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

Compensation & Capital's Financial Planning Commentary as of June 30, 2015
"What's More Important to Your Investing Strategy Now: Greece, China or Your Birth Date?"

Americans' inherent nature to zig where others have zagged is clearly a source of national pride. Our collective mindset of independence, personal freedom and preference for the unique over the accepted has fired our ability to innovate. But as vital as being "special" has been to our global success, there are absolutely areas of our lives where "Go With the Crowd" is most frequently the recommended strategy.

Determining the most appropriate mix of investments for your retirement Plan account is a perfect example. That's because, for the vast majority of retirement investors, the consensus investment mix appropriate to your age will most likely work best. That said, given that each of our financial situations, values and goals are unique, there's definitely virtue in examining the consensus in light of the "special" that's you. So let's consider how consensus investment mix prescriptions – formally known as "Strategic Asset Allocation" (SAA) - tell us we should invest as well as prospects for those strategies and a few viable exceptions that might alter an arbitrary application of a consensus SAA to your Plan account.

As important as investing is, don't forget: It's only one facet of retirement planning. Saving and lifestyle are always the more important of the trio. You can't invest unless you save. You can't save if your lifestyle prohibits it. To succeed you must get all three right!

SAA describes the proportion of the broader investment classes (stocks, bonds and shorter-term reserves) that comprise a diversified portfolio. SAA has been proven to be the most critical facet in determining any portfolio's success or failure to meet its goals for returns over its targeted timeframe. Bottom line, get your SAA correct and you're about 88% assured of meeting your investing goals.

In general, consensus SAA's are constructed to accept more portfolio volatility (shorter term, market-driven fluctuations in your account's value) for investors with longer timeframes. Stocks are more volatile than bonds. But stocks have historically produced higher returns. When paycheck replacement in retirement is your portfolio's goal, consensus dictates an SAA <u>at retirement "target date"</u> of around 50% stocks and 50% bonds (that is, "50/50"). In contrast, consensus SAA for investors 40 years away from retirement is in the 90/10 range. Investors 20 years away from retirement: 75/25. Investors (retirees) 10 years *into* retirement: 30/70.

These SAA's are principally driven by two factors. First and probably most important to our personal emotional well-being is each SAA's potential short-term downside risk. In other words, how much short-term loss could you potentially need to stomach while sticking with the SAA? Second, but equally as important to statistical investment success: How long will it take to recover from that loss? This table[a] says it all. In short: More stocks beget bigger downside risk requiring longer recovery. If you can't absorb the potential loss, don't take the risk. If you want/need the higher target returns, you need to take the risk and stick with the SAA until your age deems a reduction to your allocation to stocks, then continue those adjustments as your life proceeds[b].

SAA (Stocks-to-Bonds) →	90 / 10	50 / 50	30 / 70
Downside Risk	Down 55%	Down 30%	Down 18%
Months to Recover	30 months	18 months	8 months
Target Return Annualized	~ 7½%	~ 5½%	~ 4%

As we said in our opening paragraphs, these consensus SAA's work well for *most* Americans but aren't the "last word" for everyone. Personal anomalies such as: Severe emotional aversion to investment loss, access to a former employer's or spouse's pension benefit, substantial savings accumulated early in life, intent to provide heirs with inheritance, intent to use a portion of your retirement savings as a loan for house down payment, health issues, significant age differences between spouse and/or unusual family situations.

Finally, you probably noticed that these special circumstances didn't include Greece, China, the Fed, or any story du jour on CNBC. Only *your* special circumstances should impact your selection of an SAA for you.

[a] The statistics presented are hypothetical and, though based upon historical experience, intended only to present relative levels of future estimated target returns for each SAA. Downside risk and recovery periods are based upon 2008/09 capital crisis performance for portfolios ascribing to each SAA and structured with broad-based indexed funds.

[b] Your DHC Plan investing menu includes the comprehensive set of Vanguard Target Date Funds. These funds provide for "auto-pilot" investing and SAA migration (lightening up on risk) as you progress through your career and retirement.

Compensation & Capital's June 30, 2015

Retirement Saving and Investing "Action Points"

U.S. Federal Reserve Rate Hike Grows Closer to Reality – Are Bad Times Ahead For All?

One of the most continual and significant sources of uncertainty driving financial market ups and downs over the past several years has been speculation over when the Federal Reserve will begin raising interest rates. A bit of background: In the wake of the 2008 capital crisis our Federal Reserve reduced their target "Fed Funds Rate" to effectively 0% and maintained it there since. This interest rate is the cost that U.S. banks pay our Central Bank ("the Fed") to borrow. Therefore, reducing the rate – especially to such a low level – is intended to encourage bank lending and hopefully stimulate economic activity. The debate as to whether the Fed's initial and prolonged zero-based rate has produced the desired constructive results without creating damaging ones will be active for years to come. We'll avoid that "snake pit" of debate for this discussion. Let's focus upon what's likely to happen as we move back toward a more normal interest rate environment.

Financial markets, both stock and bond, have responded consistently negatively any time over the past three-plus years when a rate hike has appeared imminent. That negativity has been echoed by most media economic talking heads. Now we need to be perfectly clear that we are not predicting the first Fed rate hike anytime soon. But sooner or later, it will come. So when the Fed finally announces its first move up the scale, will that portend "Good Times" or "Bad Times" to come?

Stepping back for a moment from the more micro discussion of exactly who might be helped or hurt by the rate hike, let's consider why the hike announcement may, in fact, be a good thing to hear.

Just as the Fed's move in 2008 to zero-base was meant to stimulate our then-ailing economy, an announcement to raise the rate would presumably indicate that the Federal Reserve's decision makers have decided that the current economy in the U.S. and, to a lesser extent, the world as a whole are on much improved financial footing. That's indisputably good news - provided you agree with the Fed's governors. (Once again, we'll leave that interminable argument for the pundits.) Hands down, there are few in our world that will not be benefitted by a more prosperous economic cycle. Problem is, the bad news is more likely about the transition than the medium and longer term.

That's because as with just about every economic transition, an increase in the Fed's short-term interest rate will create dislocations from the status quo across the entire landscape of participants. Investors (like you in your 401(k) Plan), borrowers (like those of you with adjustable rate mortgages or hoping to buy a home soon), employees hoping for a raise (like most all of us), travelers (especially those going to foreign countries), retirees (who depend upon Social Security and conservative bond investments), banks (who's very existence depends primarily upon making loans), insurance companies and pension plans (who sustain the lives of millions of Americans on fixed incomes), global corporations (who rely upon stable currency values to support their international markets) – each of these players will be impacted across a wide range of helps and hurts.

To make the analysis of the transitional effects even less conclusive, the impact of a return to more normal interest rates will be felt in varying directions in varying degrees by each group of players depending upon the timeframe in which the impacts are assessed. Short term, the impact upon each of us personally could be far different from its medium and longer term results.

An enduring and prominent goal of our *Action Points* in concert with our *Quarterly Commentary* has been to instill in our retirement investor readers the stability of purpose that comes with a broad-based, top-down view of economic and financial market cycles. There is no doubt that our capital markets can't comfortably digest every mistake – 2008/09 proved that. But the medium term success of retirement plan investors that held the line on their appropriate strategies thereafter for the past seven-plus years certainly lends credibility to the contention that in the larger scheme of things, a Fed rate hike is just one of many bites that all players in the economy will ultimately digest just fine.

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

(All for periods ended June 30, 2015)

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

(1) A fund with a 16th Ranking outperformed 84% 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: 3 Years	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
PRIME MONEY MARKET - VMMXX	**Money Market**	**16th**	**18th**	**0.14%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**1.6%**	**1.9%**
Money Market Funds >>		*Category Average >>*		*0.17%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*1.4%*	*1.8%*
TOTAL BOND MARKET INDEX ADMIRAL - VBTLX	**Bonds**	**71st**	**45nd**	**0.07%**	**-1.8%**	**1.7%**	**1.7%**	**3.2%**	**4.4%**	**5.3%**
Intermediate Bond Funds >>		*Category Average >>*		*0.85%*	*-1.5%*	*1.0%*	*2.3%*	*3.7%*	*4.2%*	*5.1%*
INFLATION PROTECTED SECURITIES ADM - VAIPX	**Bonds**	**27th**	**46th**	**0.10%**	**-1.3%**	**-1.8%**	**-0.9%**	**3.2%**	**4.0%**	**5.9%**
Inflation-Protected Bond Funds >>		*Category Average >>*		*0.77%*	*-1.0%*	*-2.8%*	*-1.2%*	*2.4%*	*3.2%*	*5.5%*
WELLINGTON ADMIRAL - VWENX	**Bonds & Stocks**	**16th**	**3rd**	**0.18%**	**-0.5%**	**3.6%**	**11.8%**	**12.2%**	**8.0%**	**8.0%**
Moderate Allocation Funds >>		*Category Average >>*		*0.90%*	*-0.5%*	*2.1%*	*10.1%*	*10.4%*	*6.0%*	*5.1%*
WINDSOR II ADMIRAL - VWNAX	**Stocks**	**48th**	**26th**	**0.28%**	**1.0%**	**4.3%**	**16.3%**	**16.4%**	**7.1%**	**7.6%**
Large-Cap U.S. Value Stock Funds >>		*Category Average >>*		*1.1%*	*-0.1%*	*3.2%*	*15.8%*	*15.0%*	*6.6%*	*6.5%*
500 INDEX ADMIRAL - VFIAX	**Stocks**	**37th**	**43rd**	**0.05%**	**0.3%**	**7.4%**	**17.3%**	**17.3%**	**7.9%**	**4.3%**
Large-Cap U.S. Blend Stock Funds >>		*Category Average >>*		*1.1%*	*-0.1%*	*5.5%*	*16.5%*	*15.8%*	*7.3%*	*4.6%*
SELECTED VALUE - VASVX	**Stocks**	**31st**	**12th**	**0.41%**	**1.2%**	**1.2%**	**19.0%**	**17.1%**	**8.7%**	**11.2%**
Mid-Cap U.S. Value Stock Funds >>		*Category Average >>*		*1.23%*	*-0.9%*	*2.9%*	*17.8%*	*16.1%*	*8.0%*	*9.0%*
MORGAN GROWTH ADMIRAL – VMRAX	**Stocks**	**32nd**	**29th**	**0.26%**	**1.5%**	**12.8%**	**18.5%**	**17.9%**	**8.7%**	**4.4%**
Large-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*1.19%*	*0.5%*	*9.4%*	*17.5%*	*17.0%*	*8.3%*	*3.2%*
MID-CAP GROWTH INVESTOR - VMGRX	**Stocks**	**35th**	**55th**	**0.44%**	**-0.4%**	**13.2%**	**18.4%**	**19.1%**	**10.6%**	**5.0%**
Mid-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*1.30%*	*0.4%*	*8.9%*	*17.5%*	*16.8%*	*8.9%*	*5.4%*
EXPLORER ADMIRAL - VEXRX	**Stocks**	**26th**	**34th**	**0.35%**	**0.1%**	**8.2%**	**19.8%**	**18.8%**	**9.0%**	**7.2%**
Small-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*1.36%*	*1.8%*	*9.6%*	*18.0%*	*17.6%*	*9.0%*	*6.0%*
INTERNATIONAL GROWTH ADMIRAL - VWILX	**Foreign Stocks**	**29th**	**25th**	**0.34%**	**1.2%**	**-1.5%**	**12.4%**	**10.6%**	**7.2%**	**4.3%**
Foreign Large Growth Stock Funds >>		*Category Average >>*		*1.36%*	*1.5%*	*-0.6%*	*11.3%*	*9.9%*	*6.0%*	*3.3%*
EMERGING MARKETS INDEX ADMIRAL - VEMAX	**Foreign Stocks**	**40th**	**38th**	**0.15%**	**1.7%**	**-2.4%**	**4.1%**	**4.1%**	**7.9%**	**8.1%**
Diversified Emerging Markets Stock Funds >>		*Category Average >>*		*1.56%*	*0.7%*	*-6.7%*	*3.8%*	*3.5%*	*7.3%*	*7.6%*
ENERGY ADMIRAL - VGELX	**Energy Stocks**	**50th**	**4th**	**0.32%**	**-1.0%**	**-26.8%**	**2.1%**	**5.7%**	**5.7%**	**10.2%**
Energy Sector Stock Funds >>		*Category Average >>*		*1.49%*	*-1.4%*	*-29.3%*	*3.1%*	*4.4%*	*4.2%*	*7.4%*

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

(All for periods ended June 30, 2015)

[(1)] A fund with a 10th Ranking outperformed 90% 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	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 2000-2010**	**10th**	**15th**	**0.16%**	**-0.9%**	**1.9%**	**5.4%**	**6.8%**	**5.2%**	**N/A**
Retirement Income Funds >>	*Category Average >>*			*0.53%*	*-1.0%*	*0.5%*	*4.6%*	*5.7%*	*4.0%*	*3.7%*
TARGET RETIREMENT 2010 - VTENX	**Target Date 2000-2010**	**9th**	**30th**	**0.16%**	**-0.8%**	**2.2%**	**7.0%**	**8.4%**	**N/A**	**N/A**
Target Date 2000-2010 Funds >>	*Category Average >>*			*0.53%*	*-0.6%*	*0.7%*	*6.4%*	*7.4%*	*4.6%*	*3.1%*
TARGET RETIREMENT 2015 - VTXVX	**Target Date 2011-2015**	**4th**	**11th**	**0.16%**	**-0.6%**	**2.6%**	**8.8%**	**9.7%**	**6.0%**	**N/A**
Target Date 2011-2015 Funds >>	*Category Average >>*			*0.45%*	*-0.7%*	*1.0%*	*7.3%*	*8.1%*	*4.3%*	*2.8%*
TARGET RETIREMENT 2020 - VTENX	**Target Date 2016-2020**	**9th**	**9th**	**0.16%**	**-0.6%**	**3.0%**	**10.2%**	**10.7%**	**N/A**	**N/A**
Target Date 2016-2020 Funds >>	*Category Average >>*			*0.52%*	*-0.7%*	*1.2%*	*7.8%*	*8.7%*	*4.8%*	*3.0%*
TARGET RETIREMENT 2025 - VTXVX	**Target Date 2021-2025**	**12th**	**21st**	**0.17%**	**-0.4%**	**3.1%**	**11.2%**	**11.5%**	**6.3%**	**N/A**
Target Date 2021-2025 Funds >>	*Category Average >>*			*0.46%*	*-0.5%*	*1.6%*	*9.6%*	*10.5%*	*5.5%*	*N/A*
TARGET RETIREMENT 2030 - VTENX	**Target Date 2026-2030**	**21st**	**16th**	**0.17%**	**-0.2%**	**3.2%**	**12.2%**	**12.4%**	**N/A**	**N/A**
Target Date 2026-2030 Funds >>	*Category Average >>*			*0.51%*	*-0.4%*	*1.8%*	*10.1%*	*10.5%*	*5.3%*	*3.1%*
TARGET RETIREMENT 2035 - VTXVX	**Target Date 2031-2035**	**25th**	**14th**	**0.18%**	**-0.1%**	**3.3%**	**13.2%**	**13.2%**	**6.8%**	**N/A**
Target Date 2031-2035 Funds >>	*Category Average >>*			*0.46%*	*-0.2%*	*2.2%*	*11.6%*	*12.0%*	*6.0%*	*N/A*
TARGET RETIREMENT 2040 - VTENX	**Target Date 2036-2040**	**27th**	**12th**	**0.18%**	**0.1%**	**3.3%**	**13.8%**	**13.5%**	**N/A**	**N/A**
Target Date 2036-2040 Funds >>	*Category Average >>*			*0.52%*	*-0.2%*	*2.2%*	*11.2%*	*11.6%*	*5.7%*	*2.9%*
TARGET RETIREMENT 2045 - VTXVX	**Target Date 2041-2045**	**28th**	**14th**	**0.18%**	**0.1%**	**3.3%**	**13.8%**	**13.5%**	**7.1%**	**N/A**
Target Date 2041-2045 Funds >>	*Category Average >>*			*0.46%*	*-0.4%*	*2.4%*	*12.5%*	*12.7%*	*6.4%*	*N/A*
TARGET RETIREMENT 2050 - VTENX	**Target Date 2046-2050**	**30th**	**17th**	**0.18%**	**0.1%**	**3.3%**	**13.8%**	**13.5%**	**N/A**	**N/A**
Target Date 2046-2050 Funds >>	*Category Average >>*			*0.51%*	*-0.2%*	*2.3%*	*12.1%*	*11.9%*	*6.0%*	*N/A*
TARGET RETIREMENT 2055 - VTXVX	**Target Date 2051+**	**34th**	**n/a**	**0.18%**	**0.1%**	**3.2%**	**13.8%**	**N/A**	**N/A**	**N/A**
Target Date 2051+ Funds >>	*Category Average >>*			*0.45%*	*0.1%*	*2.6%*	*13.2%*	*12.8%*	*N/A*	*N/A*
LIFE STRATEGY CONSERVATIVE - VSCGX	**Conservative Allocation**	**6th**	**34th**	**0.15%**	**-1.1%**	**2.8%**	**7.2%**	**7.8%**	**5.3%**	**4.8%**
Conservative Allocation Funds >>	*Category Average >>*			*0.81%*	*-0.9%*	*-0.2%*	*5.9%*	*7.0%*	*4.8%*	*4.7%*
LIFE STRATEGY GROWTH - VASGX	**Aggressive Allocation**	**25th**	**32nd**	**0.17%**	**-0.1%**	**3.3%**	**12.5%**	**12.4%**	**6.5%**	**4.5%**
Aggressive Allocation Funds >>	*Category Average >>*			*0.86%*	*-0.4%*	*1.7%*	*11.9%*	*11.8%*	*6.0%*	*4.3%*