Chicago Blower Corporation Profit Sharing & 401(k) Plans

Compensation & Capital's Financial Planning Commentary as of June 30, 2019
"What's In A Number?"

16, 18, 21: No matter your upbringing or age, we Americans have endowed these numbers with special meaning and memories. Privilege to drive, right to vote, right to drink. They've each evolved as recognizable milestones in our society. But more accurately, they're really only fuzzy demarcations on a journey to the privileges and rights of personal maturity. It's a trip for which none of us is provided an itinerary or even a destination. Yet society's leaders have somehow determined that these definitive numerals should hold the keys to our expanded rights along those blurry roads to adulthood. Does something suddenly happen to every American at age 18 that makes us worthy of accepting the responsibility to actively participate in the governing of America? To make it OK to blur our senses with alcohol after just five short years of driving experience?

Such is the relationship between the numeric measuring systems utilized in finance and economics to the broader realities they attempt to describe. For example: Currently in the US: Inflation's around 2%; consumer confidence around 120; wage growth's around 3.6%; the stock market's (S&P 500) around 3,000; unemployment's 3.8%; money market funds earn around 2%; mortgage rates around 3.5%; and so on. Most economists agree these numbers are about as constructive as they could hope for especially in a world fraught with discord and uncertainty. That's the consensus from a group often described as perpetually gloomy experts who have the intellectual ability to sound smart while explaining why the forecast they made yesterday didn't happen today.

So what's wrong with gleaning from a few of these milestones the conclusion that our economic and financial systems have crossed some sort of threshold of maturation that will support our next economic leg up? Many of these measurements are at all-time highs (stock markets, consumer confidence) and all-time lows (unemployment, mortgage rates) that experts have targeted as "good stuff" for decades past. But as with the arbitrary age markers that opened our memo, financial yardsticks should never be considered conclusive in and of themselves.

More accurately, it's the combination of measures of these and many other attributes – the balance between them and their comparative significance at any given time in the then-current cycle – that determines if overall we're ready for that next step along our economic paths. In short, there's truly no way to consistently and accurately determine if, for instance, the S&P 500's currently historic crossing of its 3,000 milestone is, overall, a good thing – or not.

All this is preface to a theme we've championed often throughout our *Commentary's* 20+ year run: Successful retirement investing is attained by balancing the inputs within our control. Not the noise of market highs and lows. Not rosy or dire forecasts. Not hyped performance of trendy investing strategies. But simply staying true to principles fundamental to your retirement saving and investing success:

1. *Goals:* Establish clear, appropriate investment goals that you will "own" through time.
2. *Balance:* Adhere to a personally suitable asset allocation with broadly diversified, high-quality funds.
3. *Cost:* Attempt to accept only those investment costs that enhance investment performance.
4. *Discipline:* Maintain realistic perspective and long-term discipline. Tune out noise.

Your CBC Plan provides an excellent platform upon which to easily deploy all of these principles.

You likely remember the many places you resided – physically, emotionally and mentally – on your 16^{th}, your 18^{th}, and your 21^{st} birthdays. There were, no doubt, many facets of your character and personality at each of those milestones which worked in concert to result in the person you are today. In short, our condition at any single milestone on life's path is not a definitive measure of our success or failure in our past or future life's endeavors. Same is true of the passage of any single milestone by economies and markets: They're but single small and often fleeting steps on a much more complex evolutionary path.

Compensation & Capital's June 30, 2019
Retirement Saving and Investing "Action Points"

<u>Current Market Performance from the Perspective of Long-Term Trends</u>

This past June proved the old stock market adage "Sell in May and Go Away" to be a woefully ill-timed move as both the stock and the bond markets defied this conventional pessimistic wisdom historically pegged to Summer markets. While most investors were focused this Spring (and remain so) on seemingly insurmountable global trade problems and Middle East tensions, someone forgot to tell the markets that all these woes should blunt their enthusiasm for posting outsized gains for the first six months of 2019!

The U.S. stock market represented by the S&P500 Index gained 4%, 10%, 66%, 393% and 351% respectively for the trailing 3-month, 12-month, 5-year, 10-year and 15-year periods ending 6/30/2019. That last period (15 years) equates to an average annualized return of 8.7%/year, just 1% shy of its *very* long term (93 years) historic annualized return. The U.S. [aggregate] bond market has gained 3%, 7%, 13%, 46%, and 79% respectively for the trailing 3-month, 12-month, 5-year, 10-year and 15-year periods ending 6/30/2019. The bond market's 15 year return equates to average annualized gains of 4.0%/year, also just 1% below *very* long term historic bond market returns.

This relative consistency of returns is truly fascinating when viewed through the filter of the vast array of fundamental hurdles and tailwinds that our global economy has faced down over the past 15 years and continuing as we move through 2019. Much the same fiscal and monetary fundamentals that existed last year continue to exist today. Meanwhile many investors seem to have decided that political gridlock on a global scale and its resulting uncertainty is better than resolutions to such complex problems. Optimism thereby prevails. Trade and military tensions around the world, the Eurozone's economic weakness and its resulting detrimental impact on the Euro currency and bond yields, China and emerging markets' economic slowdowns - all these issues continue unresolved and all thereby continue to threaten with heightened volatility sometime in the future. The question as always: When?

With all this happy surprise over market resilience to less-than-stable global fiscal and monetary conditions, there's no doubt that an overly giddy <u>*or*</u> gloomy perspective over recent investment returns can get investors in trouble. It can be emotionally challenging to invest when so much seems uncertain. But over time uncertainty diminishes, markets digest the outcomes, and market valuations properly reflect the new circumstances they face. Then new issues replace the old and the cycle begins anew.

That's why successful long-term investors stay focused on what they know and what they can control:

- Acknowledge uncertainty and your own emotional tendencies by choosing an appropriate combination of asset classes (stocks vs bonds vs cash) for your Plan account. We've written frequently about the proper way to choose this asset allocation. Pointers for this process are on the *Plan Investing >> Vanguard Select Funds Venue* tab of www.planspecs.com/cbc. Vanguard's "Auto-Balanced" Target Retirement Funds provide an even easier way to select and maintain an appropriate asset allocation.
- Avoid the pitfalls of timing market inflection points by directing your ongoing payroll and CBC company contributions to that same, appropriate pre-determined asset allocation. This so-called "Dollar Cost Averaging" allows you to spread market volatility risks across many small purchases creating a far truer basis from which your lifetime savings can grow.
- Keep your account's mix reasonably in line with your previously determined appropriate mix to each of the Select Funds. You can view this comparison on the *Fund Balances* page of the secure *Participant Login* tab of www.planspecs.com/cbc. If any fund's percentage of your total account varies from your directed mix by 2% or more, rebalance by submitting a "Vanguard Funds Existing Balance Re-Mix Request" form. (Using Vanguard's "Auto-Balanced" Target Retirement Funds avoids this monitoring step because Vanguard's fund managers perform the re-mixes for you.)

Page3: Chicago Blower Corporation Profit Sharing & 401(k) Plans' Vanguard Funds Performance Specifics and Comparatives

(All for periods ended June 30, 2019)

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

(1) A fund with a 2nd Ranking outperformed 98% of its peers.

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

NAME OF VANGUARD SELECT VENUE FUND / *Morningstar Category Name*	Securities Type(s)	Morningstar™ Category Percentile (1) Ranking Past: 1 Year	15 Years	OER(2)	Total Return Performance for: Past Qtr	12 Mos	Average Annualized Total Return for: 3 Yrs	5 Yrs	10 Yrs	15 Yrs
TREASURY MONEY MARKET - VUSXX	**Money Market**	**2nd**	**16th**	**0.09%**	**0.6%**	**2.2%**	**1.3%**	**0.8%**	**0.4%**	**1.3%**
Money Market Funds >>	*Category Average >>*			*0.49%*	*0.3%*	*1.2%*	*0.7%*	*0.5%*	*0.2%*	*0.9%*
INTERMEDIATE TERM BOND INDEX ADM - VBILX	**Bonds**	**1st**	**1st**	**0.07%**	**3.7%**	**10.0%**	**2.4%**	**3.4%**	**5.1%**	**5.1%**
Intermediate Bond Funds >>	*Category Average >>*			*0.66%*	*2.8%*	*7.2%*	*2.1%*	*2.6%*	*3.9%*	*4.0%*
INFLATION PROTECTED SECURITIES ADM - VAIPX	**Bonds**	**25th**	**18th**	**0.10%**	**2.8%**	**4.7%**	**1.9%**	**1.7%**	**3.6%**	**3.9%**
Inflation-Protected Bond Funds >>	*Category Average >>*			*0.75%*	*2.5%*	*4.1%*	*1.9%*	*1.2%*	*3.1%*	*3.7%*
WELLINGTON ADMIRAL - VWENX	**Bonds & Stocks**	**7th**	**5th**	**0.17%**	**3.9%**	**10.4%**	**9.8%**	**7.6%**	**10.8%**	**8.3%**
US Allocation – 50% to 70% Equity Funds >>	*Category Average >>*			*1.12%*	*2.6%*	*5.1%*	*5.6%*	*3.6%*	*7.1%*	*5.1%*
EQUITY INCOME ADMIRAL - VEIRX	**Stocks**	**22nd**	**6th**	**0.18%**	**3.4%**	**9.7%**	**11.1%**	**9.0%**	**14.3%**	**9.1%**
Large-Cap U.S. Value Stock Funds >>	*Category Average >>*			*1.01%*	*3.0%*	*5.8%*	*10.1%*	*6.8%*	*12.2%*	*7.3%*
500 INDEX ADMIRAL - VFIAX	**Stocks**	**28th**	**20th**	**0.04%**	**4.3%**	**10.4%**	**14.2%**	**10.7%**	**14.7%**	**8.7%**
Large-Cap U.S. Blend Stock Funds >>	*Category Average >>*			*0.96%*	*3.8%*	*8.2%*	*12.5%*	*8.8%*	*13.2%*	*7.9%*
SELECTED VALUE - VASVX	**Stocks**	**61st**	**27th**	**0.36%**	**4.6%**	**-0.7%**	**9.2%**	**4.6%**	**13.0%**	**8.6%**
Mid-Cap U.S. Value Stock Funds >>	*Category Average >>*			*1.11%*	*2.5%*	*0.3%*	*8.7%*	*5.6%*	*12.8%*	*7.8%*
GROWTH INDEX ADMIRAL – VIGAX	**Stocks**	**45th**	**35th**	**0.05%**	**4.8%**	**10.4%**	**16.6%**	**12.0%**	**15.7%**	**9.6%**
Large-Cap U.S. Growth Stock Funds >>	*Category Average >>*			*1.09%*	*4.6%*	*10.0%*	*17.0%*	*11.3%*	*14.7%*	*9.1%*
MID-CAP GROWTH INVESTOR - VMGRX	**Stocks**	**34th**	**33rd**	**0.36%**	**5.7%**	**13.3%**	**16.4%**	**10.0%**	**14.9%**	**10.1%**
Mid-Cap U.S. Growth Stock Funds >>	*Category Average >>*			*1.19%*	*5.6%*	*9.9%*	*15.6%*	*9.8%*	*14.5%*	*9.3%*
SMALL-CAP INDEX ADMIRAL - VSMAX	**Stocks**	**13th**	**6th**	**0.05%**	**2.9%**	**2.3%**	**12.4%**	**7.7%**	**14.8%**	**9.4%**
Small-Cap U.S. Blend Stock Funds >>	*Category Average >>*			*1.16%*	*2.2%*	*-3.8%*	*10.1%*	*5.7%*	*12.7%*	*7.8%*
INTERNATIONAL GROWTH ADMIRAL - VWILX	**Foreign Stocks**	**76th**	**4th**	**0.32%**	**3.2%**	**-0.4%**	**15.4%**	**6.8%**	**10.1%**	**8.0%**
Foreign Large Growth Stock Funds >>	*Category Average >>*			*1.13%*	*4.8%*	*2.3%*	*9.6%*	*4.1%*	*8.2%*	*6.2%*
EMERGING MARKETS INDEX ADMIRAL - VEMAX	**Foreign Stocks**	**29th**	**52nd**	**0.14%**	**0.9%**	**3.5%**	**9.3%**	**2.3%**	**5.6%**	**8.3%**
Diversified Emerging Markets Stock Funds >>	*Category Average >>*			*1.35%*	*1.6%*	*1.2%*	*8.9%*	*1.7%*	*5.8%*	*8.3%*
ENERGY ADMIRAL - VGELX	**Energy Stocks**	**12th**	**4th**	**0.29%**	**-1.6%**	**-11.6%**	**2.2%**	**-5.3%**	**3.6%**	**6.7%**
Energy Sector Stock Funds >>	*Category Average >>*			*1.39%*	*-5.3%*	*-23.6%*	*-5.1%*	*-14.2%*	*0.1%*	*3.9%*

Page4: Chicago Blower Corporation Profit Sharing & 401(k) Plans' Vanguard Funds Performance Specifics and Comparatives

(All for periods ended June 30, 2019)

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

(1) A fund with a 32nd Ranking outperformed 68% of its peers.

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

VANGUARD INDEXED AUTO-BALANCED FUND *Morningstar Category Name*	Securities Type(s)	Morningstar™ Category Percentile (1) Ranking Past 1 Year	5 Years	OER(2)	Total Return Performance for Past Qtr	12 Mos	Average Annualized Total Return for: 3 Yrs	5 Yrs	10 Yrs	15 Yrs
TARGET RETIREMENT INCOME - VTINX	**Target Date Retire Income**	**32nd**	**21st**	**0.12%**	**3.0%**	**6.5%**	**5.2%**	**4.2%**	**6.4%**	**5.3%**
Retirement Income Funds >>		*Category Average >>*		*0.77%*	*2.7%*	*5.9%*	*5.0%*	*3.5%*	*6.0%*	*4.3%*
TARGET RETIREMENT 2015 - VTXVX	**Target Date 2015**	**36th**	**31st**	**0.13%**	**3.1%**	**6.5%**	**6.7%**	**4.9%**	**8.3%**	**6.0%**
Target Date 2015 Funds >>		*Category Average >>*		*0.71%*	*3.0%*	*6.0%*	*6.5%*	*4.3%*	*7.7%*	*5.9%*
TARGET RETIREMENT 2020 - VTWNX	**Target Date 2020**	**30th**	**8th**	**0.13%**	**3.2%**	**6.5%**	**7.8%**	**5.6%**	**9.2%**	**N/A**
Target Date 2020 Funds >>		*Category Average >>*		*0.77%*	*3.0%*	*6.0%*	*6.7%*	*4.5%*	*8.1%*	*N/A*
TARGET RETIREMENT 2025 - VTTVX	**Target Date 2025**	**28th**	**6th**	**0.13%**	**3.4%**	**6.6%**	**8.7%**	**5.9%**	**9.8%**	**6.5%**
Target Date 2025 Funds >>		*Category Average >>*		*0.76%*	*3.2%*	*6.0%*	*7.9%*	*5.0%*	*9.0%*	*6.4%*
TARGET RETIREMENT 2030 - VTHRX	**Target Date 2030**	**32nd**	**18th**	**0.14%**	**3.4%**	**6.4%**	**9.4%**	**6.2%**	**10.4%**	**N/A**
Target Date 2030 Funds >>		*Category Average >>*		*0.79%*	*3.2%*	*5.9%*	*8.8%*	*5.4%*	*9.4%*	*N/A*
TARGET RETIREMENT 2035 - VTTHX	**Target Date 2035**	**30th**	**21st**	**0.14%**	**3.5%**	**6.3%**	**10.1%**	**6.5%**	**10.9%**	**7.0%**
Target Date 2035 Funds >>		*Category Average >>*		*0.77%*	*3.3%*	*5.7%*	*9.7%*	*5.8%*	*10.1%*	*6.9%*
TARGET RETIREMENT 2040 - VFORX	**Target Date 2040**	**34th**	**22nd**	**0.14%**	**3.5%**	**6.0%**	**10.8%**	**6.7%**	**11.2%**	**N/A**
Target Date 2040 Funds >>		*Category Average >>*		*0.80%*	*3.3%*	*5.5%*	*10.0%*	*6.0%*	*10.2%*	*N/A*
TARGET RETIREMENT 2045 - VTIVX	**Target Date 2045**	**33rd**	**19th**	**0.15%**	**3.5%**	**5.9%**	**11.1%**	**6.9%**	**11.2%**	**7.4%**
Target Date 2045 Funds >>		*Category Average >>*		*0.78%*	*3.4%*	*5.4%*	*10.5%*	*6.2%*	*10.5%*	*7.4%*
TARGET RETIREMENT 2050 - VFIFX	**Target Date 2050**	**38th**	**24th**	**0.15%**	**3.5%**	**5.9%**	**11.0%**	**6.9%**	**11.2%**	**N/A**
Target Date 2050 Funds >>		*Category Average >>*		*0.81%*	*3.4%*	*5.3%*	*10.5%*	*6.2%*	*10.5%*	*N/A*
TARGET RETIREMENT 2055 - VFFVX	**Target Date 2055**	**35th**	**28th**	**0.15%**	**3.5%**	**5.9%**	**11.0%**	**6.8%**	**N/A**	**N/A**
Target Date 2055 Funds >>		*Category Average >>*		*0.78%*	*3.4%*	*5.3%*	*10.7%*	*6.3%*	*N/A*	*N/A*
TARGET RETIREMENT 2060 - VTTSX	**Target Date 2060+**	**41st**	**42nd**	**0.15%**	**3.5%**	**5.9%**	**11.0%**	**6.8%**	**N/A**	**N/A**
Target Date 2060+ Funds >>		*Category Average >>*		*0.78%*	*3.5%*	*5.4%*	*10.9%*	*6.5%*	*N/A*	*N/A*
LIFE STRATEGY CONSERVATIVE - VSCGX	**Conservative Allocation**	**18th**	**12th**	**0.12%**	**3.2%**	**7.1%**	**6.4%**	**5.0%**	**7.3%**	**5.5%**
Allocation – 30% to 50% Equity Funds >>		*Category Average >>*		*1.12%*	*2.6%*	*5.1%*	*5.6%*	*3.6%*	*7.1%*	*5.1%*
LIFE STRATEGY GROWTH - VASGX	**Aggressive Allocation**	**23rd**	**18th**	**0.14%**	**3.5%**	**6.1%**	**10.1%**	**6.5%**	**10.5%**	**6.9%**
Allocation – 70% to 85% Equity Funds >>		*Category Average >>*		*1.19%*	*2.9%*	*4.2%*	*8.8%*	*5.2%*	*9.7%*	*6.4%*