants has spent and continues to spend a lot of time and energy: (1) analyzing and selecting funds to populate your fund mix; (2) monitoring the funds; and (3) replacing funds, as needed.

REBALANCING -- an example of a broadly accepted and well tested investing strategy: If on February 28, 2009 your account balance was $50,000, including $30,000 in stock funds and $20,000 in fixed income funds [2]: dividing 30,000 by 50,000 shows that you had 0.6 or 60% of your account balance in stock funds. *(Assume that this percentage of stock funds was a good, reasonable **target allocation** for you.)* Now if you look on your December 31, 2014 statement and if your total account balance is up to $100,000 including $75,000 in stock funds and $25,000 in fixed income holdings: dividing 75,000 by 100,000 = 0.75 or 75% of your account balance is now in stock holdings. Unless something significant has changed for you financially over the past 6 years (or you want to change your allocation percentages for any other reason), you may want to sell 0.15 or 15% (or more) 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 February 28, 2009. To do this you would sell 0.15 times your current account balance = 0.15 x $100,000 = $15,000 of stock funds, and use this to buy $15,000 of fixed income funds. [3] Periodically adjusting your holdings of stock funds and fixed income funds to keep a consistent target percentage of each is called *rebalancing your portfolio.* 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 fixed income percentages have moved 5% or more away from your target percentages established for them. [4]

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1 As always, past performance is not a guarantee of future performance.

2 Fixed income funds include money market funds, bond funds, and stable value funds.

3 Keep in mind that, even though you would sell $15,000 of stock funds, you would still be left with twice as many dollars in stock funds ($60,000) than you originally had ($30,000). [This account balance growth is *not* unreasonable over a 5.75 year time period in which the stock market performed so well – particularly if a Participant made contributions and the company has a matching policy.]

4 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 funds, you may wish to focus your fixed income investments on short-term bond funds, stable value funds, and money market funds.

BROASTER COMPANY - 4th Quarter, 2014 Plan Summary Report

Funds' Performances for Periods Ended December 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 fourth quarter 2014 total return was +4.6%; and for the 12-month period ending December 31, 2014, the total return was +7.6%. [For 12 months: the S&P 500 index returned +13.7%; the small-cap stock index returned +4.9% [2]; & the average international stock fund returned -5.0%]. The 3-month total return for taxable bond mutual funds averaged -0.2%, taking the average taxable bond fund total return to +2.8 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 December 31, 2014: 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]	+7.5% *($1,075)*	**13.3%**	**54**	46
(Vanguard Total Stock Market Index) *[NASDAQ Code = VTSMX] [LB]*	+12.4% *($1,124)*	**15.6%**	**16**	17
(Fidelity Contrafund) *[NASDAQ Code = FCNTX] [LG]*	+9.6% *($1,096)*	**14.8%**	**34**	7
Mid Cap Fund:				
(Vanguard Mid Cap Index/Inv) *[NASDAQ Code = VIMSX] [MB]*	+13.6% *($1,136)*	**16.9%**	**12**	15
Small Cap Funds:				
(Vanguard Tax-Mged Small Cap/Adm) *[NASDAQ Code = VTMSX] [SB]*	+6.2% *($1,062)*	**17.3%**	**13**	14
(Loomis Sayles Small Cap Growth) *[NASDAQ Code = LSSIX] [SG]*	+1.1% *($1,011)*	**17.4%**	**20**	3
International Fund:				
(T. Rowe Price Overseas Stock) *[NASDAQ Code = TROSX] [LB]*	-4.5% *($955)*	**6.5%**	**15**	(----) [6]
Moderate Allocation Fund – Stocks & Bonds:				
(T. Rowe Price Capital Appreciation) *[NASDAQ Code = PRWCX] [LG]*	+12.3% *($1,123)*	**13.2%**	**2**	1
Bond-Oriented Funds:				
(Harbor Bond Institutional) [7] *[NASDAQ Code = HABDX]*	+4.8% *($1,048)*	**4.8%**	**51**	9
(Templeton Global Bond Adv) *[NASDAQ Code = TGBAX]*	+1.8% *($1,018)*	**6.0%**	**14**	1
(Vanguard ST Inv-Grade/Adm) *[NASDAQ Code = VFSUX]*	+1.9% *($1,019)*	**3.0%**	**23**	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:

[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, 2013, one year later (on December 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 December 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] 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.