

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

Compensation & Capital's Financial Planning Commentary as of September 30, 2022

"Wow! Why Isn't My Stock/Bond Diversification Shielding Me From Losses?"

For upwards of seven decades most investors, and to be sure most *retirement* investors, have successfully relied upon a strategy which mixed stocks, bonds and cash (aka "money markets") to meet their financial goals. Investors with longer time horizons held more stocks. Over the 20+ year accumulation periods associated with longer term portfolios, stocks have historically produced higher expected returns albeit with higher market volatility than bonds. In short, bonds played a stabilizing role because stocks didn't typically move in sync with bonds. That is, when stocks fell, bonds often (but not always) gained. Those gains helped to buffer stock losses thereby reducing short-term aggregate portfolio losses. That diversification tempered emotional angst associated with owning stocks. And that helped investors "stay the course" during down markets for either stocks or bonds.

As difficult as the past 12 months have been for stocks (S&P500 Index lost 15.5% through 9/30/2022) we'd have to look back almost 100 years (1926) to see bonds exceed their recent 14.5% loss (BBg Agg Bond Index) over that same 12 month period. This virtually unprecedented but always possible concurrence of down markets in both stocks and bonds resulted in significant short-term losses across all of the Plan's Vanguard Target Retirement funds. (See Page 4's "Past Quarter" and "12 months" Total Return Performance for those statistics.)

Since the fundamentals for this unlikely situation are interesting but not particularly vital to the message of this Commentary, we'll simply touch on the highlights (er, lowlights) that have contributed to this anomaly. Central banks (like the U.S. "Fed") are attempting to reduce their own country's inflation while steering clear of inflicting serious damage to their own economies. That's a really difficult, as well as risky, balancing act. And it's even more difficult in the face of each country acting in its own best interests while potentially hurting their trading partners and political allies in the process. Add to that mix the surging cost of energy in Europe at the hands of Russia's war in Ukraine, U.S. interest rates moving higher quicker than other countries making the dollar much more valuable than other countries' currencies, and the resulting heightened volatility in normally "sleepy" government bonds and currency markets. Spooky times for stock and bond investors alike!

As unprecedented as the recent downsides have been, the potential upsides are surprisingly bright at least for the immediate point in time. Given significantly lower stock prices for corporations which for the most part have been able to maintain positive outlooks on their near-term future earnings, there could be stabilization developing in stock market values at their current levels. The job market remains strong and wages have grown, especially among lower earners. Corporate earnings reports have continued strong with most downside comments resulting from the negative impact of a very strong dollar upon sales to foreign customers.

In short, we're currently faced with both destructive and constructive inputs, same as always, just significantly more intense and thereby resulting in continued heightened volatility across all investments. These relationships and their ultimate timing of resolution are complicated and impossible to accurately predict with consistency. That's why, even in the face of the virtually unprecedented past 12 months' outcomes, our mantra remains: Stay the course with a mix of stocks, bonds and cash that's appropriate to your personal, appropriately pre-determined level of acceptance of short-term investment risk. The longer time horizon you have before you will begin to spend your Plan account, the less impact any short-term loss will have on your account's ultimate value. Always remember: Diversified investments become LESS risky as they become more attractively priced.

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Compensation & Capital's September 30, 2022

Retirement Saving and Investing "Action Points"

What's In YOUR Plan Account? And Why Does it Behave the Way It Does?

Our Page 1 *Commentary* focused upon the highly unusual recent confluence of significant investment losses in BOTH stocks and bonds. And since nearly every mutual fund available in your Plan's investment options suffered losses over the past 12 months at the hands of this anomaly, we felt that this quarter's *Action Points* segment could benefit from the teaching moment that this unusual event provided. The discussion is an initial clarification of terms followed by distinctions between the funds.

What's a mutual fund? It's a portfolio of many individual securities (stocks, bonds, cash) managed by specific investment advisor(s) in accordance with a predetermined and legally stated investment objective and strategy. Accordingly, we have a pretty accurate understanding of how and in what each fund will invest and therefore each fund's risk profile relative to the others in the Plan's menu.

What's a risk profile? In general stocks have a much larger range of possible losses and gains, and longer cycles, than do bonds. So more aggressive, risky funds generally hold more stocks than bonds. And more conservative funds hold more bonds than stocks. That relative stocks-to-bonds mix is called the fund's Strategic Asset Allocation "SAA." Furthermore, some stocks have higher risk profiles than other stocks. So a fund's risk profile results from its SAA *and* its component securities.

Why are there 27 funds in our menu? Pages 3 and 4 detail analytical metrics for all your Plan's fund options. That menu results from the Plan's Trustees' fiduciary responsibility to provide a broad range of investment choices appropriate to the spectrum of risk tolerances common among participants in your Plan, as well as other important criteria to your benefit. Those choices are broadly separated into two groups: Pg3's "Select Funds Venue" and Pg4's "Auto-Balanced Funds Venue." In general, we urge participants to choose from either Pg3 or Pg4, not from both.

Pg4's "Auto-Balanced Funds": These are structured to be All-in-One choices. Each holds a specific SAA mix of stocks, bonds and cash. And its managers maintain that SAA by quarterly re-mixes, hence their "Auto-Balanced" facet. The "Target" funds are re-mixed to trend to more conservative SAA's as their name's date (eg. 2045, etc) gets closer to the current year. That's a "dynamic" SAA. You choose your most appropriate Target fund by matching its name date to your anticipated year of retirement. The "Life Strategy" funds maintain a "static" SAA in accordance with their name (eg. "Conservative.") Further, each of these funds are populated with thousands of different securities chosen by computer algorithms (so-called "indexed funds") to emulate one or more pre-determined market indices (like the S&P 500.) Indexed funds seek market-average returns. Their counterpart, "active funds" seek to outperform their associated – but not determinative - market index.

Pg3's "Select Funds": This set of the Plan's funds menu holds both indexed (Pg3 fund name includes INDEX) and, their counterpart "active" management funds. Each of these funds selects securities from a specific investments universe. For instance, foreign stocks or large company U.S. stocks. Further, there are funds exclusively holding cash (money markets), bonds, or stocks per their stated objective and strategy. Participants choosing from the Select Funds are responsible for creating and managing their own SAA's, cycle timing and securities categories. That added complexity makes this menu set more appropriate for participants with more investing knowledge and experience.

We've presented this thumbnail "Action Points" as a teaser to your Plan's proprietary website pages at https://www.planspecs.com/dhc/plan_investing.htm. That tab contains far more in-depth discussions of, and resource links to, all of your Plan's investment options. We urge you to go beyond your quarterly Plan account statement's short term performance numbers to better understand the why's and how's of where you're invested. Understanding your strategy is key to investment success.

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

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(All for periods ended September 30, 2022)

(2) "OER" or Operating Expense Ratio: Annual % of fund assets paid for fund operations and mgmt.

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

(1) A fund with a 2nd Ranking outperformed 98% of its peers.

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:			
		5 Years	15 Years		Past Qtr	12 Mos	3 Yrs	5 Yrs	10 Yrs	15 Yrs
TREASURY MONEY MARKET - VUSXX	Money Market	2nd	11th	0.09%	0.5%	0.6%	0.5%	1.1%	0.6%	0.6%
<i>Money Market Funds >></i>		<i>Category Median >></i>		0.41%	0.1%	0.1%	0.4%	0.8%	0.4%	0.4%
TOTAL BOND MARKET INDEX ADMIRAL - VBTXX	Bonds	35th	48th	0.05%	-4.7%	-14.7%	-3.3%	-0.3%	0.9%	2.7%
<i>Intermediate Core Bond Funds >></i>		<i>Category Median >></i>		0.62%	-4.6%	-14.9%	-3.2%	-0.4%	0.8%	2.6%
INFLATION PROTECTED SECURITIES ADM - VAIPX	Bonds	49th	25th	0.10%	-5.3%	-11.5%	0.7%	1.8%	0.9%	3.1%
<i>Inflation-Protected Bond Funds >></i>		<i>Category Median >></i>		0.62%	-4.6%	-9.4%	0.7%	1.7%	0.7%	2.7%
WELLINGTON ADMIRAL - VWENX	Bonds & Stocks	17th	5th	0.16%	-4.9%	-14.5%	3.5%	5.5%	7.8%	6.5%
<i>US Allocation – 50% to 70% Equity Funds >></i>		<i>Category Median >></i>		1.05%	-4.5%	-14.8%	-2.5%	3.6%	5.6%	4.6%
WINDSOR II ADMIRAL - VWNAX	Stocks	13th	29th	0.26%	-5.5%	-15.0%	8.2%	7.7%	10.0%	6.5%
<i>Large-Cap U.S. Value Stock Funds >></i>		<i>Category Median >></i>		0.97%	-5.9%	-9.6%	5.3%	5.8%	9.0%	5.9%
500 INDEX ADMIRAL - VFIAX	Stocks	20th	15th	0.04%	-4.9%	-15.5%	8.1%	9.2%	11.7%	8.0%
<i>Large-Cap U.S. Blend Stock Funds >></i>		<i>Category Median >></i>		0.87%	-5.0%	-15.8%	6.8%	7.7%	10.4%	7.1%
SELECTED VALUE - VASVX	Stocks	78th	33rd	0.32%	-7.0%	-13.8%	4.9%	3.4%	8.8%	6.7%
<i>Mid-Cap U.S. Value Stock Funds >></i>		<i>Category Median >></i>		1.05%	-5.2%	-11.3%	5.2%	4.6%	8.7%	6.2%
U.S GROWTH ADMIRAL – VWUAX	Stocks	51st	34th	0.30%	-1.6%	-37.8%	6.3%	9.2%	12.4%	8.7%
<i>Large-Cap U.S. Growth Stock Funds >></i>		<i>Category Median >></i>		1.01%	-4.1%	-27.1%	6.8%	9.0%	11.4%	8.1%
MID-CAP GROWTH INVESTOR - VMGRX	Stocks	73rd	69th	0.33%	-1.5%	-32.8%	1.3%	5.7%	8.7%	6.7%
<i>Mid-Cap U.S. Growth Stock Funds >></i>		<i>Category Median >></i>		1.10%	-1.8%	-29.2%	5.1%	7.3%	10.1%	7.3%
EXPLORER ADMIRAL - VEXRX	Stocks	22nd	27th	0.29%	-2.6%	-25.4%	6.4%	8.4%	11.2%	8.0%
<i>Small-Cap U.S. Growth Stock Funds >></i>		<i>Category Median >></i>		1.23%	-1.4%	-29.7%	5.3%	6.3%	9.6%	7.3%
INTERNATIONAL GROWTH ADMIRAL - VWILX	Foreign Stocks	10th	2nd	0.32%	-10.2%	-40.2%	3.7%	3.1%	7.3%	3.9%
<i>Foreign Large Growth Stock Funds >></i>		<i>Category Median >></i>		1.07%	-9.4%	-32.9%	-1.2%	0.3%	4.4%	1.6%
EMERGING MARKETS INDEX ADMIRAL - VEMAX	Foreign Stocks	30th	42nd	0.14%	-10.8%	-24.3%	-0.6%	-0.7%	1.4%	0.4%
<i>Diversified Emerging Markets Stock Funds >></i>		<i>Category Median >></i>		1.24%	-10.2%	-28.6%	-1.9%	-1.8%	1.1%	0.2%
ENERGY ADMIRAL - VGELX	Energy Stocks	75th	50th	0.33%	-0.8%	14.5%	0.3%	-1.0%	-0.3%	-0.3%
<i>Energy Sector Stock Funds >></i>		<i>Category Median >></i>		1.36%	-0.4%	23.8%	10.4%	-0.3%	-3.0%	-2.0%

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

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(All for periods ended September 30, 2022)

(1) A fund with a 27th Ranking outperformed 73% 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:			
		5 Years	10 Years		Past Qtr	12 Mos	3 Yrs	5 Yrs	10 Yrs	15 Yrs
TARGET RETIREMENT INCOME - VTINX	Target Date Retire Income	27th	30th	0.08%	-4.6%	-14.2%	-0.0%	2.0%	3.3%	3.9%
<i>Retirement Income Funds >></i>		<i>Category Median >></i>		0.68%	-4.6%	-14.4%	-0.3%	1.6%	2.9%	3.1%
TARGET RETIREMENT 2020 - VTWNX	Target Date 2020	35th	24th	0.08%	-5.1%	-15.8%	1.2%	2.9%	5.5%	4.4%
<i>Target Date 2020 Funds >></i>		<i>Category Median >></i>		0.62%	-5.2%	-16.3%	0.8%	2.5%	5.0%	3.8%
TARGET RETIREMENT 2025 - VTTVX	Target Date 2025	34th	21st	0.08%	-5.6%	-17.5%	1.4%	3.2%	6.0%	4.5%
<i>Target Date 2025 Funds >></i>		<i>Category Median >></i>		0.67%	-5.4%	-17.0%	1.1%	2.8%	5.3%	3.9%
TARGET RETIREMENT 2030 - VTHRX	Target Date 2030	44th	27th	0.08%	-5.9%	-18.4%	1.8%	3.4%	6.5%	4.7%
<i>Target Date 2030 Funds >></i>		<i>Category Median >></i>		0.68%	-5.6%	-18.0%	1.7%	3.2%	5.9%	4.2%
TARGET RETIREMENT 2035 - VTTHX	Target Date 2035	44th	28th	0.08%	-6.1%	-18.9%	2.4%	3.8%	7.0%	4.9%
<i>Target Date 2035 Funds >></i>		<i>Category Median >></i>		0.70%	-5.9%	-19.0%	2.3%	3.6%	6.5%	4.4%
TARGET RETIREMENT 2040 - VFORX	Target Date 2040	39th	22nd	0.08%	-6.3%	-19.4%	2.9%	4.1%	7.4%	5.2%
<i>Target Date 2040 Funds >></i>		<i>Category Median >></i>		0.70%	-6.2%	-19.7%	2.7%	3.9%	6.8%	4.6%
TARGET RETIREMENT 2045 - VTIVX	Target Date 2045	31st	20th	0.08%	-6.5%	-19.9%	3.5%	4.4%	7.6%	5.3%
<i>Target Date 2045 Funds >></i>		<i>Category Median >></i>		0.71%	-3.6%	-20.1%	3.1%	4.1%	7.0%	4.6%
TARGET RETIREMENT 2050 - VFIFX	Target Date 2050	33rd	20th	0.08%	-6.6%	-20.2%	3.4%	4.4%	7.6%	5.3%
<i>Target Date 2050 Funds >></i>		<i>Category Median >></i>		0.71%	-6.4%	-20.4%	3.1%	4.1%	7.1%	4.7%
TARGET RETIREMENT 2055 - VFFVX	Target Date 2055	38th	26th	0.08%	-6.6%	-20.2%	3.4%	4.4%	7.6%	N/A
<i>Target Date 2055 Funds >></i>		<i>Category Median >></i>		0.71%	-6.4%	-20.5%	3.2%	4.1%	7.2%	N/A
TARGET RETIREMENT 2060 - VTTSX	Target Date 2060	41st	1st	0.08%	-6.6%	-20.2%	3.4%	4.4%	7.6%	N/A
<i>Target Date 2060 Funds >></i>		<i>Category Median >></i>		0.71%	-6.4%	-20.6%	3.2%	4.1%	7.6%	N/A
TARGET RETIREMENT 2065 - VLXVX	Target Date 2065+	68th	n/a	0.08%	-6.6%	-20.1%	3.4%	4.4%	N/A	N/A
<i>Target Date 2065+ Funds >></i>		<i>Category Median >></i>		0.70%	-6.4%	-20.9%	3.3%	4.4%	N/A	N/A
LIFE STRATEGY CONSERVATIVE - VSCGX	Conservative Allocation	38th	30th	0.12%	-5.3%	-16.8%	-0.3%	2.1%	4.4%	3.7%
<i>Allocation – 30% to 50% Equity Funds >></i>		<i>Category Median >></i>		0.95%	-4.6%	-15.0%	0.1%	1.8%	3.7%	3.6%
LIFE STRATEGY GROWTH - VASGX	Aggressive Allocation	43rd	34th	0.14%	-6.4%	-19.6%	2.7%	4.0%	6.9%	4.7%
<i>Allocation – 70% to 85% Equity Funds >></i>		<i>Category Median >></i>		1.01%	-5.2%	-16.7%	2.8%	3.5%	6.3%	4.6%