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

Compensation & Capital's Financial Planning Commentary as of September 30, 2019
"Want a Truly *Personal* Financial Plan? First Step: Get in Touch With The Inner You."

Noah Webster defined money like this:

> **mŏn´ey**, *n.* something generally accepted as a medium of exchange, a measure of value, or a means of payment such as officially coined or stamped metal currency.

What's money mean to you? Not particularly in this tangible *dictionary* sense. But more broadly – more like: Why is money important (or not so) to you?

Contemplating your initial investment strategy or a makeover of current investments for whatever goal(s) may be in your sights (retirement, kids' college, housing, etc.)? It's vital to tackle the *"Whys"* first. *Why is each goal important to me? Why should it command my resources? How does it rank compared to all my other goals?* In short, don't buy the prescription before concluding the diagnosis.

We know this line of inquiry is averse to what you're accustomed to hearing from the mainstream financial services industry. Our fast-paced lives increasingly demand results-driven business relationships. In response to that demand and the competition to deliver the easy-to-implement answer, much of financial advisory tends to begin at "*How"* and "*Where"* to invest. The "*Why"* - the most difficult and potentially time consuming facet of the equation - is way too frequently assumed to be one-size-fits-all. This often faulty assumption likely results in wholly inappropriate guidance that's self-serving to the advisor and detrimental to your cause. Worse yet, that disconnect is rarely discovered by you until way too late – sometimes many years down the road. Let's put some feet under our contention and show you how to start your plan - *YOURS* – right from beginning!

<u>How we spend, save and invest is an individual and dynamic expression of our personal values</u>: Granted, with over 130M households in America there's bound to be many with similar money values. That's the foundation of crowd-based financial advisory. But it's obvious that the criteria that form our personal financial choices are many. A spouse's input make the permutations explode. Then there's the passage of time and the fact that life, well, happens! Suffice to say, assuming a household's personal money values based solely on broad variables like age, income, savings, education, race, etc. is absurd. So, getting your plan right requires you to contrast your individuality from your 130M "neighbors." Recognizing what really matters *to you* must be your first step.

<u>How we spend our time is a window into our money values</u>: Time is part of your investable capital. It's truly "money." Many of us are so caught up in our high-speed worlds attempting work/life balance that contemplation of *"Why"* we spend our time doing what we do can be a luxury. But consider this: If you do indeed devote that much time to whatever endeavor dictates your balance - whether that be your career, your kids, or past judgements that worked out less-than-great – you're already tied to a set of personal financial values that may not really be yours. How does the time you spend on your home, or hobbies, or ______ (fill in the blank) peg that pursuit's relative importance to your other goals? For a real insight into your values, review your calendar before your checkbook. You may discover that you're spending far too little time/money on something that's really important to you. That's when you'll know that this exercise actually works!

<u>To change the future, let go of the past</u>: Now, IF (and that's an important if) you conclude that your priorities are significantly out of sync with your values, then you have a decision to make. Will you let your life control you, or will you control your life? And more specifically, where/how will you generate and spend your time and your money? For some this could require close to a life makeover. For others, a heart-felt commitment to tuning up a facet or two. But the "Blood from a rock" adage holds firm. We are all constrained by "You get what you give." Want more time to pursue non-money-producing values? Reduce your need for work income by reducing your lifestyle. Want to raise your probability of a financially secure retirement? Re-educate and re-invent yourself, or downsize your lifestyle, or live healthier, or some of each!

In the end, our choices are constrained mostly by ourselves. Take time to identify, prioritize and reconstitute your values. You can find a way to make your resources realize your dreams.

Compensation & Capital's September 30, 2019

Retirement Saving and Investing "Action Points"

"Maintain Realistic Expectations" Isn't Just for Your Stock Funds:

You don't need to be wired into the investments world to know that interest rates continue to bounce around historic low levels. You do, however, have to understand some basic investment theory to realize that when interest rates fall, the value of existing bonds rises. That's because those existing bonds possess higher stated interest rates and are therefore more valuable than their newer, lower-interest-rate peers. Furthermore, the total return to an investor in a bond mutual fund is the combination of the fund's interest receipts plus (or minus) the change in the value of its bond portfolio. So, when interest rates fall, bond fund investors can reap the "daily-double" of collecting higher (than current market) interest rates *plus* price gains on their fund's underlying bonds too. That's the good news.

The not-so-good news is what happens to bond fund investors when rates begin to rise again. If our previous explanation was clear to you, just turn it around. That is, when rates rise the value of bond fund portfolios will fall. When, how much and how quickly is a matter of intense discussion and disagreement among investment experts. That said, there are significant portions of this equation that the average retirement plan investor can control. That's why this is "not-so-good" news, not 100% "bad" news.

First, and foremost, we must remember that bond investments are included in long-term retirement strategies primarily as a diversifier. They dampen the far greater volatility of the stocks component. They generate stable interest income. And finally, bond performance normally runs inversely to stock performance. Over the past 12 years of the current bull market in stocks (since their October 2007 high), stock markets have *under*-performed their historic full-cycle averages by almost 2%. Conversely, our retirement plan portfolios' diversified bond funds have produced, in aggregate, average annualized total returns more than 1% *above* their historic averages. That's made many plan participants not only happy with their bond funds, but downright spoiled too. Remember, long-term historical average total returns for bonds are in the 3% to 4% range while stocks average in the 8% to 10% range. Cyclical *over*-performance of any asset class (bonds, stocks, real estate, gold, etc) is always a harbinger of a reversal of that trend. When that reversal will happen in *this* cycle is anyone's guess.

Second, there's no doubt that the bond segment of 401(k) plan investment menus has historically been treated with subordinated importance relative to plans' stock segment menus. You need only review the investment options for every participant-directed retirement plan in America to notice that stock fund options out-number bond fund options by at least three-to-one. Why? First, a solid majority of retirement plan participants are still at least 15 years from spending any of their retirement savings. Most investment advisors recommend bond allocations of only 20% to 30% for participants in this age range – and even lower bond portions for younger participants. So there has historically been less need for bond funds in plans. Second, bonds as an asset class possess less than one-tenth the volatility of stocks. Since volatility is dampened by diversification, retirement plan investment advisors have been well-advised to include a far wider range of stock categories in plans, as compared to bond categories.

So what can you do to control the impact on your plan account of the coming (but who knows when?) reversal of the interest rate trend? Be sure that you are diversified across *all* the bond funds that your plan has to offer, including the Money Market Fund. (Those of you in the Vanguard Auto-Balanced Funds have assigned this task to Vanguard's portfolio managers.) We've made sure that each fund operates in different segments of the credit (bond) markets, employs different strategies in picking and holding their portfolio's securities, and has a relatively broad level of flexibility to position their portfolio in defense of rising interest rates. That said, make no mistake that these funds (exclusive of the Money Market Fund) can experience losses to their value resulting in negative total returns over year-plus time periods. Your control mechanism for *that* risk is your long-term discipline.

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

(All for periods ended September 30, 2019)

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

[1] A fund with a 5th Ranking outperformed 95% 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: 1 Year	10 Years	OER[2]	Total Return Performance for: Past Qtr	12 Mos	Average Annualized Total Return for: 3 Yrs	5 Yrs	10 Yrs	15 Yrs
TREASURY MONEY MARKET - VUSXX	**Money Market**	**2nd**	**5th**	**0.09%**	**0.5%**	**2.3%**	**1.5%**	**0.9%**	**0.5%**	**1.3%**
Money Market Funds >>		*Category Average >>*		*0.33%*	*0.5%*	*2.1%*	*1.3%*	*0.9%*	*0.5%*	*1.3%*
TOTAL BOND MARKET INDEX ADMIRAL - VBTLX	**Bonds**	**15th**	**49th**	**0.05%**	**2.4%**	**10.4%**	**2.9%**	**3.4%**	**3.7%**	**4.2%**
Intermediate Bond Funds >>		*Category Average >>*		*0.67%*	*2.0%*	*9.4%*	*2.6%*	*3.0%*	*3.6%*	*3.9%*
INFLATION PROTECTED SECURITIES ADM - VAIPX	**Bonds**	**24th**	**19th**	**0.10%**	**1.4%**	**7.0%**	**2.0%**	**2.4%**	**3.4%**	**3.8%**
Inflation-Protected Bond Funds >>		*Category Average >>*		*0.75%*	*1.1%*	*6.0%*	*1.9%*	*1.9%*	*2.9%*	*3.5%*
WELLINGTON ADMIRAL - VWENX	**Bonds & Stocks**	**5th**	**7th**	**0.17%**	**3.2%**	**8.7%**	**10.1%**	**8.2%**	**9.9%**	**8.4%**
US Allocation – 50% to 70% Equity Funds >>		*Category Average >>*		*1.11%*	*0.9%*	*3.5%*	*7.1%*	*5.6%*	*7.8%*	*6.3%*
WINDSOR II ADMIRAL - VWNAX	**Stocks**	**54th**	**39th**	**0.25%**	**1.6%**	**1.7%**	**10.1%**	**7.5%**	**11.1%**	**7.8%**
Large-Cap U.S. Value Stock Funds >>		*Category Average >>*		*1.00%*	*1.5%*	*1.9%*	*9.4%*	*7.3%*	*10.7%*	*7.4%*
500 INDEX ADMIRAL - VFIAX	**Stocks**	**34th**	**9th**	**0.04%**	**1.7%**	**4.2%**	**13.4%**	**10.8%**	**13.2%**	**9.0%**
Large-Cap U.S. Blend Stock Funds >>		*Category Average >>*		*0.95%*	*1.5%*	*3.0%*	*11.7%*	*9.0%*	*11.8%*	*8.2%*
SELECTED VALUE - VASVX	**Stocks**	**27th**	**33rd**	**0.36%**	**2.3%**	**1.4%**	**8.1%**	**6.0%**	**11.2%**	**8.8%**
Mid-Cap U.S. Value Stock Funds >>		*Category Average >>*		*1.09%*	*0.4%*	*-2.1%*	*7.0%*	*6.3%*	*10.7%*	*7.9%*
U.S GROWTH ADMIRAL – VWUAX	**Stocks**	**45th**	**31st**	**0.28%**	**-1.6%**	**2.3%**	**15.8%**	**12.9%**	**14.1%**	**9.8%**
Large-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*1.08%*	*-0.5%*	*1.9%*	*14.6%*	*11.0%*	*13.1%*	*9.3%*
MID-CAP GROWTH INVESTOR - VMGRX	**Stocks**	**55th**	**49th**	**0.36%**	**-3.0%**	**1.6%**	**13.8%**	**9.7%**	**12.8%**	**10.3%**
Mid-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*1.19%*	*-1.8%*	*1.1%*	*13.1%*	*9.9%*	*12.6%*	*9.5%*
EXPLORER ADMIRAL - VEXRX	**Stocks**	**23rd**	**30th**	**0.34%**	**-2.1%**	**-3.5%**	**13.8%**	**10.6%**	**13.4%**	**9.6%**
Small-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*1.24%*	*-4.2%*	*-7.5%*	*11.5%*	*9.6%*	*12.3%*	*9.1%*
INTERNATIONAL GROWTH ADMIRAL - VWILX	**Foreign Stocks**	**75th**	**13th**	**0.32%**	**-3.0%**	**-1.9%**	**10.3%**	**7.2%**	**7.8%**	**7.8%**
Foreign Large Growth Stock Funds >>		*Category Average >>*		*1.13%*	*-1.2%*	*0.6%*	*7.2%*	*4.9%*	*6.3%*	*6.2%*
EMERGING MARKETS INDEX ADMIRAL - VEMAX	**Foreign Stocks**	**34th**	**52nd**	**0.14%**	**-3.6%**	**1.3%**	**5.3%**	**2.0%**	**3.2%**	**7.5%**
Diversified Emerging Markets Stock Funds >>		*Category Average >>*		*1.35%*	*-3.6%*	*-0.0%*	*5.1%*	*1.7%*	*3.4%*	*7.5%*
ENERGY ADMIRAL - VGELX	**Energy Stocks**	**10th**	**17th**	**0.29%**	**-5.8%**	**-18.1%**	**-1.2%**	**-4.4%**	**1.6%**	**5.5%**
Energy Sector Stock Funds >>		*Category Average >>*		*1.39%*	*-10.2%*	*-31.3%*	*-10.2%*	*-14.2%*	*-2.9%*	*2.7%*

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

(All for periods ended September 30, 2019)

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

[(1)] A fund with a 39th Ranking outperformed 61% of its peers.

[(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 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	5 Yrs	10 Yrs	15 Yrs
TARGET RETIREMENT INCOME - VTINX	**Target Date Retire Income**	**39th**	**34th**	**0.12%**	**1.5%**	**6.8%**	**5.1%**	**4.6%**	**5.8%**	**5.2%**
Retirement Income Funds >>	*Category Average >>*			*0.76%*	*1.3%*	*5.9%*	*4.8%*	*4.0%*	*5.3%*	*4.5%*
TARGET RETIREMENT 2015 - VTXVX	**Target Date 2015**	**42nd**	**29th**	**0.13%**	**1.4%**	**6.1%**	**6.2%**	**5.3%**	**7.3%**	**6.0%**
Target Date 2015 Funds >>	*Category Average >>*			*0.67%*	*1.1%*	*5.4%*	*5.9%*	*4.9%*	*6.8%*	*6.0%*
TARGET RETIREMENT 2020 - VTWNX	**Target Date 2020**	**17th**	**9th**	**0.13%**	**1.2%**	**5.3%**	**7.1%**	**6.0%**	**8.0%**	**N/A**
Target Date 2020 Funds >>	*Category Average >>*			*0.75%*	*1.0%*	*5.0%*	*6.2%*	*5.1%*	*6.9%*	*N/A*
TARGET RETIREMENT 2025 - VTTVX	**Target Date 2025**	**18th**	**11th**	**0.13%**	**1.1%**	**4.9%**	**7.8%**	**6.4%**	**8.5%**	**6.6%**
Target Date 2025 Funds >>	*Category Average >>*			*0.74%*	*0.9%*	*4.5%*	*7.0%*	*5.6%*	*7.7%*	*6.5%*
TARGET RETIREMENT 2030 - VTHRX	**Target Date 2030**	**31st**	**16th**	**0.14%**	**0.9%**	**4.2%**	**8.3%**	**6.7%**	**8.9%**	**N/A**
Target Date 2030 Funds >>	*Category Average >>*			*0.78%*	*0.8%*	*3.9%*	*7.7%*	*6.0%*	*8.0%*	*N/A*
TARGET RETIREMENT 2035 - VTTHX	**Target Date 2035**	**32nd**	**15th**	**0.14%**	**0.7%**	**3.4%**	**8.8%**	**6.9%**	**9.4%**	**7.1%**
Target Date 2035 Funds >>	*Category Average >>*			*0.77%*	*0.6%*	*3.1%*	*8.3%*	*6.4%*	*8.6%*	*6.9%*
TARGET RETIREMENT 2040 - VFORX	**Target Date 2040**	**24th**	**16th**	**0.14%**	**0.5%**	**2.6%**	**9.3%**	**7.2%**	**9.6%**	**N/A**
Target Date 2040 Funds >>	*Category Average >>*			*0.80%*	*0.4%*	*2.5%*	*8.6%*	*6.6%*	*8.6%*	*N/A*
TARGET RETIREMENT 2045 - VTIVX	**Target Date 2045**	**28th**	**18th**	**0.15%**	**0.3%**	**2.1%**	**9.4%**	**7.2%**	**9.7%**	**7.5%**
Target Date 2045 Funds >>	*Category Average >>*			*0.78%*	*0.3%*	*2.1%*	*8.9%*	*6.7%*	*8.9%*	*7.4%*
TARGET RETIREMENT 2050 - VFIFX	**Target Date 2050**	**35th**	**20th**	**0.15%**	**0.3%**	**2.1%**	**9.4%**	**7.2%**	**9.7%**	**N/A**
Target Date 2050 Funds >>	*Category Average >>*			*0.81%*	*0.2%*	*2.0%*	*8.9%*	*6.8%*	*8.9%*	*N/A*
TARGET RETIREMENT 2055 - VFFVX	**Target Date 2055**	**37th**	**n/a**	**0.15%**	**0.3%**	**2.1%**	**9.4%**	**7.2%**	**N/A**	**N/A**
Target Date 2055 Funds >>	*Category Average >>*			*0.78%*	*1.8%*	*9.0%*	*6.8%*	*9.1%*	*N/A*	*N/A*
TARGET RETIREMENT 2060 - VTTSX	**Target Date 2060+**	**48th**	**n/a**	**0.15%**	**0.3%**	**2.1%**	**9.4%**	**7.2%**	**N/A**	**N/A**
Target Date 2060+ Funds >>	*Category Average >>*			*0.78%*	*0.2%*	*1.9%*	*9.2%*	*7.2%*	*N/A*	*N/A*
LIFE STRATEGY CONSERVATIVE - VSCGX	**Conservative Allocation**	**22nd**	**29th**	**0.12%**	**1.7%**	**7.0%**	**6.1%**	**5.4%**	**6.5%**	**5.6%**
Allocation – 30% to 50% Equity Funds >>	*Category Average >>*			*1.11%*	*1.2%*	*4.5%*	*5.1%*	*4.2%*	*6.2%*	*5.1%*
LIFE STRATEGY GROWTH - VASGX	**Aggressive Allocation**	**24th**	**26th**	**0.14%**	**0.6%**	**3.1%**	**8.8%**	**6.9%**	**9.1%**	**6.9%**
Allocation – 70% to 85% Equity Funds >>	*Category Average >>*			*1.18%*	*0.5%*	*1.3%*	*7.6%*	*5.7%*	*8.3%*	*6.5%*