



**The Broaster Company 401(k) Profit Sharing Plan
Annual Participant Disclosures required by U.S. Dept. of Labor**

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**Prepared and Distributed by the Plan Administrator**

The report that follows is required by regulations finalized in 2012 by the United States Department of Labor ("DoL") called ERISA §404(a)(5). The regulations both dictate much of its format and content. They also require the Plan Administrator on behalf of the Plan's Trustee to create and distribute the report to anyone who is eligible to participate in our 401(k) Plan. Distribution must occur at least once each year. This report was last issued in June, 2015.

The DoL intends this report to provide Plan participants with a better understanding of (1) the expenses associated with participation in our Plan, and (2) historical performance of investment options available in the Plan. The DoL's stated objective for this communication is to provide participants with more and better information for making investment and other plan-related decisions.

The Trustee does not intend this report to take the place of all other available sources of such information made available to Plan participants, particularly as available on and through the Plan's website at [www.planspecs.com/broaster](http://www.planspecs.com/broaster).

The report contains information on the following topics:

- How Plan administration expenses are handled;
- What costs are associated with elective Plan features;
- What fees are associated with our Plan's investment options;
- What rights you have with respect to the Plan's operation;
- How the performance of the Plan's investment choices compares to broad-based benchmarks; and
- Where to go for additional information concerning the Plan's investments.

**Summary Comment on Fees and Expenses**

By law, retirement plan participants can be assessed all or just about any portion of most costs incurred to operate a plan including administration fees, accounting fees, legal fees, asset custody fees, investment management and advisory fees, etc. In fact, many employers that sponsor retirement plans do so with *no* cost to their company by forcing participants to absorb 100% of the plan costs through their plan accounts. These costs can amount to or even exceed 3% of the value of the plan assets each year. And until the DoL mandated this participant disclosure, the costs absorbed by the participants could be hidden in reported investment returns.

While nothing is guaranteed forever, it continues as of this date to be the policy of The Broaster Company as the sponsoring employer of the Plan to absorb 100% of all plan-level costs except investment management costs associated directly with participants' personal investment choices and administrative fees related directly to plan loans as requested by participants.

Participants using options in the Plan's Select Funds Venue pay **ONLY** the mutual funds' operating costs as reported by each fund's prospectus and charged to any and all shareholders of that fund (and partially offset in many cases by fee rebates received from some of the funds). Fund expenses are one of many important criteria that the Trustees consider in selection and maintenance of investment options for our Plan.

Questions concerning this report should be directed to the Plan's Third-Party Administrator, Compensation & Capital Administrative Services, Inc. via e-mail to them at [info@planspecs.com](mailto:info@planspecs.com).

August, 2016



This U.S. Department of Labor (DoL)-required report contains important information concerning our Plan. Its introductory first section provides general information about the Plan's investing structure including expenses you might incur through participation in the Plan or upon exercising various Plan rights and features. The second section provides information about risks inherent in any investing process and points you to internet-based sources of additional information to help you learn more about investing. Its third section provides information specific to the Plan's investment alternatives, including historical performance, fees or expenses associated with those investments, and industry-based comparisons thereof for quick reference.

If you have questions concerning any of this information or would like to request further information regarding anything associated with this report, contact the Plan's Third-Party Plan Administrators (its "TPA") at [info@planspecs.com](mailto:info@planspecs.com). Plan-specific information available in this report or elsewhere in the public domain includes annual operating expenses of the Plan investments; prospectuses, financial statements, reports, or other materials relating to Plan investments provided to the Plan; a list of assets contained in each Plan investment portfolio; the value of those assets and fund units or shares; and the past and current performance of each Plan investment as compared to appropriate broad based market indices. The Plan's website at [www.planspecs.com/broaster](http://www.planspecs.com/broaster) contains comprehensive and focused materials specifically relevant to the Plan's operations and available investments. You may also view the Plan's *Summary Plan Description* on the website.

## **Section I: Explanation of the Plan's Investments Structure and Plan Expenses**

### **Plan Investment Structure**

The Plan is intended to be an ERISA §404(c) plan. This simply means that you "exercise control" over direction of all the investments in your Plan account. The fiduciaries of the Plan are thereby legally relieved of liability, or responsibility, for any losses that you may experience as a direct result of your investment decisions. You provide the TPA with investment directions for your Plan account, selecting from investment choices provided under the Plan as determined by its Trustees, Jay Cipra, Tim Erickson, Jeanie Johnson and Edward Chott.

The Plan's investment venue is called the Select Funds Venue. It currently offers eleven open-end mutual funds plus one FDIC-insured bank money market deposit account, each of which is termed a "Designated Investment Alternative ("DIA") by the DoL. Your participation in any of the Select Funds Venue fund options may be changed at your discretion at any time. Changes to and limitations on investments chosen by a participant within the DIA venue are imposed by the Trustees and stipulated in the Plan document as well as in notes contained on the Plan's administrative forms.

The Plan's Trustees maintain authority for exercise of certain voting, tender or similar rights as applicable to investments held in the Plan's DIA Venue.

### **Plan Expenses**

401(k) and profit sharing retirement plans can have a number of different types of expenses. In general these can be categorized into Administrative and Investment-Related.

*Administrative Expenses:* These include costs of administration, legal, accounting services and, in our Plan, the cost of engaging an independent investment advisory firm (Investment Consultants) to the Trustees related to selection, monitoring and replacement of the DIA Venue's investment options. Your employer shoulders all of these costs except those related to the administration of participant-initiated Plan loans (\$100 at initiation, \$20 for proceeds by Fed Wire as opposed to fee-free proceeds by check, and \$50 annually.)

*Investment-related Expenses:* Your Plan authorizes investment product providers to the Plan such as mutual funds offered to participants as DIA's to charge appropriate and pre-determined investment-related expenses against your account. The level, purpose and basis for such expenses are directly related to the specific DIA investments within the Select Funds Venue that you choose for your Plan account. Participants in the Plan's DIA Select Funds Venue mutual funds are responsible only for each fund's prospectus-published operating expenses as charged to any and all shareholders of that fund.

These prospectus-published fees are further reduced by rebates paid to the Plan's Trust by five of your current Select Funds Venue's twelve DIA's. These fee rebates range from 0.15% to 0.25% per year. In general, many funds offer fee rebates to retirement plan trusts to offset the plan's administrative costs and thereby entice the plan's employer sponsor to maintain the fund in their plan's investment line-up. Your Plan's Trustees and The Broaster Company believe that using such fee rebates to reduce Broaster's cost to run the Plan could jeopardize their fund selection objectivity. Therefore, as an additional benefit to its employee/participants, The

Broaster Company authorizes the Trustee to allocate any and all fund fee rebates to the Plan's participants' accounts. This completely voluntary policy enhances investment returns in each fund that provides such fee rebates. The Plan allocates no other investment-related fees against participant accounts in the Select Funds Venue.

## **Section II: Basic Investing Risks and Terms**

*Asset Allocation Risk:* A fund's risks will directly correspond to the risks of any underlying asset classes (generally speaking, stocks, bonds, or money markets) in which it invests. By diversifying across all asset classes the fund has partial exposure to the risks of many different areas of the market, and the fund's overall level of risk should thereby be lessened over time relative that is to a fund invested in only one asset class. However, the selection of the underlying asset classes and the allocation of the fund's assets among the various asset classes and market sectors could cause the fund to underperform other funds with similar asset allocations.

*General Equity Risk:* Stocks generally fluctuate in value more than bonds and may decline significantly over short periods. As with any fund having equity exposure, the fund's share price can fall because of overall weakness in the stock market. The value of individual stocks in which the fund invests or the fund as a whole may decline due to general market conditions or because of factors that affect a particular industry or market sector.

*Small & Mid -Cap Stock Risk:* Investing in Small and Mid-Cap funds entails greater risk than investing in funds that focus on larger companies. Stocks of smaller companies are usually more volatile than stocks of larger companies because smaller companies may have more limited financial resources and less experienced management, and seldom pay significant dividends that could help to cushion returns in a falling market.

*Growth & Value Approach Risk:* Growth stocks tend to be more volatile than value stocks and are more sensitive to changes in current or expected earnings. Value stocks carry the risk that investors will not recognize their intrinsic value for a long time or simply continue to believe that they are actually appropriately priced at a low level. If a fund concentrates its investments in stocks of companies with only growth (or only value) characteristics, its share price may be negatively affected if either investing approach generally falls out of favor for a period of time.

*Interest Rate Risk:* This is the risk that a rise in interest rates could cause the price of a bond in which a bond fund invests to fall. Generally, the longer the weighted average maturity of a fund's underlying bond portfolio, the greater its interest rate risk.

*Credit Risk:* This is the risk that an issuer of a debt security or counterparty to an over-the-counter derivative held by bond fund could be downgraded or default on its repayment agreements, thereby negatively affecting the fund's price or yield.

*Liquidity Risk:* This is the risk that a fund may not be able to sell a security in a timely manner at a desired price. This risk could affect both stocks and bonds in which the fund invests. It's a significant concern in funds that focus on Small-Cap stocks.

*Foreign Investing Risk:* This is the risk that the fund's investments in international stocks (or bonds) may be adversely affected by economic conditions or developments overseas, or decreases in foreign currency values relative to the U.S. dollar. The risks are heightened for funds that focus on emerging markets.

The internet contains several free, independently-sponsored glossaries containing far more specific investment terms relevant to investment options available in our Plan. Two such sites are [www.ici.org/401k/11\\_401k\\_glos](http://www.ici.org/401k/11_401k_glos) and <http://www.morningstar.com/InvGlossary>. These glossaries are intended to help you better understand your investing options under the Plan and their generalized inherent risks.

**Section III: Performance and Expenses for DIA Investment Options as of June 30, 2016**

This section of the DoL-required report includes important information to help you compare the DIA's available in your Plan.

**Table 1: Total Annual Operating Expense and Shareholder Fees Information**

Table 1 shows investment-related fee and expense information for each DIA as well as industry average fee levels for funds comparable to each of the Plan's DIA's. The cumulative effect of fees and expenses can substantially reduce the growth of your retirement savings. You can visit the Department of Labor's website at [http://www.dol.gov/ebsa/publications/401k\\_employee.html](http://www.dol.gov/ebsa/publications/401k_employee.html) for an example showing the long-term effect of fees and expenses. Fees and expenses are only one of many factors to consider when you decide to invest in an option. You may also want to think about whether an investment in a particular option, along with your other investments, will help you achieve your financial goals.

| TICKER | Fund Name                                                | Fund's Total Annual Operating Expenses |                                  | Shareholder-Type Fees for Your Fund       |                                    |
|--------|----------------------------------------------------------|----------------------------------------|----------------------------------|-------------------------------------------|------------------------------------|
|        |                                                          | As a % of Your Plan Account            | Per \$1,000 of Your Plan Account | Sales Charges:<br>Deferred Sales Charges: | Purchase Fees:<br>Redemption Fees: |
|        | <i>Morningstar™ Fund Category (Average Fees)</i>         |                                        |                                  |                                           |                                    |
| FCNTX  | Fidelity Contrafund                                      | 0.46%                                  | \$4.60                           | 0%                                        | 0%                                 |
|        | <i>Large-Cap Growth Stock Funds</i>                      | 1.17%                                  | \$11.70                          | 0%                                        | 0%                                 |
| HABDX  | Harbor Bond Institutional                                | 0.51%                                  | \$5.10                           | 0%                                        | 0%                                 |
|        | <i>Intermediate-Term Bond Funds</i>                      | 0.82%                                  | \$8.20                           | 0%                                        | 0%                                 |
| TROX   | T.Rowe Price Overseas Stock                              | 0.69%                                  | \$6.90                           | 0%                                        | 0%                                 |
|        | <i>Foreign Large Blend Funds</i>                         | 1.17%                                  | \$11.70                          | 0%                                        | 0%                                 |
| LSSIX  | Loomis-Sayles Small Cap Growth Institutional             | 0.79%                                  | \$7.90                           | 0%                                        | 0%                                 |
|        | <i>Small-Cap Growth Stock Funds</i>                      | 1.33%                                  | \$13.30                          | 0%                                        | 0%                                 |
| VTSMX  | Vanguard Tax-Managed Small Cap Admiral                   | 0.11%                                  | \$1.10                           | 0%                                        | 0%                                 |
|        | <i>Small-Cap Blend Stock Funds</i>                       | 1.24%                                  | \$12.40                          | 0%                                        | 0%                                 |
| PRWCX  | T.Rowe Price Capital Appreciation                        | 0.55%                                  | \$5.50                           | 0%                                        | 0%                                 |
|        | <i>Moderate Allocation Funds</i>                         | 0.80%                                  | \$8.00                           | 0%                                        | 0%                                 |
| VEIRX  | Vanguard Equity-Income Admiral                           | 0.17%                                  | \$1.70                           | 0%                                        | 0%                                 |
|        | <i>Large-Cap Value Stock Funds</i>                       | 1.09%                                  | \$10.90                          | 0%                                        | 0%                                 |
| TGBAX  | Templeton Global Bond Advisor                            | 0.49%                                  | \$4.90                           | 0%                                        | 0%                                 |
|        | <i>World Bond Funds</i>                                  | 1.03%                                  | \$10.30                          | 0%                                        | 0%                                 |
| VFSUX  | Vanguard Short-Term Investment Grade Admiral             | 0.10%                                  | \$1.00                           | 0%                                        | 0%                                 |
|        | <i>Short-Term Bond Funds</i>                             | 0.82%                                  | \$8.20                           | 0%                                        | 0%                                 |
| VIMAX  | Vanguard Mid-Cap Stock Index Admiral                     | 0.08%                                  | \$0.80                           | 0%                                        | 0%                                 |
|        | <i>Mid-Cap Blend Stock Funds</i>                         | 1.18%                                  | \$11.80                          | 0%                                        | 0%                                 |
| VTMAX  | Vanguard Total Stock Market Index Admiral                | 0.05%                                  | \$0.50                           | 0%                                        | 0%                                 |
|        | <i>Large-Cap Blend Stock Funds</i>                       | 1.04%                                  | \$10.40                          | 0%                                        | 0%                                 |
| (n/a)  | TD Ameritrade Institutional Money Market Deposit Account | 0.00%                                  | \$0.00                           | 0%                                        | 0%                                 |
|        | <i>Bank Money Market Deposit Accounts</i>                | 0.00%                                  | \$0.00                           | 0%                                        | 0%                                 |

**Important Note:** Our DIA funds' Annual Operating Expenses are shown net of any fee rebate available from that fund as described in the Report's Section I, Plan Expenses. This Plan policy in combination with a judicious DIA selection and monitoring process results in our Plan's entire DIA menu having Annual Operating Expenses below, and in most cases significantly below, their Morningstar™ Fund Category's Average Fees.

**Table2: Performance and Links to Further Fund-Specific Information**

Table 2 focuses on the historical performance of the Plan's DIA's. It's important to note the Plan's DIA funds do not have a fixed or stated rate of return. The table shows how these options have performed over DoL-mandated time periods and allows you to compare them with an appropriate broad-based benchmark index for those same time periods. Past performance does not guarantee how the investment option will perform in the future. Your investment in these options could lose money. Comprehensive information on each fund in the Select Fund Venue including that fund's principal investing risks and strategy is available at [www.planspecs.com/broaster](http://www.planspecs.com/broaster) >>Plan Investing.

|        |                                                         | Average Annualized Total Return % as of 6/30/2016 |         |          |                 |                |
|--------|---------------------------------------------------------|---------------------------------------------------|---------|----------|-----------------|----------------|
| TICKER | Fund Name                                               | 1 Year                                            | 5 Years | 10 Years | Since Inception | Inception Date |
|        | <i>Prospectus Benchmark Index</i>                       |                                                   |         |          |                 |                |
| FCNTX  | Fidelity Contrafund                                     | 1.07                                              | 12.35   | 8.78     | 12.31           | 5/17/1967      |
|        | <i>Russell 1000 Growth Index</i>                        | 4.35                                              | 13.62   | 9.50     | n/a             |                |
| HABDX  | Harbor Bond Instl                                       | 4.38                                              | 3.51    | 5.80     | 7.32            | 12/29/1987     |
|        | <i>Barclays US Aggregate Index</i>                      | 5.94                                              | 3.57    | 5.06     | n/a             |                |
| TROX   | T.Rowe Price Overseas Stock                             | -8.70                                             | 3.04    | n/a      | 1.03            | 12/29/2006     |
|        | <i>MSCI EAFE (ND) Index</i>                             | -7.53                                             | 3.02    | 1.98     | n/a             |                |
| LSSIX  | Loomis-Sayles Small Cap Growth Instl                    | -8.47                                             | 9.81    | 9.74     | 6.24            | 12/31/1996     |
|        | <i>Russell 2000 Growth Stock Index</i>                  | -5.30                                             | 10.78   | 8.40     | n/a             |                |
| VTMSX  | Vanguard Tax-Managed Small Cap Adm                      | 5.42                                              | 12.98   | 8.82     | 10.56           | 2/12/2001      |
|        | <i>Russell 2000 Stock Index</i>                         | 0.00                                              | 10.43   | 7.17     | n/a             |                |
| PRWCX  | T.Rowe Price Capital Appreciation                       | 6.79                                              | 12.15   | 8.90     | 11.39           | 6/30/1986      |
|        | <i>Morningstar Moderate Allocation Category Average</i> | 2.99                                              | 7.60    | 5.69     | n/a             |                |
| VEIRX  | Vanguard Equity-Income Admiral                          | 9.95                                              | 13.98   | 8.26     | 7.57            | 10/31/1985     |
|        | <i>Russell 1000 Value Index</i>                         | 5.38                                              | 12.75   | 6.18     | n/a             |                |
| TGBAX  | Templeton Global Bond Adv                               | -4.23                                             | 1.60    | 6.85     | 7.60            | 12/31/1996     |
|        | <i>Citigroup World Government Bond Index</i>            | 11.26                                             | 1.18    | 4.22     | n/a             |                |
| VFSUX  | Vanguard Short-Term Investment Grade Adm                | 3.55                                              | 2.39    | 3.71     | 3.87            | 6/27/1980      |
|        | <i>Barclays US Short-Term Gov/Corp Index</i>            | 0.62                                              | 0.35    | 1.53     | n/a             |                |
| VIMAX  | Vanguard Mid-Cap Stock Index Admiral                    | 2.43                                              | 12.36   | 8.54     | 9.77            | 5/21/1998      |
|        | <i>Russell Mid-Cap Index</i>                            | 4.37                                              | 12.73   | 8.79     | n/a             |                |
| VTMAX  | Vanguard Total Stock Market Index Admiral               | 4.45                                              | 12.96   | 7.97     | 5.71            | 4/27/1992      |
|        | <i>Russell 1000 Index</i>                               | 4.84                                              | 13.22   | 7.89     | n/a             |                |
| (n/a)  | TD Ameritrade Institutional Money Market Deposit AC     | 0.01                                              | 0.01    | n/a      | 0.13            | 8/18/2008      |
|        | <i>Lipper Bank Money Market Deposit Accounts</i>        | 0.00                                              | 0.00    | 0.22     | n/a             |                |

**Note:** In compliance with DoL regulations for this report, the "Since Inception Date" return is provided in lieu of 10-year performance any fund that has not been in existence in excess of 10 years.