

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

Compensation & Capital's Financial Planning Commentary as of March 31, 2016

"Your Plan's Fund Mix Is Selected and Maintained With Only *Your* Best Interests In Mind"

After over 8 years of being a discerning audience for our Quarterly Memos, DHC/MWC's Plan participants and your Plan Trustees are well aware of Compensation & Capital's commitment to making your Plan's investment mix the best it can be. "Best" in this case comprises a full spectrum of measures. We provide options that are: Appropriate to any and all levels of investment sophistication. Distinctly different and broadly diversified across all asset classes and investment strategies generally appropriate to retirement investing. The most cost effective available to CBC's Plan. Patently respected, long-tenured investment managers. All continuously monitored and, if necessary, replaced by a 100% independent, expert resource that receives no revenue for this effort from any source other than DHC/MWC and is therefore answerable only to its Plan participants' best interests.

Interestingly enough, the "participants' best interests" part of this spectrum is not the way many 401(k) retirement plan's and IRA's investment mix decisions are currently determined. That's why you may have recently heard or read about a push by the Department of Labor (DoL) to move the 401(k) industry closer to the model that DHC has supported all these years. It's called the "Fiduciary Standards Rule." How might these new rules impact you and your family and friends' quest for the best retirement investments?

The short answer is: For any retirement savings you maintain in this Plan, the new rules present no need for concern or action. In fact they act to significantly validate the regimen that DHCMWC supports in their relationship with Compensation & Capital.

For your (or your family and friends') savings NOT in the DHC/MWC Plan (like IRA's and other employer's plans) the new rules could be very helpful to insuring that your investments are selected solely for YOUR best interests. Here's why: The U.S. investment industry has always approached their responsibility to clients from two different positions. One uses a principles-based "Fiduciary Standard." The other, a rules-based "Suitability Standard." Each approach has validity. But the DoL feels consumers are best protected under the principles-based "Fiduciary" perspective. We agree.

The new regulation "requires retirement investment advisers to meet a "fiduciary" standard – putting their clients' best interest before their own profits." Let's pick that apart a bit:

- *What's a fiduciary?* A fiduciary is a party who knowingly accepts the responsibility to act in the best interest of the party whose assets they are managing. Its primary duties are care and loyalty.
- *What's the "Fiduciary Standard?"* According to The Employee Retirement Income Security Act of 1974 (ERISA): →Put the client's best interest first. →Act with prudence; that is, with the skill, diligence and good judgment of a professional. →Do not mislead clients; provide full and fair disclosure of all important facts. →Avoid conflicts of interest. →Fully disclose and fairly manage, in the client's favor, any unavoidable conflicts.
- *What's the "Suitability Standard?"* →Know your client. →Recommend products that are suitable for their situation. Clearly, the "Fiduciary Standard" is more specific than "Suitability Standard", especially as to explicitly avoiding conflicts of interest and putting the client first.
- *Does the new DoL rule require all retirement account investment advisers (to both plans and IRA's) to abide by "Fiduciary Standard" now?* Though it moves the industry much closer to that mark, it also continues to allow advisers that fulfill complex rules to gain exemptions to that standard. And that's where you, when considering your non-DHC/MWC Plan investments, need to be vigilant.

In short, the exemptions allow advisers to continue to work with clients under less than a fiduciary standard provided that structure is disclosed to the client in writing. So if you are considering a retirement investment outside this Plan, be sure that you not only read that written disclosure but that you clearly understand how it will impact your adviser's recommendations. Your savings are hard won. Protect them. Don't ever assume that the investing part is outside your understanding or control. There are many reputable advisers. The new rules will make it easier to identify them.

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Compensation & Capital's March 31, 2016

Retirement Saving and Investing "Action Points"

"Lots of Work for Little Interest: Money Market Funds Get Complicated"

This story is about money market mutual funds. It's important. But it's not particularly earth shaking. Then again, neither is living near the San Andreas fault – until it shifts! And with that thought in mind, our friends at the SEC, the Securities and Exchange Commission, have recently gone to great lengths to shake up this bastion of little interest in hopes of girding it for the next "big one." So here's what's coming to make investing in money markets a lot more complicated for individuals and plans too.

Most investors have grown up thinking that Money Market Mutual Funds ("MMF's") are mostly like bank depository accounts. And though there are indeed similarities (very low risk of principal loss, relatively on-demand availability, low returns consisting of interest only) the primary difference (bank deposits are FDIC-guaranteed – MMF's are not) can be stark during a period of financial crisis like we last experienced in 2008. That's because, before this new SEC regulation, all MMF's were legally allowed to deviate from their "normal" \$1.00 per share value. The MMF's seldom acted on this option. That's because...

Most investors just take for granted the stable \$1.00 per share value of their MMF. They assume that the share value just stays at \$1.00 so that the MMF's total return is the interest the MMF credits to your MMF account each month with no change in their account's market value. But in actuality, the MMF's investment portfolio contains securities (usually very low-risk and very short-term) whose values fluctuate (albeit mostly insignificantly) every minute of every day. Therefore, there's nothing about an MMF's investments that fundamentally keeps its share value stable at \$1.00. In fact, in order to maintain that aura of stability, all MMF managements have historically strived to voluntarily internally absorb those minute-to-minute deviations. Why?

To truly understand why the SEC is devoting so much energy to turning the normally boring MMF industry on its head you need to grasp the risks inherent to a MMF company in supporting, or deviating from, a \$1.00 per share value for your MMF account. Note that this "break the buck" option has only been employed by three MMF's since the first MMF opened in 1971. So though it was legally allowed, it's very uncommon.

It's so rare because "breaking the buck" is tantamount to commercial suicide for an MMF's management; once tainted, no investor would ever trust their savings to that MMF company again. That's the risk of deviating from the \$1.00 per share value. That "hammer" alone has motivated all surviving MMF's to quietly and internally absorb the risk of supporting the \$1.00 per share value. That risk is the very infrequent, very short-term and very small (generally less than 1%) downside deviation between the value of the MMF's underlying securities portfolio and its shareholders' shares valued at \$1.00 per share. In other words, specifically during periods of acute capital crisis, the risk is that an MMF would have to "back-fill" the fund from management's own private capital to support a "run" on the MMF's cash if asked by all its shareholders to pay out their balances within a few days.

That internal absorption of redemption risk came under intense pressure in September of 2008 when the MMF industry became so uncomfortable with the financial risks they were "quietly" assuming that they convinced the U.S. Treasury to create a special one-year program that would, with a small fee to the MMF's, off-load that risk to the Federal government. So Congress tasked the SEC to create a new regimen that could avoid a recurrence of that situation. And now all retirement plan Trustees must navigate through the new rules and decide which option will best suit their plans' participants' needs. Some plans may be best served remaining with the MMF option currently in their fund mix. Others will conclude the best option is to replace their plan's current MMF. In either case, your DHC/MWC Plan's trustees will be working with Compensation & Capital to communicate their MMF decision as well as its implications (if any) to each of you, well before the SEC's October deadline.

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

(All for periods ended March 31, 2016)

(1) A fund with a 39th Ranking outperformed 61% 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:			
		3 Year	10 Years		Past Qtr	12 Mos	3 Yrs	5 Yrs	10 Yrs	15 Yrs
PRIME MONEY MARKET - VMMXX	Money Market	39th	39th	0.15%	0.1%	0.1%	0.1%	0.1%	1.2%	1.5%
<i>Money Market Funds >></i>		<i>Category Average >></i>		0.22%	0.1%	0.1%	0.1%	0.0%	1.2%	1.5%
TOTAL BOND MARKET INDEX ADMIRAL - VBTXX	Bonds	8th	3rd	0.06%	3.1%	1.8%	2.4%	3.7%	4.9%	4.8%
<i>Intermediate Bond Funds >></i>		<i>Category Average >></i>		0.93%	2.0%	1.4%	1.5%	2.7%	4.1%	4.0%
INFLATION PROTECTED SECURITIES ADM - VAIPX	Bonds	13th	8th	0.10%	4.6%	1.5%	-0.8%	3.0%	4.5%	5.4%
<i>Inflation-Protected Bond Funds >></i>		<i>Category Average >></i>		0.77%	3.6%	0.1%	-1.6%	2.0%	3.7%	4.8%
WELLINGTON ADMIRAL - VWENX	Bonds & Stocks	8th	3rd	0.18%	1.9%	1.2%	7.9%	8.6%	7.3%	7.4%
<i>Moderate Allocation Funds >></i>		<i>Category Average >></i>		0.89%	0.9%	-2.9%	5.2%	5.9%	5.0%	5.3%
WINDSOR II ADMIRAL - VWNAX	Stocks	43rd	33rd	0.26%	0.2%	-2.9%	8.6%	9.8%	5.9%	6.3%
<i>Large-Cap U.S. Value Stock Funds >></i>		<i>Category Average >></i>		1.11%	1.3%	-3.0%	8.2%	8.8%	5.2%	5.7%
500 INDEX ADMIRAL - VFIAX	Stocks	10th	16th	0.05%	1.3%	1.8%	11.8%	11.5%	7.0%	6.0%
<i>Large-Cap U.S. Blend Stock Funds >></i>		<i>Category Average >></i>		1.03%	0.3%	-2.0%	9.6%	9.6%	6.0%	5.5%
SELECTED VALUE - VASVX	Stocks	27th	13th	0.41%	1.2%	-3.9%	9.4%	9.9%	7.6%	9.2%
<i>Mid-Cap U.S. Value Stock Funds >></i>		<i>Category Average >></i>		1.20%	2.4%	-5.5%	7.9%	8.1%	6.1%	8.4%
MORGAN GROWTH ADMIRAL - VMRAX	Stocks	21st	41st	0.27%	-1.9%	0.3%	13.0%	10.8%	7.1%	6.6%
<i>Large-Cap U.S. Growth Stock Funds >></i>		<i>Category Average >></i>		1.17%	-2.5%	-2.4%	11.1%	9.9%	6.6%	5.4%
MID-CAP GROWTH INVESTOR - VMGRX	Stocks	40th	24th	0.44%	-2.7%	-8.8%	9.2%	9.2%	7.3%	6.9%
<i>Mid-Cap U.S. Growth Stock Funds >></i>		<i>Category Average >></i>		1.28%	-1.8%	-7.8%	8.4%	7.6%	6.0%	6.8%
EXPLORER ADMIRAL - VEXRX	Stocks	23rd	46th	0.34%	-1.2%	-11.0%	8.2%	8.1%	5.7%	7.5%
<i>Small-Cap U.S. Growth Stock Funds >></i>		<i>Category Average >></i>		1.33%	-4.3%	-11.7%	6.4%	6.5%	5.4%	7.0%
INTERNATIONAL GROWTH ADMIRAL - VWILX	Foreign Stocks	41st	30th	0.34%	-2.0%	-7.6%	3.2%	2.7%	3.6%	5.4%
<i>Foreign Large Growth Stock Funds >></i>		<i>Category Average >></i>		1.17%	-2.5%	-2.4%	11.1%	9.9%	6.6%	5.4%
EMERGING MARKETS INDEX ADMIRAL - VEMAX	Foreign Stocks	46th	41st	0.15%	5.3%	-12.7%	-4.4%	-4.2%	2.8%	9.3%
<i>Diversified Emerging Markets Stock Funds >></i>		<i>Category Average >></i>		1.53%	3.9%	-11.4%	-4.5%	-3.8%	2.4%	8.9%
ENERGY ADMIRAL - VGELX	Energy Stocks	8th	11th	0.32%	7.8%	-13.9%	-6.7%	-5.5%	1.4%	8.4%
<i>Energy Sector Stock Funds >></i>		<i>Category Average >></i>		1.51%	2.2%	-25.0%	-12.3%	9.7%	-1.3%	4.9%

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

(All for periods ended March 31, 2016)

(1) A fund with a 2nd Ranking outperformed 98% 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 <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	5 Years		Past Qtr	12 Mos	3 Yrs	5 Yrs	10 Yrs	15 Yrs
TARGET RETIREMENT INCOME - VTINX	Target Date 2000-2010	2nd	10th	0.16%	2.4%	0.4%	3.6%	5.0%	5.2%	N/A
Target Date 2000-2010 Funds >>	Category Average >>			0.50%	1.7%	-1.4%	2.3%	3.5%	3.8%	3.8%
TARGET RETIREMENT 2010 - VTENX	Target Date 2000-2010	15th	16th	0.16%	2.1%	0.1%	4.4%	5.5%	N/A	N/A
Target Date 2000-2010 Funds >>	Category Average >>			0.54%	1.8%	-1.1%	3.5%	4.4%	3.8%	4.1%
TARGET RETIREMENT 2015 - VTXVX	Target Date 2011-2015	22nd	9th	0.16%	1.9%	-0.6%	5.3%	6.0%	5.3%	N/A
Target Date 2011-2015 Funds >>	Category Average >>			0.45%	1.6%	-1.6%	3.6%	4.7%	4.3%	N/A
TARGET RETIREMENT 2020 - VTENX	Target Date 2016-2020	26th	6th	0.16%	1.7%	-1.1%	6.0%	6.5%	N/A	N/A
Target Date 2016-2020 Funds >>	Category Average >>			0.52%	1.4%	-2.1%	3.8%	4.8%	3.9%	4.5%
TARGET RETIREMENT 2025 - VTXVX	Target Date 2021-2025	25th	10th	0.17%	1.5%	-1.5%	6.3%	6.7%	5.4%	N/A
Target Date 2021-2025 Funds >>	Category Average >>			0.46%	1.2%	-2.6%	4.7%	5.5%	4.1%	N/A
TARGET RETIREMENT 2030 - VTENX	Target Date 2026-2030	20th	9th	0.17%	1.3%	-2.0%	6.7%	6.9%	N/A	N/A
Target Date 2026-2030 Funds >>	Category Average >>			0.53%	0.9%	-3.2%	4.8%	5.4%	4.0%	4.7%
TARGET RETIREMENT 2035 - VTXVX	Target Date 2031-2035	22nd	13th	0.18%	1.1%	-2.5%	7.0%	7.1%	5.4%	N/A
Target Date 2031-2035 Funds >>	Category Average >>			0.46%	0.6%	-3.6%	5.4%	6.0%	4.3%	N/A
TARGET RETIREMENT 2040 - VTENX	Target Date 2036-2040	24th	9th	0.18%	0.8%	-3.1%	7.1%	7.3%	N/A	N/A
Target Date 2036-2040 Funds >>	Category Average >>			0.52%	0.5%	-4.0%	5.3%	5.7%	4.1%	4.8%
TARGET RETIREMENT 2045 - VTXVX	Target Date 2041-2045	27th	14th	0.18%	0.8%	-3.1%	7.1%	7.3%	5.5%	N/A
Target Date 2041-2045 Funds >>	Category Average >>			0.46%	0.4%	-4.1%	5.8%	6.2%	4.5%	N/A
TARGET RETIREMENT 2050 - VTENX	Target Date 2046-2050	24th	14th	0.18%	0.8%	-3.1%	7.1%	7.3%	N/A	N/A
Target Date 2046-2050 Funds >>	Category Average >>			0.51%	0.4%	-4.3%	5.5%	5.9%	4.1%	5.3%
TARGET RETIREMENT 2055 - VTXVX	Target Date 2051+	28th	18th	0.18%	0.8%	-3.3%	7.1%	7.3%	N/A	N/A
Target Date 2051+ Funds >>	Category Average >>			0.45%	0.2%	-3.9%	6.2%	6.5%	N/A	N/A
LIFE STRATEGY CONSERVATIVE - VSCGX	Conservative Allocation	10th	17th	0.15%	2.3%	0.0%	4.8%	5.2%	4.8%	5.1%
Conservative Allocation Funds >>	Category Average >>			0.85%	1.7%	-2.2%	2.6%	4.0%	4.1%	4.5%
LIFE STRATEGY GROWTH - VASGX	Aggressive Allocation	19th	21st	0.17%	1.1%	-2.3%	6.7%	6.8%	5.0%	5.6%
Aggressive Allocation Funds >>	Category Average >>			0.86%	0.6%	-4.4%	5.6%	5.8%	4.2%	4.8%