Dechert-Hampe & Company Employees’ Savings and Profit Sharing Plan

Compensation & Capital’s Financial Planning Commentary as of March 31, 2014

When “Bad Things” are “Good Things”

The gap between perception and reality is at the heart of investing. It’s what moves financial markets every second of every day. It’s the fuel that powers investors to follow their human nature (that is, their perception of reality) even when that perception runs afoul of the axioms that describe economic relationships. And it’s why, when we become so accustomed to so many positive messages from the economy and the financial markets as we have over the past 5 years, we become anxious over the natural re-balancing of economic cycles. Recession. Inflation. Stock market sell-offs. We’ve been conditioned to think of these categorical “downturn” events as undesirable. Fact is, they are as necessary to your long term investing success as are all the comforting positives we’ve enjoyed since this bull market in stocks began in March, 2009, in the wake of a receding Great Recession.

Speaking of <u>recession</u> for example: Hardly anyone likes what happens in a recession, especially one tagged “Great”. People lose jobs and homes; businesses fail; stock markets retreat; our sense of security erodes; But these obvious drawbacks blind us to collateral benefits that arise from the natural rebalancing that is the recession portion of every economic cycle. Since it’s harder to increase wages and prices during a recession, inflation slows. Low inflation such as we have experienced for the past 17-plus years is critical to long-term prosperity. Economic downturns also force people to realize that boom times don’t go on forever. Recessions have a way of mopping-up much of the speculative excess (recently in stocks, housing markets, commodities, and “last century’s” tech bubble?) created when investors take foolish risks while trusting in perception instead of reality.

Then there’s <u>inflation</u>: Our perception of inflation is strongly negative. Interest rates usually rise with inflation. Stock market investors get jittery in the face of inflation fears and stocks sell off. Inflation weakens the U.S. Dollar against competing global currencies causing the things we import from overseas producers to become more expensive. No doubt, significant and persistent inflation can have a debilitating impact on any country’s economy. From that perspective, the perception is truly the reality. The key here is moderation. A moderate up-tick in our recent historically low level of inflation could actually provide a stronger foundation for future domestic and global growth. In the long run, the U.S. and most other global economies would be healthier if Americans consumed less, imported less, exported more and saved more. Finally, considering that the primary source of low inflation in the U.S. has been virtually stagnant inflation-adjusted wages over the past 20 years, any uptick in inflation would be the result of improved employment. No doubt, a “Good Thing” these days.

And finally, there are those dreaded <u>stock market sell-offs</u>: Whether it’s a quick dip or a protracted bear market, most peoples’ perception of a down stock market is “Not Good!” What could possibly be positive about negative investment returns? Well, the probability of positive investment returns for any portfolio is significantly greater after a sell-off than before. And with the historic long term trend of modern capital markets decidedly “up”, down markets are more likely a pause that refreshes than a harbinger of long term losses ahead. In fact, this was arguably the most constructive lesson learned by retirement plan participants that stuck with their stock-heavy investment mixes over the past stock market cycle. (Remember? That’s the year-plus when your 401(k) account morphed into a “201(k)”.) Remember: The gap between various investors’ perceptions of the real value of any investment is what makes the market move. When, as retirement plan investors, we can gain a foothold in a high quality investment while it’s on sale, that’s nothing but a “Good Thing.”

Economic systems, like our natural environment, are in a constant state of what economists and scientists refer to as “dynamic equilibrium.” Bad times making way for good; good times moderated by the fear of bad. But all the while these creeping changes are creating slow but steady improvements in the efficiencies and vitality of the overall system. Grasping *this* reality and believing in it is essential to successful investing for the long term.

Compensation & Capital's March 31, 2014

Retirement Saving and Investing "Action Points"

Our Personal Financial Planning To-Do List for [All] the Ages:

Seems lately that our TV is chock full of commercial messages intoning the virtues of saving more for retirement. Longer lifespans in your gene pool? A current lifestyle that's a "Must Have" in retirement? Brainier-than-expected children that spelled "Ivy League" instead of "State U"? As much as their sponsors would like you to believe, these are not altruistic public service announcements. But if they get you thinking then that's a good thing. Just be sure you buy only after you are fully informed!

Prudential wants to help us all "Pay ourselves to do something we love in retirement." Their campaign deploys a bunch of 'just folks like us' in a ribbon exercise to illustrate how misinformed we are about what sort of retirement savings we need to reach that dream. Everyone's yellow ribbon seriously misses their goal's savings requirement. The ad concludes with Prudential giving everyone a long blue ribbon sufficient to stretch all the way to their 105th birthday. Happy faces abound.

Ameriprise Financial sends Tommy Lee Jones to a shopping mall to ask its visually well-heeled patrons "Can you keep your lifestyle in retirement?" His audience shrugs their shoulders with variations on "Who knows?" Does your memory of Mr.Jones and Will Smith as *Men in Black* instill confidence that his friends at Ameriprise can slay retirement monsters too? If anyone can make it easy, they can!

This is not to say that these personal financial advisory firms are being overtly duplicitous with their 60 second messages. We are the first to recommend that as many of you as possible link up with an appropriately chosen professional source of objective and high quality, high value financial advice no matter what your age or income level. The absolute best approach to cutting back on lifestyle to cut costs and enhance savings is to objectively and honestly build a household budget and monitor your progress toward its goals. Having a written financial plan actually enhances confidence that your sometimes painful trade-offs are actually worth the effort.

But be sure you understand before expecting a "Silver Bullet" from any money pro that, from a macro perspective, our real options – no matter what financial advisor you pay to help you – are really pretty simple and pretty limited. And unfortunately every one of them requires YOU to accept trade-off's that aren't fun. We can spend less. We can save more. We can work more or longer. That's about it.

Spend less: Cutting back on restaurants, entertainment, clothing can help – but only relatively minimally. Controlling housing, education, family and vacation expenditures will provide far more meaningful savings. Clearly, the hardest "pills" to swallow and keep down will help the most. But reducing spending has the duel impact of enhancing savings AND getting comfortable with a more sustainable, lower cost of living! It's a veritable two-for-one trick that makes it the #1 way to your goal.

Save more: So, what do you typically do when you are fortunate enough to get a raise? If it's not: "I push it into my savings like my 401(k) plan, emergency fund, or credit card pay-off" then make it so.

Work longer: Though currently more specific to Boomers, all other working generations need to come to the realization that retirement as the Greatest Generation has come to define it is likely not attainable and if so, probably not particularly desirable. Meaningful work promotes meaningful life.

Silents. Boomers. GenXers. Millenials. We all face the same universe of unknowns on our paths through lifetime financial in/security. Fact is the same as it's always been: The sooner we face those challenges, the easier they will be to conquer.

Dechert-Hampe & Co Employees' Savings and Profit Sharing Plan Vanguard Funds Performance Specifics and Comparatives

(All for periods ended March 31, 2014)

(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 *Morningstar Category Name*	Securities Type(s)	Morningstar™ Category Percentile (1) Ranking Past: 3 Years	Morningstar™ Category Percentile (1) Ranking Past: 10 Years	OER(2)	Total Return Performance for: Past Qtr	Total Return Performance for: 12 Mos	Average Annualized Total Return for: 3 Yrs	Average Annualized Total Return for: 5 Yrs	Average Annualized Total Return for: 10 Yrs	Average Annualized Total Return for: 15 Yrs
PRIME MONEY MARKET - VMMXX	**Money Market**	**16th**	**16th**	**0.16%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**1.7%**	**2.3%**
Money Market Funds >>		*Category Average >>*		*0.17%*	*0.0%*	*0.0%*	*0.0%*	*0.1%*	*0.5%*	*2.0%*
TOTAL BOND MARKET INDEX SIGNAL - VBTSX	**Bonds**	**60th**	**45th**	**0.08%**	**1.9%**	**-0.2%**	**3.7%**	**4.7%**	**4.4%**	**5.2%**
Intermediate Bond Funds >>		*Category Average >>*		*0.89%*	*2.0%*	*0.2%*	*4.0%*	*6.6%*	*4.3%*	*5.1%*
INFLATION PROTECTED SECURITIES ADM - VAIPX	**Bonds**	**11th**	**18th**	**0.10%**	**2.1%**	**-6.7%**	**3.4%**	**4.8%**	**4.4%**	**N/A**
Inflation-Protected Bond Funds >>		*Category Average >>*		*0.80%*	*1.6%*	*-6.1%*	*2.6%*	*4.4%*	*3.9%*	*5.9%*
WELLINGTON ADMIRAL - VWENX	**Bonds & Stocks**	**6th**	**4th**	**0.18%**	**2.4%**	**14.5%**	**11.3%**	**16.0%**	**8.2%**	**7.7%**
Moderate Allocation Funds >>		*Category Average >>*		*0.97%*	*1.6%*	*11.8%*	*8.4%*	*14.5%*	*6.0%*	*5.2%*
WINDSOR II ADMIRAL - VWNAX	**Stocks**	**15th**	**25th**	**0.28%**	**2.9%**	**22.0%**	**14.9%**	**21.2%**	**7.8%**	**6.3%**
Large-Cap U.S. Value Stock Funds >>		*Category Average >>*		*1.16%*	*2.3%*	*20.7%*	*13.1%*	*19.8%*	*6.9%*	*6.1%*
500 INDEX SIGNAL - VIFSX	**Stocks**	**23rd**	**30th**	**0.05%**	**1.8%**	**21.8%**	**14.6%**	**21.2%**	**7.4%**	**4.4%**
Large-Cap U.S. Blend Stock Funds >>		*Category Average >>*		*1.10%*	*1.7%*	*21.2%*	*13.1%*	*20.0%*	*6.9%*	*4.9%*
SELECTED VALUE - VASVX	**Stocks**	**9th**	**8th**	**0.43%**	**2.1%**	**28.9%**	**16.4%**	**24.7%**	**10.3%**	**11.2%**
Mid-Cap U.S. Value Stock Funds >>		*Category Average >>*		*1.28%*	*3.1%*	*23.2%*	*13.4%*	*23.9%*	*8.7%*	*9.7%*
MORGAN GROWTH ADMIRAL – VMRAX	**Stocks**	**50th**	**37th**	**0.25%**	**0.9%**	**24.9%**	**13.1%**	**21.0%**	**7.8%**	**5.3%**
Large-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*1.22%*	*0.5%*	*23.6%*	*13.0%*	*20.2%*	*7.5%*	*4.4%*
MID-CAP GROWTH INVESTOR - VMGRX	**Stocks**	**21st**	**31st**	**0.51%**	**1.5%**	**22.3%**	**13.5%**	**23.0%**	**9.7%**	**9.6%**
Mid-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*1.34%*	*1.2%*	*23.4%*	*11.7%*	*22.2%*	*8.7%*	*7.9%*
EXPLORER ADMIRAL - VEXRX	**Stocks**	**22nd**	**45th**	**0.34%**	**0.8%**	**29.5%**	**14.7%**	**25.4%**	**8.9%**	**10.3%**
Small-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*1.42%*	*0.3%*	*26.1%*	*12.6%*	*24.5%*	*8.7%*	*8.9%*
INTERNATIONAL GROWTH ADMIRAL - VWILX	**Foreign Stocks**	**41st**	**19th**	**0.35%**	**-0.7%**	**18.5%**	**7.1%**	**18.4%**	**8.1%**	**6.1%**
Foreign Large Blend Stock Funds >>		*Category Average >>*		*1.24%*	*0.1%*	*15.4%*	*5.8%*	*15.4%*	*6.4%*	*5.3%*
EMERGING MARKETS INDEX SIGNAL - VERSX	**Foreign Stocks**	**62nd**	**38th**	**0.15%**	**-0.3%**	**-2.8%**	**-3.5%**	**13.9%**	**9.7%**	**9.8%**
Diversified Emerging Markets Stock Funds >>		*Category Average >>*		*1.58%*	*-0.8%*	*-0.8%*	*-2.3%*	*14.3%*	*9.4%*	*10.3%*
ENERGY ADMIRAL - VGELX	**Energy Stocks**	**42nd**	**3rd**	**0.32%**	**2.5%**	**14.6%**	**2.0%**	**15.2%**	**12.8%**	**13.9%**
Energy Sector Stock Funds >>		*Category Average >>*		*1.56%*	*3.7%*	*14.9%*	*2.2%*	*15.5%*	*11.3%*	*12.5%*

Dechert-Hampe & Co Employees' Savings and Profit Sharing Plan Vanguard Funds Performance Specifics and Comparatives

(All for periods ended March 31, 2014)

[(1)] A fund with a 33rd Ranking outperformed 67% 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.

VANGUARD INDEXED AUTO-BALANCED FUND *Morningstar Category Name*	Securities Type(s)	Morningstar™ Category Percentile [(1)] Ranking Past: 1 Year	Morningstar™ Category Percentile [(1)] Ranking Past: 5 Years	OER[(2)]	Total Return Performance for: Past Qtr	Total Return Performance for: 12 Mos	Average Annualized Total Return for: 3 Yrs	Average Annualized Total Return for: 5 Yrs	Average Annualized Total Return for: 10 Yrs	Average Annualized Total Return for: 15 Yrs
TARGET RETIREMENT INCOME - VTINX	**Target Date 2000-2010**	**33rd**	**56th**	**0.16%**	**1.6%**	**4.9%**	**6.3%**	**9.3%**	**5.3%**	**N/A**
Retirement Income Funds >>	*Category Average >>*			*0.52%*	*1.5%*	*5.8%*	*5.6%*	*11.0%*	*4.3%*	*4.0%*
TARGET RETIREMENT 2010 - VTENX	**Target Date 2000-2010**	**45th**	**50th**	**0.16%**	**1.7%**	**7.2%**	**7.1%**	**12.1%**	**N/A**	**N/A**
Target Date 2000-2010 Funds >>	*Category Average >>*			*0.53%*	*1.5%*	*6.5%*	*5.7%*	*11.8%*	*4.7%*	*3.8%*
TARGET RETIREMENT 2015 - VTXVX	**Target Date 2011-2015**	**21st**	**34th**	**0.16%**	**1.8%**	**9.9%**	**8.0%**	**13.7%**	**6.1%**	**N/A**
Target Date 2011-2015 Funds >>	*Category Average >>*			*0.47%*	*1.6%*	*7.5%*	*6.3%*	*12.8%*	*4.9%*	*3.6%*
TARGET RETIREMENT 2020 - VTENX	**Target Date 2016-2020**	**15th**	**30th**	**0.16%**	**1.8%**	**12.0%**	**8.7%**	**14.9%**	**N/A**	**N/A**
Target Date 2016-2020 Funds >>	*Category Average >>*			*0.55%*	*1.5%*	*8.7%*	*7.0%*	*13.9%*	*5.2%*	*3.7%*
TARGET RETIREMENT 2025 - VTXVX	**Target Date 2021-2025**	**23rd**	**41st**	**0.17%**	**1.8%**	**13.4%**	**9.3%**	**16.1%**	**6.4%**	**N/A**
Target Date 2021-2025 Funds >>	*Category Average >>*			*0.47%*	*1.6%*	*11.4%*	*8.0%*	*15.7%*	*5.8%*	*N/A*
TARGET RETIREMENT 2030 - VTENX	**Target Date 2026-2030**	**19th**	**29th**	**0.17%**	**1.7%**	**15.0%**	**9.8%**	**17.2%**	**N/A**	**N/A**
Target Date 2026-2030 Funds >>	*Category Average >>*			*0.55%*	*1.5%*	*12.1%*	*8.1%*	*16.1%*	*5.7%*	*3.8%*
TARGET RETIREMENT 2035 - VTXVX	**Target Date 2031-2035**	**24th**	**25th**	**0.17%**	**1.7%**	**16.4%**	**10.3%**	**18.2%**	**6.9%**	**N/A**
Target Date 2031-2035 Funds >>	*Category Average >>*			*0.48%*	*1.4%*	*14.4%*	*9.1%*	*17.4%*	*5.9%*	*N/A*
TARGET RETIREMENT 2040 - VTENX	**Target Date 2036-2040**	**15th**	**25th**	**0.18%**	**1.7%**	**17.5%**	**10.7%**	**18.4%**	**N/A**	**N/A**
Target Date 2036-2040 Funds >>	*Category Average >>*			*0.54%*	*1.4%*	*14.3%*	*8.9%*	*17.4%*	*6.0%*	*3.5%*
TARGET RETIREMENT 2045 - VTXVX	**Target Date 2041-2045**	**25th**	**37th**	**0.18%**	**1.7%**	**17.5%**	**10.8%**	**18.5%**	**7.3%**	**N/A**
Target Date 2041-2045 Funds >>	*Category Average >>*			*0.48%*	*1.4%*	*15.8%*	*9.6%*	*18.1%*	*7.3%*	*N/A*
TARGET RETIREMENT 2050 - VTENX	**Target Date 2046-2050**	**23rd**	**15th**	**0.18%**	**1.7%**	**17.5%**	**10.7%**	**18.5%**	**N/A**	**N/A**
Target Date 2046-2050 Funds >>	*Category Average >>*			*0.53%*	*1.4%*	*14.9%*	*9.2%*	*17.7%*	*6.4%*	*N/A*
TARGET RETIREMENT 2055 - VTXVX	**Target Date 2051+**	**32nd**	**n/a**	**0.18%**	**1.7%**	**17.5%**	**10.8%**	**N/A**	**N/A**	**N/A**
Target Date 2051+ Funds >>	*Category Average >>*			*0.47%*	*1.4%*	*16.6%*	*9.7%*	*17.8%*	*N/A*	*N/A*
LIFE STRATEGY CONSERVATIVE - VSCGX	**Conservative Allocation**	**28th**	**49th**	**0.15%**	**1.9%**	**7.5%**	**6.4%**	**11.0%**	**5.4%**	**5.0%**
Conservative Allocation Funds >>	*Category Average >>*			*0.92%*	*1.9%*	*5.7%*	*5.8%*	*11.2%*	*5.0%*	*5.0%*
LIFE STRATEGY GROWTH - VASGX	**Aggressive Allocation**	**47th**	**42nd**	**0.17%**	**1.7%**	**15.5%**	**9.7%**	**17.0%**	**6.6%**	**5.0%**
Aggressive Allocation Funds >>	*Category Average >>*			*0.90%*	*1.5%*	*15.0%*	*9.1%*	*16.7%*	*6.4%*	*5.4%*