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

Compensation & Capital's Financial Planning Commentary as of September 30, 2011
"High Stakes Hot Potato"

When was the last time you played Hot Potato? For any of you inexperienced in this staple of kids' birthday parties the game goes like this: 1)Party guests sit in a circle. 2)Host starts some music. 3)Partiers pass a hot potato until the music is unexpectedly stopped. 4)The person holding the hot potato is given a free pass from the game. 5)Loop back to Step 2. 6) Last person holding the hot potato loses. Simple and lots of fun when your guests are in it just for laughs. But what happens if we ramp up the stakes? Something a bit more painful than first degree burns on the loser's palms?

Picture this: The loser (the President of Greece, for example) has the unenviable opportunity of informing his riotous electorate that their cost of living will increase by 50% over the next year or two, their government services and pensions will be cut in half, and the Acropolis may be auctioned to the highest bidder – most likely Chinese or Middle Eastern investors. Or, the loser (the political leaders of France and Germany) must convince their electorate as well as wealthy and powerful bank executives that taking a huge loss to their banks' values and absorbing the Greeks' reckless financial ways (and possibly the Italians and Portuguese too) will be in their best interests over the long term. Or, the loser (in this case, just about everyone else in the world) accepts all the adverse effects of a protracted global recession that spills across the oceans from a Europe that can't seem to accept the fact that they decided to play Hot Potato 20 years ago to celebrate their creation of the Euro. We could stretch this list of losers to several pages but clearly don't need to. You probably get the idea.

The party that created the Euro (and the "post-party" 10 years later that opened the club's doors to further B-List guests) was a bash to behold. Its party favors were, well, to good to true. But the cost of those gifts, even if contemplated at the kick-off toast, were certainly avoided like those overly-inebriated revelers no one ever recalls inviting. Like that first cocktail of the evening, it all felt nothing but "good" at the time. The Euro integrated the financial futures of countries with very different cultures, politics, human value structures, and financial strengths and legacies. It did so by creating a European Central Bank (ECB) whose legally-mandated job it is to maintain price and interest rate stability - read "control inflation." This is sort of like hiring burly bouncers to crowd control then hand-cuffing them. And though it took a relatively long 15+ years to realize the downside of an ECB mandate with no teeth, many of the very guests that partied like it was 1999 during that next 15 years have now turned on their hosts with harsh threats and even violence.

To complicate matters, the neighbors to this party, that is investors the world over including many of you who appropriately diversify your 401(k) plan accounts with international stock and bond funds, are becoming not-so-subtly annoyed with the over-served guests, not to mention their hosts. Witness to this reaction is the crazy recent daily volatility being experienced by financial markets that oversee just about any security or commodity traded on the global stage. Thing is, the partiers that remain in the Hot Potato game as well as their hosts realize that anything they can do to confound the perception of the situation in the eyes of their fellow players and outside investors keeps the music playing and their options open. The more fluid the situation appears to be, the more it can be impacted by rumors. And the more rumors are released, the more strength their posturing affords.

Meanwhile, those of us without official invitations – including the U.S. Federal Reserve - can do little to influence the outcome of the party without being drawn in as collateral damage if the cops (that is, the bond markets) show up to shut it down. Best to maintain an appropriately diversified portfolio including a very broad range of stocks, bonds and commodities from the world over, pull the pillow over your ears and try to get some sleep. We just don't know who will be left holding the potato.

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Compensation & Capital's September 30, 2011

Retirement Saving and Investing "Action Points"

<u>What's an Investor To Do? Weapons of Volatility Destruction to the Rescue</u>:

The Third Quarter was a wild one for just about any "risk" investment with huge swings in trading activity and unprecedented market gyrations almost daily. Wracked by signs of an economic slowdown worldwide and especially in China; disappointed by the political quagmire exposed by the anemic U.S. debt ceiling "solution" and paralysis in the European debt crisis; and persistent gloom over high unemployment and the ever-capitulating housing market – traders and some investors with shorter-term horizons have sold stocks to conclude their worst quarter (the U.S. Total Stock Market was down over 15%) since the capital crisis of 2008. It was also one of the 10 worst quarters for stocks worldwide since World War II. As if we wanted our market's 15% loss to be the "silver lining" to this depressing quarter's cloud, emerging market stocks fared far worse with their benchmark index shedding over 23% of its value. The index of large foreign stocks excluding the U.S., lost over 19%. All these downside fear-motivated moves pushed the U.S. bond market benchmark in the opposite direction, up almost 4% for the quarter lead by U.S. government bonds seen, at least relatively speaking, as a safe haven from the surrounding storms.

The new quarter has, somewhat inexplicably, brought a return of traders' appetites for risk. As of this writing (October 21) U.S. stocks have rallied almost 9% off their Q311 closing level. Whether stocks had simply become so attractively undervalued that they were unavoidable "buys" or investors were simply weary of analyzing daily remarks from German and French officials for a valid indication of any resolution, fundamental focus must clearly continue to be on the events in Europe. There are several sets of complex issues (our opposite page *Commentary* explains one perspective) that require solutions and, in our opinion, the Eurozone is simply not built for delivering them. A credit crisis there could quickly spill over to the US and cause real dislocations in our markets. While U.S. banks are much better capitalized and corporations globally far more liquid than they were in 2008, the effects of a credit crisis emanating from Europe are hard to gauge. That's why maintaining a broadly diversified portfolio is so vitally important in these times.

Meanwhile, speaking of politicians doing the least amount required, here in the U.S. we have moved into full election mode. This is likely a path toward no progress. Unfortunately, there remains serious work to be done. The Super Committee spawned by the debt ceiling "solution" is about to start its work and absent action from Congress, payroll taxes will rise and unemployment benefits begin expiring in 2012. None of this seems likely to spur lasting economic growth.

The presidential candidates are all about "jobs" as if their election could turn a tide of high employment on a dime. If only that were so. More likely, regardless of who sits in the Oval Office, we face several more years of a sluggish economy and frustratingly high unemployment. This is simply a result of the need to work off excessive debt accumulated by consumers and governments over the two decades preceding 2008. We have made a good deal of progress but there is still a long way to go.

If all of this uncontrollable craziness gives you nothing but helpless feelings, step back from the mayhem and grab the bigger picture. The U.S. stock market as measured by the S&P 500 Index is now down *only* 2.5% from its start on January 1st of this year. Granted the interim 10+ months have been a roller coaster. But the combination of those two points is the takeaway. To be sure, our world is far more volatile than it has been over most of our lifetimes. But long term retirement plan investors have the luxury of employing broad-based diversification, strategic asset allocation, and dollar-cost averaging (frequent investment purchases in small amounts at many different price levels) over many decades to combat these wild gyrations. Check out our past quarters' *Action Points* for details on how you can use these weapons against our volatile investing landscape.

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Vanguard Select Funds Performance Specifics and Comparatives
(All for periods ended September 30, 2011)

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

Name of Select Fund / Morningstar Category Name	Securities Type(s)	Morningstar™ Category Percentile Ranking Past 5 Years	10 Years	Cumulative Total Return Performances for 1 Qtr	YTD-2011	12 Mos	Average Annualized Total Returns for: 3 Yrs	5 Yrs	10 Yrs	15 Yrs
Prime Money Market - VMMXX	**Money Market**	**7th**	**8th**	**0.0%**	**0.0%**	**0.1%**	**0.4%**	**2.0%**	**2.1%**	**3.2%**
Money Market Funds >>		*Category Average >>*		*0.0%*	*0.0%*	*0.0%*	*0.2%*	*1.7%*	*1.7%*	*2.8%*
Total Bond Market - Signal shares - VBTSX	**Bonds**	**27th**	**37th**	**4.0%**	**6.7%**	**5.2%**	**8.0%**	**6.6%**	**5.5%**	**6.3%**
Intermediate Bond Funds >>		*Category Average >>*		*1.6%*	*4.5%*	*3.5%*	*8.7%*	*5.6%*	*5.1%*	*5.7%*
Inflation Protected Securities - VIPSX	**Gov't Bonds**	**24th**	**41st**	**4.8%**	**10.4%**	**9.6%**	**7.7%**	**6.8%**	**6.9%**	**n/a**
Inflation-Protected Bond Funds >>		*Category Average >>*		*3.0%*	*8.5%*	*7.6%*	*7.2%*	*5.9%*	*6.1%*	*5.2%*
Wellington – Admiral shares - VWENX	**Bonds & Stocks**	**8th**	**4th**	**-8.7%**	**-4.0%**	**1.6%**	**5.2%**	**3.0%**	**6.2%**	**7.6%**
Moderate Allocation Funds >>		*Category Average >>*		*-10.4%*	*-6.5%*	*-0.4%*	*3.4%*	*1.0%*	*3.9%*	*5.3%*
500 Index – Signal shares - VIFSX	**Stocks**	**32nd**	**37th**	**-13.9%**	**-8.7%**	**1.1%**	**1.3%**	**-1.2%**	**2.8%**	**5.2%**
Large-Cap U.S. Blend Stock Funds >>		*Category Average >>*		*-15.8%*	*-11.2%*	*-1.8%*	*0.3%*	*-1.8%*	*2.6%*	*4.9%*
Windsor II – Admiral Shares - VWNAX	**Stocks**	**38th**	**30th**	**-14.8%**	**-8.9%**	**0.1%**	**0.2%**	**-2.4%**	**3.6%**	**6.1%**
Large-Cap U.S. Value Stock Funds >>		*Category Average >>*		*-16.2%*	*-11.4%*	*-2.4%*	*-0.7%*	*-2.9%*	*3.0%*	*5.0%*
Selected Value - VASVX	**Stocks**	**29th**	**32nd**	**-16.9%**	**-11.1%**	**-1.3%**	**5.2%**	**0.1%**	**6.9%**	**6.9%**
Mid-Cap U.S. Value Stock Funds >>		*Category Average >>*		*-19.6%*	*-14.7%*	*-4.1%*	*2.0%*	*-1.0%*	*6.2%*	*7.4%*
Morgan Growth – Admiral Shares - VMRAX	**Stocks**	**45th**	**21st**	**-16.3%**	**-10.8%**	**0.8%**	**3.0%**	**0.3%**	**4.2%**	**5.4%**
Large-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*-15.6%*	*-10.8%*	*-0.4%*	*2.4%*	*0.2%*	*2.8%*	*4.7%*
Mid Cap Growth - VMGRX	**Stocks**	**30th**	**33rd**	**-17.4%**	**-8.7%**	**3.2%**	**6.0%**	**2.9%**	**6.3%**	**n/a**
Mid-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*-19.6%*	*-13.1%*	*-1.2%*	*3.6%*	*1.3%*	*5.2%*	*6.0%*
Explorer - VEXRX	**Stocks**	**51st**	**35th**	**-21.0%**	**-13.3%**	**-0.4%**	**3.7%**	**0.3%**	**5.9%**	**6.4%**
Small-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*-22.3%*	*-15.0%*	*-0.9%*	*2.5%*	*0.3%*	*5.2%*	*5.5%*
International Growth - VWILX	**Stocks**	**11th**	**13th**	**-22.3%**	**-18.5%**	**-12.6%**	**1.0%**	**-1.0%**	**6.4%**	**4.6%**
Foreign Large-Cap Blend Stock Funds >>		*Category Average >>*		*-20.9%*	*-17.6%*	*-11.6%*	*-1.8%*	*-3.7%*	*4.4%*	*3.5%*
Energy - VGENX	**Stocks**	**7th**	**18th**	**-22.9%**	**-15.2%**	**-0.2%**	**-1.4%**	**2.9%**	**14.0%**	**12.0%**
Equity Energy Sector Stock Funds >>		*Category Average >>*		*-21.8%*	*-19.0%*	*-6.2%*	*-6.2%*	*0.3%*	*10.6%*	*9.6%*
Emerging Markets Stock Index - VEIEX	**Stocks**	**26th**	**41st**	**-24.0%**	**-23.4%**	**-17.6%**	**5.0%**	**4.3%**	**15.3%**	**6.6%**
Diversified Emerging Markets Stock Funds >>		*Category Average >>*		*-22.8%*	*-23.3%*	*-17.7%*	*3.9%*	*2.9%*	*14.7%*	*6.5%*