

Compensation & Capital's Financial Planning Commentary as of March 31, 2012

"Investing Success: Buy Low. Sell High. - It's Easy??"

There's a time-tested proverb for investing success. It's simple. It's straight-forward. It's undeniable. You've probably heard it: "Buy low. Sell high." It's also usually delivered with a wink and a grin. That's because as you have probably also heard, most investors believe that it's pretty much impossible to execute successfully and with any consistency.

But long-term savers/investors in 401(k) plans have multiple advantages over short-term traders when it comes to actually making this "Buy low. Sell high." adage work. To name but a few of these advantages:

- Flexibility: We get to update our saving and investing plan throughout our adult life.
- Rationality: We have a means by which to effectively eliminate irrational investment decisions.
- Probability: We have a timeline extending over scores of years and many economic cycles.
- Positive Trend: We have an arguably high probability that our entire investing period will exist within an era of long-term economic trends favoring unprecedented global growth.

The first three of these advantages focus on execution of the "Buy low. Sell high." process in the context of long-term investing. The last advantage is admittedly our proprietary projection of modern global trends unfolding on a stage set for impressive global market expansions spurred by productivity gains and global demographics. [And we are certainly not a singular voice for this constructive view.] In short, for long-term savers/investors, the means to making "Buy low. Sell high." work for you is: *Control the controllable and trust in the trend.* To put some bigger feet under this notion...

Flexibility: Establish and continually adapt your saving and investing plan: We've written of this repeatedly in past *Quarterly Commentaries*. You need to save a minimum of 10% of gross pay from the time you start working through the end of your paycheck days. The later you start, the higher the rate. Whatever the rate, it must be maintained through thick and thin. The investing part is equally straight-forward: the vast majority (80% to 90%) to a widely-diversified set of stocks (the rest in bonds) until about 10 years before retirement, then a progressive migration to 50% stocks and 50% bonds and "cash" through and well into retirement.

Rationality: Use your saving and investing plan to allay your emotions: A long term investing plan that evolves from an aggressive into a moderate risk profile over many years takes advantage of the dominant normal pattern of modern market performance over the long term. It thereby prevents you from being thrown off course by confusing daily events that present themselves with such emotional force in the short term. Remember, the best investing decisions are made from a rational, not an emotional, perspective.

Probability: You'll have lots of chances to get it right: Time is the best protection against global market risks. Factors that are the focus of everyone's attention today will be replaced by new – currently unknown – factors tomorrow. Just as they have for the past 100 years. No doubt, the past decade (and the past 100 years for that matter) has been interlaced with moments of "terror." But time and appropriate diversification within rationally allocated portfolios has managed those unnerving moments so you didn't have to.

The Trend: Have faith that the global economic trend is your friend: There's no doubt that America's continued global economic supremacy is in doubt. But a *relative* change in our global relationships does not foreshadow an *absolute* decline in our living standards. Much to the contrary. As current emerging markets grow, so too would America – just not as fast as them. And diversifying the positive effects of economic growth and political stability across a far broader mix of cultures could well set the stage for unprecedented global prosperity. America, and your diversified portfolio, would share in that trend.

In short, long-term savers in 401(k) plans are playing with a deck stacked in their favor with literally thousands of opportunities over scores of years to get the lesson of the proverb right. "Buy low. Sell high." Its fruits aren't so unattainable after all.

Chicago Blower Corporation Profit Sharing & 401(k) Plans

Compensation & Capital's March 31, 2012

Retirement Saving and Investing "Action Points"

Plan Fees in the Spotlight – Part II: Required Transparency Could Create Confusion

Last quarter's *Memo Page 2* previewed coming Department of Labor ("DoL") required disclosures to all 401(k) Plan participants that are intended to provide you with comprehensive information as to the actual costs being absorbed by your Plan account. We sincerely applaud a long-awaited regulatory effort to force transparency on 401(k) industry product providers that abuse the relationship of trust under which their Plan employer sponsors have engaged them. That said, we continue to be concerned that the required disclosures' reporting formats, language, sheer volume of data, and remaining loopholes for abuse could obscure the key message for CBC Plan participants. That is, that your CBC Plan account is free and clear of any fees that could, even in the broadest definition, be considered abusive, irresponsible, or even unfair.

A primary challenge for Plan participants will be putting the additional information into perspective and utilizing it to improve their individual investing and Plan participation experience. Moving forward from last quarter's *Memo Page 2*, we now focus on helping you better understand mutual fund fees and plan administration fees. (If you have yet to read last quarter's *Memo*, we recommend you do so. It's archived along with our other recent memos at www.planspecs.com/cbc > *Tools and Links* > *Vanguard Funds Venues (Both) Quarterly Memos.*) We'll follow-up next quarter with insights into assessing investment performance statistics.

Mutual Fund Fees: Securities laws allow mutual funds to charge their shareholders (in 401(k) Plans, participants are fund shareholders) just about any kind of business cost incurred to operate their fund. Fund costs are broadly separated into: Operating Expenses and Investor Sales Charges.

- Operating Expenses are charged to all fund shareholders at the same rate. It's called the fund's "Operating Expense Ratio" or "OER" and expressed as an annual percentage rate. A fund's OER is deducted from the fund's total return performance to arrive at its *published* "Total Return." Though funds with a low OER have a better chance at higher returns than their competitor with a high OER, a low OER doesn't guarantee better performance. CBC's Vanguard funds line-up have both low OER's and consistent, high-quality performance.
- Investor Sales Charges are fees that may be assessed to specific shareholders when they buy or sell a fund. These include purchase or redemption fees, commissions (also called "loads") and short-term trading penalties. Investor Sales Charges are NOT included in a fund's OER nor are they deducted from published total return performance because they are not assessed to all fund shareholders. They are, however, required to be disclosed separately in the DoL's upcoming disclosures. CBC Plan participants will rarely be subject to an Investor Sales Charge and when they are, it will be relatively small and always avoidable. Funds with any such charges are currently disclosed on the Plans' website www.planspecs.com/cbc > *Plan Investing*.

Plan Administration Costs Charged by Mutual Funds: To be clear, CBC's Plans mutual funds have none of these. But chances are that your friends' 401(k) plans' funds do. They are complicated, opaque, the focal point of the DoL's disclosures and the "poster child" for industry abuse.

Plan Administration Costs Charged by Plan Administrators: Administrative costs can also be charged directly by Plan Administrators. The most common of such charges are for loans from 401(k) accounts; CBC's current Plan requires participants to pay a \$100 initiation fee and \$50 annual admin fee for loans issued after October 1, 2011.

In conclusion, low fees are absolutely vital but not the only facet of a great mutual fund. The best 401(k) Plans employ funds with consistently high-quality total return investment performance, low OER's, avoidable and minimal Investor Sales Charges, NO fund-assessed plan administrative fees, and only loan charges. Sounds just like the CBC Plans' fund line-up!

Chicago Blower Corporation Profit Sharing & 401(k) Plans' Vanguard Funds Performance Specifics and Comparatives

(All for periods ended March 31, 2012)

(1) A fund with a 16th Ranking outperformed 84% of its peers.

Remember: Past performance is absolutely NOT a guarantee of future performance!

(2) "OER" or Operating Expense Ratio: Annual % of fund assets paid for fund operations and mgmt.

NAME OF VANGUARD SELECT VENUE FUND <i>Morningstar Category Name</i>	Securities Type(s)	Morningstar™ Category Percentile ⁽¹⁾ Ranking Past		OER ⁽²⁾	Total Return Performance for		Average Annualized Total Return for:			
		1 Year	10 Years		Past Qtr	12 Mos	3 Yrs	5 Yrs	10 Yrs	15 Yrs
PRIME MONEY MARKET - VMMXX	Money Market	16th	12th	0.20%	0.0%	0.0%	0.1%	1.4%	2.0%	3.0%
<i>Money Market Funds >></i>		<i>Category Average >></i>		0.23%	0.0%	0.0%	0.1%	1.1%	1.6%	2.7%
INTERMEDIATE TERM BOND INDEX SIGNAL - VIBSX	Bonds	1st	7th	0.11%	0.6%	11.2%	9.5%	7.8%	6.8%	7.1%
<i>Intermediate Bond Funds >></i>		<i>Category Average >></i>		0.92%	1.6%	6.6%	9.8%	5.7%	5.4%	5.8%
INFLATION PROTECTED SECURITIES ADM - VAIPX	Bonds	8th	41st	0.11%	0.8%	12.1%	8.6%	7.4%	7.3%	N/A
<i>Inflation-Protected Bond Funds >></i>		<i>Category Average >></i>		0.84%	1.2%	9.9%	8.4%	6.4%	6.8%	6.4%
WELLINGTON ADMIRAL - VWENX	Bonds & Stocks	11th	3rd	0.19%	7.6%	7.4%	17.8%	4.8%	6.7%	8.2%
<i>Moderate Allocation Funds >></i>		<i>Category Average >></i>		1.02%	8.1%	3.8%	16.7%	2.6%	4.7%	6.0%
EQUITY INCOME ADMIRAL - VEIRX	Stocks	1st	11th	0.22%	8.4%	12.5%	24.3%	3.0%	5.6%	7.5%
<i>Large-Cap U.S. Value Stock Funds >></i>		<i>Category Average >></i>		1.24%	11.1%	3.9%	21.2%	-0.2%	4.1%	5.9%
500 INDEX SIGNAL - VIFSX	Stocks	17th	35th	0.05%	12.6%	8.5%	23.4%	2.0%	4.1%	6.1%
<i>Large-Cap U.S. Blend Stock Funds >></i>		<i>Category Average >></i>		1.12%	12.5%	5.1%	22.0%	1.1%	3.8%	6.0%
SELECTED VALUE - VASVX	Stocks	19th	32nd	0.45%	10.3%	4.1%	25.7%	2.3%	7.3%	8.0%
<i>Mid-Cap U.S. Value Stock Funds >></i>		<i>Category Average >></i>		1.31%	12.3%	0.7%	26.1%	1.4%	6.5%	8.5%
GROWTH INDEX SIGNAL - VIGSX	Stocks	14th	36th	0.10%	15.2%	11.8%	25.1%	5.2%	4.5%	6.4%
<i>Large-Cap U.S. Growth Stock Funds >></i>		<i>Category Average >></i>		1.29%	15.8%	6.9%	22.9%	3.5%	4.0%	6.2%
MID-CAP GROWTH INVESTOR - VMGRX	Stocks	13th	37th	0.53%	14.8%	7.2%	27.4%	5.7%	6.8%	N/A
<i>Mid-Cap U.S. Growth Stock Funds >></i>		<i>Category Average >></i>		1.38%	14.6%	2.0%	25.9%	3.9%	6.0%	8.0%
SMALL-CAP INDEX SIGNAL - VSISX	Stocks	38th	28th	0.10%	13.0%	1.0%	30.4%	3.7%	7.6%	8.5%
<i>Small-Cap U.S. Blend Stock Funds >></i>		<i>Category Average >></i>		1.37%	12.3%	-0.3%	27.4%	1.9%	6.6%	8.8%
INTERNATIONAL GROWTH ADMIRAL - VWILX	Foreign Stocks	24th	12th	0.34%	14.0%	-4.6%	21.7%	0.2%	7.1%	5.5%
<i>Foreign Large Blend Stock Funds >></i>		<i>Category Average >></i>		1.30%	11.9%	-6.5%	17.1%	-3.1%	5.2%	4.1%
EMERGING MARKETS INDEX SIGNAL - VERSX	Foreign Stocks	52nd	34th	0.20%	14.0%	-9.0%	24.8%	4.5%	13.8%	7.5%
<i>Diversified Emerging Markets Stock Funds >></i>		<i>Category Average >></i>		1.63%	13.6%	-9.3%	24.2%	2.5%	13.0%	7.4%
ENERGY ADMIRAL - VGELX	Energy Stocks	29th	16th	0.28%	4.4%	-10.9%	19.4%	4.2%	13.6%	12.8%
<i>Energy Sector Stock Funds >></i>		<i>Category Average >></i>		1.63%	4.4%	-13.2%	18.9%	1.8%	10.8%	10.7%

Chicago Blower Corporation Profit Sharing & 401(k) Plans' Vanguard Funds Performance Specifics and Comparatives

(All for periods ended March 31, 2012)

(1) A fund with a 6th Ranking outperformed 94% of its peers.

Remember: Past performance is absolutely NOT a guarantee of future performance!

(2) "OER" or Operating Expense Ratio: Annual % of fund assets paid for fund operations and mgmt.

NAME OF VANGUARD AUTO-BALANCED FUND <i>Morningstar Category Name</i>	Securities Type(s)	Morningstar™ Category Percentile ⁽¹⁾ Ranking Past		OER ⁽²⁾	Total Return Performance for		Average Annualized Total Return for:			
		1 Year	10 Years		Past Qtr	12 Mos	3 Yrs	5 Yrs	10 Yrs	15 Yrs
TARGET RETIREMENT INCOME - VTINX	Target Date 2000-2010	6th	8th	0.17%	3.9%	7.1%	11.7%	5.3%	N/A	N/A
Target Date 2000-2010 Funds >>	Category Average >>			0.55%	5.8%	3.4%	15.1%	2.4%	4.3%	5.6%
TARGET RETIREMENT 2010 - VTENX	Target Date 2000-2010	2nd	10th	0.17%	5.8%	6.2%	15.3%	4.1%	N/A	N/A
Target Date 2000-2010 Funds >>	Category Average >>			0.55%	5.8%	3.4%	15.1%	2.4%	4.3%	5.6%
TARGET RETIREMENT 2015 - VTXVX	Target Date 2011-2015	7th	14th	0.17%	7.2%	5.5%	16.7%	3.6%	N/A	N/A
Target Date 2011-2015 Funds >>	Category Average >>			0.50%	6.6%	3.0%	16.2%	1.6%	3.1%	3.9%
TARGET RETIREMENT 2020 - VTENX	Target Date 2016-2020	13th	10th	0.17%	8.2%	5.0%	17.9%	3.2%	N/A	N/A
Target Date 2016-2020 Funds >>	Category Average >>			0.57%	7.5%	3.7%	17.4%	1.6%	4.1%	5.5%
TARGET RETIREMENT 2025 - VTXVX	Target Date 2021-2025	9th	16th	0.18%	9.1%	4.5%	19.0%	2.7%	N/A	N/A
Target Date 2021-2025 Funds >>	Category Average >>			0.50%	8.7%	2.6%	19.0%	1.2%	N/A	N/A
TARGET RETIREMENT 2030 - VTENX	Target Date 2026-2030	12th	16th	0.18%	10.0%	4.0%	20.2%	2.2%	N/A	N/A
Target Date 2026-2030 Funds >>	Category Average >>			0.57%	9.4%	2.7%	19.5%	0.9%	4.4%	5.5%
TARGET RETIREMENT 2035 - VTXVX	Target Date 2031-2035	14th	24th	0.19%	11.0%	3.5%	21.1%	2.0%	N/A	N/A
Target Date 2031-2035 Funds >>	Category Average >>			0.49%	10.4%	2.2%	20.4%	0.8%	N/A	N/A
TARGET RETIREMENT 2040 - VTENX	Target Date 2036-2040	15th	12th	0.19%	11.3%	3.5%	21.1%	2.1%	N/A	N/A
Target Date 2036-2040 Funds >>	Category Average >>			0.58%	10.6%	2.2%	20.7%	0.6%	4.3%	5.4%
TARGET RETIREMENT 2045 - VTXVX	Target Date 2041-2045	13th	25th	0.19%	11.3%	3.5%	21.1%	2.1%	N/A	N/A
Target Date 2041-2045 Funds >>	Category Average >>			0.49%	11.4%	1.9%	21.0%	0.6%	N/A	N/A
TARGET RETIREMENT 2050 - VTENX	Target Date 2050+	13th	20th	0.19%	11.3%	3.5%	21.1%	2.1%	N/A	N/A
Target Date 2050+ Funds >>	Category Average >>			0.55%	11.2%	2.0%	21.0%	0.7%	4.4%	N/A
TARGET RETIREMENT 2055 - VTXVX	Target Date 2050+	11th	n/a	0.19%	11.3%	3.7%	N/A	N/A	N/A	N/A
Target Date 2050+ Funds >>	Category Average >>			0.55%	11.2%	2.0%	21.0%	0.7%	4.4%	N/A
LIFE STRATEGY CONSERVATIVE - VSCGX	Conservative Allocation	50th	61st	0.15%	5.1%	4.2%	13.4%	3.4%	5.1%	6.2%
Conservative Allocation Funds >>	Category Average >>			0.89%	5.1%	4.0%	13.8%	3.5%	4.8%	5.3%
LIFE STRATEGY GROWTH - VASGX	Aggressive Allocation	28th	54th	0.17%	10.1%	2.9%	19.7%	1.4%	5.1%	6.2%
Aggressive Allocation Funds >>	Category Average >>			0.88%	9.9%	1.3%	19.5%	1.4%	4.6%	6.0%