Chicago Blower Profit Sharing & 401(k) Plans – Mutual Funds
Participant Quarterly Report – June 30, 2011
Prepared by Compensation & Capital Incorporated

This newsletter is published by Compensation & Capital Incorporated, the independent investment advisor who helped the Plans' Trustees select (and continues to monitor and potentially replace as necessary) the mutual funds made available to you under the Plans. It is distributed in conjunction with release of quarterly Alliance Benefit Group account statements. The newsletter strives to: 1) keep you abreast of the funds' raw performances and rankings compared to their peers, 2) provide timely highlights on individual fund operations, 3) give you a snapshot of performance to date of major financial markets, and 4) share our thoughts on issues relevant to long-term investing for retirement. Your thoughts and questions are appreciated. Please submit any feedback or questions you would like us to explore to us through Gerry Ginter – (630) 858-2600.

The Perils of Myopia and Other Conditions of Human Nature:

As vision impairments go, myopia, or nearsightedness as it's commonly known, is an easily treatable condition. But when myopia's psychological counterpart, myopic or shortsighted *behavior*, infects investor psychology the impact is far less benign. Our *Quarterly Commentary* has repeatedly held that financial markets are the collective psychology of all investors. Given recent news-driven price action across all asset class markets, from bonds to stocks to commodities to currencies, it's becoming increasingly clear that current collective investor psychology has turned myopic.

Focused on the irrational (that is, not driven by profit motives) actions of non-commercial players (predominately central banks and politicians), markets are exhibiting classic attention deficit disorder. As a long-term retirement plan investor, protecting your psyche (and thereby your long term target return) from a contagious bombardment of negative news is tantamount to your investing success as well as your psychological well-being.

To be clear, politicians and central banks play a powerful role in our financial futures. Their ability to wreak havoc on short-term and even intermediate-term market stability by creating artificial pricing is potent. That said, longer term, commercial players driven purely by profit incentives and participating in regulated markets will always be the final arbiters of what prices are appropriate for every good, service, or asset available on global markets.

So, in the wake of negativity borne of Greek, Italian, Irish, Portuguese (and oh yes, U.S.) debt and deficit "crises" and related fear-driven news, we thought this would be a good time to step back and re-focus perspective our to a far more relevant time frame for the vast majority of our readers: that is, the next 5, 10, or 20 years. Mind you, these are clearly NOT predictions. They are, however, arguably plausible outcomes and therefore certainly worthy of consideration for realigning your investing psyche to a more balanced view of what our future could hold. Simply speaking: Food for thought.

1. Baby boomers' longer lives and income needs and the lingering funding crises in Social Security and Medicare keep the U.S. unemployment rate above 7% throughout the current decade. Wage inflation is non-existent but the scarcity of secure, high-paying jobs is increasingly apparent.
2. The Eurozone survives and thrives amid new integration strategies spawned by a new age of fiscal responsibility. After surviving near-death experiences, weaker national economies face their debt and deficit crises head-on, restructuring debt, paring budgets and thereby allowing their banking system to recapitalize. Europeans adapt and change well ahead of the U.S. which, finally bowing to capital market and electorate pressure, capitulates to a similar regimen.
3. In the wake of a mid-decade (that is four+ years hence) decline in foreclosures to historically normal levels and pent-up echo-boom generation demand, the U.S. real estate market stabilizes and soon thereafter begins to lift real estate prices.
4. China, recognizing its rapidly aging worker population and deficient social safety-net programs, actively encourages renewed family formation and re-orients from an export-based to a consumer-based economy. Transition shocks weigh on their intermediate term economic and stock market valuation growth but the shift set the stage for strong, long-term domestic growth for decades to come. Trading partners prosper.

Investor myopia may alert us to dangers imminently ahead. But for long-term investors, such hazards are simply less relevant than a myriad of more distant economic drivers. There's an adage in fighter pilot squadrons: Don't fixate on the hazards you see. They likely won't be the ones that kill you.

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CBC Plans' Fund Performance Statistics *(periods ended June 30, 2011)*

Fund Name	Morningstar™ Category: Symbol[1]	10 Yr % Rank[2]	Actual Total Return for: 1 Qtr	YTD	1 Year	Average Annualized for Past 3 Yrs	5 Yrs	10 Yrs	15 Yrs
Morley CM Stable Value	n/a	n/a	0.5%	1.0%	2.1%	2.4%	3.1%	3.6%	n/a
PIMCO Total Return Fund	(Interm Bond)	4th	1.8%	2.9%	5.7%	9.2%	8.6%	7.1%	7.3%
Pennsylvania Mutual Fund	SB	16th	-1.8%	7.1%	36.1%	7.4%	5.6%	9.2%	11.2%
Fidelity U.S. Equity S&P 500	LB	45th	0.1%	6.0%	30.6%	3.3%	2.9%	2.6%	6.4%
American Euro-Pacific R3 Fund	I-LB	12th	0.9%	4.4%	28.7%	1.4%	4.8%	7.6%	8.4%
T.R.Price Mid-Cap Value Fund	MV	7th	-0.4%	5.7%	28.4%	8.5%	6.1%	9.6%	11.4%
Vanguard Windsor II Fund	LV	33rd	0.4%	6.9%	29.5%	3.5%	2.0%	4.1%	7.4%
Marsico Growth Fund	LG	24th	1.1%	6.6%	37.7%	2.6%	3.0%	3.4%	n/a
Baron Growth Fund	SG	7th	0.5%	9.9%	37.4%	7.0%	5.1%	8.1%	10.7%
Calamos Growth Fund	LG	3rd	-1.7%	5.2%	33.8%	2.3%	4.0%	5.8%	13.5%

[1] Stock fund categories for example: LV=Large Company Value, SG=Small Company Growth, I-LB=International Large Blend etc.
[2] 1st percentile is best, 100th percentile is worst of all funds *in that particular* Morningstar Category for the 10-year time period.

Affixing an Appropriate Perspective to Your CBC Plan Account's Strategic Asset Allocation:

Human psychology mandates that the investing decision is always a combination of intuition (potentially irrational) and analytical (hopefully rational) behaviors. Our job as financial advisors is to objectively lead you to make your investing decisions with as little intuitive and as much rational input as possible. Therefore, it's absolutely vital to clearly state that our view of the 20+ year future of global economies and therefore asset values (stocks, bonds, commodities, and real estate) over that timeframe is, simply stated, cautiously positive but positive nonetheless. Since this basic premise (that is, are YOU positive, neutral, or negative on the outlook for long term global economic growth?) must dictate YOUR portfolio's Strategic Asset Allocation (their "SAA" being their allocation to cash vs. bonds vs. stocks) then "What Say You?"

CBC Plan participants who echo our positive sentiment AND can consistently marginalize the emotional impact of short-term disruptions like those discussed in our Page 1 *Commentary* are well-served by incorporating the CBC Plan's Sample Portfolios into their Plan SAA's. They properly match your investing timeframe with appropriate risk using appropriate, well-diversified assets. CBC Plan participants who can't quite come to a whole-hearted affirmation of our long-term positive sentiment must personally temper their SAA's with the fact that exposure to more risky assets like stocks must be reduced from our Sample SAA's, complemented by more exposure to less risky assets like bonds and money markets.

We believe the majority of CBC Plan participants "get" this fact. The foregoing message is directed not only at those who do not utilize the Sample Portfolios to guide their Plan account mixes, but also to those of you who may occasionally wonder if seemingly dramatic short-term events temper our underlying constructive premise.

CBC Plans' Sample Portfolios Update:

Cumulative performance statistics for the three Compensation & Capita *Sample Portfolios* incorporating the CBC Plans' mutual fund alternatives beginning July 1999 – 12 years ago – are shown here. Our Long-Term Portfolio's total 12 year cumulative 80.1% *gain* compares very favorably to the 35.9% *gain* produced by the overall stock market, as measured by the Wilshire 5000 for the same period. These two 'portfolios' invest in a comparable range of stocks, but the Sample Portfolio limits risk by diversifying across many different kinds of stocks and some bonds, whereas, the Wilshire 5000 contains only the 5000 largest U.S. corporations' stocks and over-weights the largest corporations. The cumulative statistics shown in the table above assume only an initial investment at the July 1, 1999 start date with no further purchases ongoing. Past *Participant Quarterly Reports* have focused on the structure of each of these portfolios, their appropriate use by various types of investors, and the reasons why plan participants would want to adhere to their guidelines. Further information on the Plans' mutual funds and the Sample Portfolios specifically, is available from Gerry Ginter.

CBC Sample Portfolios Performance thru June 30, 2011

(by Investor Time Horizon)	1 Quarter	1 Year	5 Yrs	12 Yrs
Short-Term (3 to 5 years)	0.8%	12.3%	32.4%	98.2%
Medium-Term (5 to 12 years)	0.8%	20.7%	30.8%	85.4%
Long-Term (12+ Years)	0.4%	28.7%	27.3%	80.1%