Chicago Blower Corporation Profit Sharing & 401(k) Plans

Compensation & Capital's Financial Planning Commentary as of December 31, 2024
"The Politics of Personal Finance: Congratulations! You're Still Your Household's President!"

This year's Presidential election cycle marks our seventh quarterly *Commentary* to be published under the clouds of uncertainty precipitated by what is arguably a global geopolitical event. As with each of those past six U.S. presidential campaigns, there's no doubt that America's choice of its next Administration will have significant impacts on our readers' financial security. Drilling down to the individual level, there will be participants in our sponsor clients' plans that, in one way or another, will be economically disadvantaged; as there will be others that will prosper by the election's outcome.

But if history borne of the outcomes of those past six elections holds any sway over our next President's direct impact on your Plan account's investment returns, our best counsel is to hold true to our continually advocated rules for successful investing regardless of your appropriately conceived financial objectives. In broad terms that recipe is:

- ✓ Qualitatively define each of your financial objectives. These equate to your savings "buckets."
- ✓ Quantitatively determine each bucket's required savings, ultimate goal and accumulation timeline.
- ✓ Quantitatively determine each bucket's de-accumulation timeline. That is: When will you need it?
- ✓ Based solely upon timelines, determine appropriate mix of major asset classes for each bucket. Short timelines dictate less stocks, more bonds. Longer timelines, more stocks less bonds.
- ✓ Review historical returns, especially worst downsides, of each bucket's appropriate mix. "Gut Check" that possibility against your emotional fortitude. Reduce stocks risk as you feel necessary.
- ✓ Subject to availability of high-quality, low cost investments for each bucket, choose your investments. Focus on well diversified mutual funds.
- ✓ Moving forward, stay true to your regimented savings and investment mix objectives.
- ✓ Adjust mixes only as dictated by significant changes in your personal situation.

So even under the specter of such a broad reaching geopolitical event with potential for admittedly significant impacts upon global economics and financial markets, our counsel is vividly absent any reference to adjustments to your rationally constructed personal financial plan.

Really? *Doesn't the incoming Administration's vows to shake up long-standing institutions and norms make us question our adherence to our pragmatic rules?* We recently caught a CBS interview with Jamie Dimon of JPMorgan Chase. Dimon's "cautiously pessimistic" perspective on the economy and financial markets heading into this new global order caught our attention. No doubt, the man has business cred! So we stepped back to once again consider our own "Steady Eddie" approach described above. Could it be that the times truly are "A-Changin'"? No doubt, the possibilities (for outcomes as well as the adjectives to describe them) are endless. But in the end our conclusion remains:

Emphatically, Yes! In fact, this particular affront to our relatively secure American life makes us even more steadfast against any of us gambling our financial futures upon our ability to accurately extrapolate that result to its impacts upon financial markets, let alone to then correctly act upon that prediction with definitive changes to our personal financial plans or investments therein. We can't get a whole lot more definitive with our counsel than that.

Irrational perspectives foster inappropriate actions resulting in unintentional outcomes. Don't let your financial future be hijacked by your emotional biases. Invest rationally. Stay committed to your appropriately conceived plan.

Compensation & Capital's December 31, 2024
Retirement Saving and Investing "Action Points"

The Importance of Context and Perspective. Or, Our Brains on Big Positive Returns:

For each of the past two years the U.S. stock market as measured by the S&P500 Index has notched total returns (that is, market gains plus reinvested dividends) of over 25%. Truth be told and humbly speaking, we exercised impressive will power by refraining from adding an exclamation point to this opening line. That's because this level of performance for two consecutive years is a relative rarity, occurring only five times over the past 98 years. No doubt those of us invested for the long term with a significant portion of our savings in stocks have plenty to celebrate after experiencing one of these rare two-year periods. Indeed, the stock markets' gifts to each of us even over the past 15 years have been worthy of big smiles.

But before we lose sight of the realities of stock market investing, a few data points can provide some important perspective to temper our elation with our recent good fortune. First off, 2023's 26% gain was just barely sufficient to offset 2022's big loss. And factoring in inflation, 2022's inflation-adjusted loss of 23% more than neutralized 2021's inflation-adjusted gain of 20%. So over the past 3 years in aggregate, S&P500 investors have gained right around the Index's average of 8+% with an emotional experience similar to a roller coaster ride in a Kansas parking lot! And how about another arithmetic sleight of hand that can play tricks on our brains. Say our Plan account starts a year at $1,000 then loses 50% to finish the year at $500. The following year it must gain 100% to return to its original $1,000 value! In short: Do your best to define your perspective before you judge your Plan account's investment performance – especially over short periods of time.

Then there's the contextual facet of judging investment performance. This is especially important when it comes to our subject short-term periods. For example, 2024 was significantly less volatile than usual. The S&P500's biggest decline was 8.5% compared to an average year of around 14%. So simply on the basis of averages and two consecutive big gains, we should expect more volatility in 2025 than 2024. That expectation might also be founded in fundamentals of uncertainty about the very wide range of domestic and international policy changes on the horizon. The very scope of the fundamentals, not to mention their timing of implementation will likely feed market volatility in both directions over the coming few years.

And to be sure, there will be forces moving in both directions: Deregulation and tax cuts will likely be stimulative to stock market returns. Tariffs and immigration restrictions could act to the downside.

Drilling into stimulant forces, lower corporate taxes could boost profits and in turn stock prices. And deregulation could increase profitability for corporations, especially in energy (oil, gas, coal) and finance (digital assets and cryptocurrencies), since reduced regulatory burdens can lower operating costs. Likewise a less aggressive position on antitrust regulation could benefit major tech companies like Amazon, Apple and Google. And the incoming administration is expected to continue supporting AI research and development maintaining a light regulatory approach to foster innovation and favor big tech.

As for potentially impeding fundamentals, new trade policies including tariffs and renegotiation of trade deals could create stock market volatility and concentrate winners and losers across and within industry sectors. While protectionist policies might initially benefit certain domestic industries, they could also lead to trade wars that later increase supply chain costs for others. Tariffs on imports from China and Mexico could focus these disruptions on the tech and automotive sector's access to essential components. And stricter immigration policies could bring higher labor costs and inflationary pressures to construction and agriculture.

And we haven't even ventured into how interest rate fluctuations could impact the markets and the economy as a whole. In short, the coming few years hold a multitude of uncertainty. All the more reason to stay diversified with our investments and founded in reality with our expectations and our perspectives.

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

(All for periods ended December 31, 2024)

(1) A fund with a 7th Ranking outperformed 93% 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 / *Morningstar Category Name*	Securities Type(s)	Morningstar™ Category Percentile (1) Ranking Past: 3 Years	10 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**	**7th**	**2nd**	**0.09%**	**1.2%**	**5.2%**	**3.9%**	**2.4%**	**1.7%**	**1.1%**
Money Market Funds >>		*Category Median >>*		*0.41%*	*1.1%*	*4.9%*	*3.6%*	*2.2%*	*1.5%*	*1.0%*
INTERMEDIATE TERM BOND INDEX ADM - VBILX	**Bonds**	**35th**	**18th**	**0.07%**	**-3.4%**	**1.5%**	**-2.3%**	**0.0%**	**1.8%**	**3.2%**
Intermediate Core Bond Funds >>		*Category Median >>*		*0.59%*	*-2.9%*	*1.7%*	*-2.3%*	*-0.2%*	*1.3%*	*2.4%*
INFLATION PROTECTED SECURITIES ADM - VAIPX	**Bonds**	**37th**	**36th**	**0.10%**	**-3.0%**	**1.9%**	**-2.3%**	**1.8%**	**2.1%**	**2.8%**
Inflation-Protected Bond Funds >>		*Category Median >>*		*0.75%*	*-2.6%*	*2.1%*	*-2.2%*	*1.3%*	*1.8%*	*2.5%*
WELLINGTON ADMIRAL - VWENX	**Bonds & Stocks**	**24th**	**10th**	**0.18%**	**0.9%**	**14.9%**	**4.1%**	**8.2%**	**8.4%**	**9.4%**
Moderate Allocation Funds >>		*Category Median >>*		*1.03%*	*-0.8%*	*11.4%*	*2.9%*	*6.8%*	*6.5%*	*7.6%*
EQUITY INCOME ADMIRAL - VEIRX	**Stocks**	**29th**	**17th**	**0.18%**	**-0.7%**	**15.2%**	**7.5%**	**10.0%**	**10.1%**	**12.0%**
Large-Cap U.S. Value Stock Funds >>		*Category Median >>*		*0.96%*	*-1.5%*	*14.3%*	*6.1%*	*9.3%*	*8.7%*	*10.4%*
500 INDEX ADMIRAL - VFIAX	**Stocks**	**23rd**	**8th**	**0.04%**	**2.4%**	**25.0%**	**8.9%**	**14.5%**	**13.1%**	**13.8%**
Large-Cap U.S. Blend Stock Funds >>		*Category Median >>*		*0.84%*	*1.4%*	*21.5%*	*7.2%*	*12.9%*	*11.6%*	*12.6%*
SELECTED VALUE - VASVX	**Stocks**	**18th**	**28th**	**0.43%**	**-3.4%**	**7.2%**	**7.5%**	**11.0%**	**8.9%**	**11.2%**
Mid-Cap U.S. Value Stock Funds >>		*Category Median >>*		*1.06%*	*-1.6%*	*11.4%*	*5.2%*	*9.1%*	*8.0%*	*10.3%*
GROWTH INDEX ADMIRAL – VIGAX	**Stocks**	**25th**	**18th**	**0.05%**	**7.0%**	**32.7%**	**9.2%**	**18.4%**	**15.8%**	**15.8%**
Large-Cap U.S. Growth Stock Funds >>		*Category Median >>*		*0.99%*	*5.4%*	*29.0%*	*6.7%*	*15.4%*	*14.0%*	*14.2%*
MID-CAP GROWTH INVESTOR - VMGRX	**Stocks**	**42nd**	**78th**	**0.37%**	**3.5%**	**17.8%**	**0.7%**	**8.4%**	**8.9%**	**11.4%**
Mid-Cap U.S. Growth Stock Funds >>		*Category Median >>*		*1.10%*	*3.5%*	*16.5%*	*-0.1%*	*9.4%*	*10.1%*	*11.9%*
SMALL-CAP INDEX ADMIRAL - VSMAX	**Stocks**	**32nd**	**17th**	**0.05%**	**1.7%**	**14.2%**	**3.6%**	**9.3%**	**9.1%**	**11.6%**
Small-Cap U.S. Blend Stock Funds >>		*Category Median >>*		*1.06%*	*-0.1%*	*11.2%*	*2.6%*	*8.6%*	*8.0%*	*10.4%*
INTERNATIONAL GROWTH ADMIRAL - VWILX	**Foreign Stocks**	**65th**	**8th**	**0.26%**	**-5.4%**	**9.5%**	**-4.5%**	**6.6%**	**8.7%**	**8.1%**
Foreign Large Growth Stock Funds >>		*Category Median >>*		*1.03%*	*-6.9%*	*5.2%*	*-3.1%*	*4.1%*	*5.8%*	*6.1%*
EMERGING MARKETS INDEX ADMIRAL - VEMAX	**Foreign Stocks**	**32nd**	**40th**	**0.14%**	**-5.4%**	**11.0%**	**-0.1%**	**3.0%**	**4.0%**	**3.3%**
Diversified Emerging Markets Stock Funds >>		*Category Median >>*		*1.20%*	*-6.9%*	*6.0%*	*-2.0%*	*2.3%*	*3.6%*	*3.1%*
ENERGY ADMIRAL - VGELX	**Energy Stocks**	**68th**	**49th**	**0.36%**	**-3.3%**	**10.7%**	**14.3%**	**5.7%**	**3.0%**	**3.0%**
Energy Sector Stock Funds >>		*Category Median >>*		*1.27%*	*-2.3%*	*1.2%*	*13.5%*	*9.6%*	*0.5%*	*1.8%*

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

(All for periods ended December 31, 2024)

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

(1) A fund with a 36th Ranking outperformed 64% 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 3 Years	10 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**	**36th**	**40th**	**0.08%**	**-1.6%**	**6.6%**	**1.0%**	**3.6%**	**4.2%**	**5.1%**
Retirement Income Funds >>	*Category Median >>*			*0.66%*	*-2.0%*	*6.4%*	*0.7%*	*3.4%*	*3.8%*	*4.5%*
TARGET RETIREMENT 2020 - VTWNX	**Target Date 2020**	**43rd**	**37th**	**0.08%**	**-1.6%**	**7.8%**	**1.3%**	**4.8%**	**5.6%**	**7.0%**
Target Date 2020 Funds >>	*Category Median >>*			*0.59%*	*-2.0%*	*7.8%*	*1.0%*	*4.5%*	*5.2%*	*6.5%*
TARGET RETIREMENT 2025 - VTTVX	**Target Date 2025**	**16th**	**17th**	**0.08%**	**-1.6%**	**9.4%**	**1.9%**	**5.7%**	**6.3%**	**7.6%**
Target Date 2025 Funds >>	*Category Median >>*			*0.66%*	*-2.1%*	*8.2%*	*1.1%*	*5.0%*	*5.7%*	*6.9%*
TARGET RETIREMENT 2030 - VTHRX	**Target Date 2030**	**17th**	**24th**	**0.08%**	**-1.7%**	**10.6%**	**2.4%**	**6.4%**	**6.9%**	**8.2%**
Target Date 2030 Funds >>	*Category Median >>*			*0.67%*	*-2.1%*	*9.5%*	*1.7%*	*5.9%*	*6.4%*	*7.6%*
TARGET RETIREMENT 2035 - VTTHX	**Target Date 2035**	**19th**	**39th**	**0.08%**	**-1.6%**	**11.8%**	**3.0%**	**7.2%**	**7.5%**	**8.8%**
Target Date 2035 Funds >>	*Category Median >>*			*0.67%*	*-2.0%*	*11.1%*	*2.4%*	*7.0%*	*7.2%*	*8.3%*
TARGET RETIREMENT 2040 - VFORX	**Target Date 2040**	**29th**	**42nd**	**0.08%**	**-1.5%**	**12.9%**	**3.5%**	**8.0%**	**8.1%**	**9.2%**
Target Date 2040 Funds >>	*Category Median >>*			*0.69%*	*-1.8%*	*12.5%*	*3.1%*	*7.9%*	*7.8%*	*8.8%*
TARGET RETIREMENT 2045 - VTIVX	**Target Date 2045**	**27th**	**31st**	**0.08%**	**-1.5%**	**13.9%**	**4.0%**	**8.7%**	**5.6%**	**9.6%**
Target Date 2045 Funds >>	*Category Median >>*			*0.69%*	*-1.7%*	*13.7%*	*3.6%*	*8.5%*	*8.1%*	*9.0%*
TARGET RETIREMENT 2050 - VFIFX	**Target Date 2050**	**21st**	**30th**	**0.08%**	**-1.5%**	**14.6%**	**4.4%**	**9.0%**	**8.7%**	**9.7%**
Target Date 2050 Funds >>	*Category Median >>*			*0.70%*	*-1.6%*	*14.3%*	*3.9%*	*8.7%*	*8.3%*	*9.1%*
TARGET RETIREMENT 2055 - VFFVX	**Target Date 2055**	**26th**	**34th**	**0.08%**	**-1.5%**	**14.6%**	**4.4%**	**9.0%**	**8.7%**	**N/A**
Target Date 2055 Funds >>	*Category Median >>*			*0.70%*	*-1.7%*	*14.5%*	*4.0%*	*8.8%*	*8.4%*	*N/A*
TARGET RETIREMENT 2060 - VTTSX	**Target Date 2060**	**26th**	**50th**	**0.08%**	**-1.5%**	**14.6%**	**4.4%**	**9.0%**	**8.7%**	**N/A**
Target Date 2060 Funds >>	*Category Median >>*			*0.70%*	*-1.7%*	*14.6%*	*4.0%*	*8.9%*	*8.5%*	*N/A*
TARGET RETIREMENT 2065 - VLXVX	**Target Date 2065+**	**31st**	**n/a**	**0.08%**	**-1.5%**	**14.6%**	**4.4%**	**9.0%**	**N/A**	**N/A**
Target Date 2065+ Funds >>	*Category Median >>*			*0.67%*	*-1.9%*	*14.5%*	*4.2%*	*8.9%*	*N/A*	*N/A*
LIFE STRATEGY CONSERVATIVE - VSCGX	**Conservative Allocation**	**50th**	**30th**	**0.12%**	**-1.9%**	**7.5%**	**0.9%**	**4.0%**	**4.8%**	**5.7%**
Moderately Conservative Allocation Funds >>	*Category Median >>*			*0.0.98%*	*-1.8%*	*7.9%*	*1.1%*	*4.1%*	*4.4%*	*5.5%*
LIFE STRATEGY GROWTH - VASGX	**Aggressive Allocation**	**43rd**	**28th**	**0.14%**	**-1.6%**	**13.2%**	**3.6%**	**8.0%**	**8.0%**	**8.9%**
Moderately Aggressive Allocation Funds >>	*Category Median >>*			*1.00%*	*-0.9%*	*13.0%*	*3.3%*	*7.5%*	*7.2%*	*8.3%*