

Dechert-Hampe & Company Employees' Savings and Profit Sharing Plan
Compensation & Capital's Financial Planning Commentary as of September 30, 2023
“What's In A Number?”

16, 18, 21: No matter your upbringing or age, we Americans have endowed these numbers with special meaning and memories. Privilege to drive, right to vote, right to drink. They've each evolved as recognizable milestones in our society. But more accurately, they're really only fuzzy demarcations on a journey to the privileges and rights of personal maturity. It's a trip for which none of us is provided an itinerary or even a destination. Yet society's leaders have somehow determined that these definitive numerals should hold the keys to our expanded rights along those blurry roads to adulthood. Does something suddenly happen to every American at age 18 that makes us worthy of accepting the responsibility to actively participate in the governing of America? To make it OK to blur our senses with alcohol after just five short years of driving experience?

Such is the relationship between the numeric measuring systems utilized in finance and economics to the broader realities they attempt to describe. For example: Currently in the US: Inflation's 3.7%; consumer confidence around 68; wage growth's around 5.2%; the stock market's (S&P 500) around 4,350; unemployment's 3.8%; money market funds earn around 4%; mortgage rates around 7.5%; and so on. Most economists agree these numbers are a mixed bag, appropriate to the world's discord, uncertainty and recent pandemic - but about as constructive as they could be under the circumstances. That's the consensus from a group often described as perpetually gloomy experts who have the intellectual ability to sound smart while explaining why the forecast they made yesterday didn't happen today!

So what's wrong with gleaning from a few of these milestones the conclusion that our economic and financial systems have crossed some sort of threshold of maturation that will support our next economic leg up? Several of these metrics are at levels (stock market and wage growth highs, unemployment and inflation lows) that experts have long targeted as “good stuff” in comparison to decades past. But as with the arbitrary age markers that opened our memo, financial yardsticks should never be considered conclusive in and of themselves.

More accurately, it's the combination of measures of these and many other attributes – the balance between them and their comparative significance at any given time in the then-current cycle – that determines if overall we're ready for that next step up along our economic paths. In short, there's truly no way to consistently and accurately determine if, for instance, the S&P 500's current valuation of around 8% off its (Dec2021) historic top of just shy of 4,800 is, overall, a good thing – or not.

All this is preface to a theme we've championed often throughout our *Commentary's* 24+ year run: Successful retirement investing is attained by balancing the inputs within our control. Not the noise of market highs and lows. Not rosy or dire forecasts. Not hyped performance of trendy investing strategies. But simply staying true to principles fundamental to your retirement saving and investing success:

1. *Goals*: Establish clear, appropriate investment goals that you can and will “own” through time.
2. *Balance*: Adhere to a personally suitable asset allocation with broadly diversified, high-quality funds.
3. *Cost*: Attempt to accept only those investment costs that enhance investment performance.
4. *Discipline*: Maintain realistic perspective and long-term discipline. Tune out noise.

Your DHC/MWC Plan provides an excellent platform upon which to easily deploy all of these principles.

You likely remember the many places you resided – physically, emotionally and mentally – on your 16th, your 18th, and your 21st birthdays. There were, no doubt, many facets of your character and personality at each of those milestones which worked in concert to result in the person you are today. In short, our condition at any single milestone on life's path is not a definitive measure of our success or failure in our past or future life's endeavors. Same is true of the passage of any single milestone by economies and markets: They're but single small and often fleeting steps on a much more complex evolutionary path.

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Compensation & Capital's September 30, 2023

Retirement Saving and Investing "Action Points"

Current Market Performance from the Perspective of Long-Term Trends

September has historically been weak for stocks. This August+September combination was no exception. The declines washed out year-to-date gains through July for all stock market indices except those with exposure to Apple, Microsoft, Meta, Alphabet, Amazon, Tesla, and Nvidia – recently dubbed the “Magnificent Seven.” Markets propelled by a handful of stocks is nothing new, with catchy names to boot. Over the decades we’ve had the “Nifty Fifty”, the “Four Horsemen”, “BRIC’s”, “FAANG’s.” No doubt it can be difficult to stay focused on the longer term big picture when a powerful narrative (like AI) gains traction.

The U.S. stock market represented by the S&P500 Index gained 13%, 26%, 36%, 136% and 335% respectively for the trailing 12-month, 3-year, 5-year, 10-year and 15-year periods ending 9/30/2023. That last period (15 years) equates to an average annualized return of 10.3%/year, 0.6% greater than its very long term (97 years) historic annualized return of 9.7%. The U.S. [aggregate] bond market has returned 1%, -16% (loss), 1%, 12%, and 46% respectively for the trailing 12-month, 3-year 5-year, 10-year and 15-year periods ending 9/30/2023. The bond market's 15 year return equates to average annualized gains of 2.5%/year, roughly one-half of its very long term historic bond market returns of 5% annualized.

This relative consistency of stock market returns and recent debacle in bond market returns is truly fascinating when viewed through the filter of the vast array of fundamental hurdles and tailwinds that our global economy has faced down over the past 15 years. Granted, fiscal and monetary remedies brought to bear in the wake of COVID19 are significantly different – in both character and scope - from those deployed against past financial shocks. The remedies have no doubt have weighed heavily upon bond market returns coming off the nearly decade long period of historically low inflation. All that aside, optimism – relative to the *potential* downside from domestic political, global military and trade tensions - somehow prevails. All these issues continue unresolved and all thereby continue to threaten with heightened volatility sometime in the future. The question as always: When?

With all this happy surprise over market resilience to less-than-stable global political, fiscal and monetary conditions, there's no doubt that an overly giddy or gloomy perspective over recent investment returns can get investors in trouble. It can be emotionally challenging to invest when so much seems uncertain. But over time uncertainty diminishes, markets digest the outcomes, and market valuations properly reflect the new circumstances they face. Then new issues replace the old and the cycle begins anew.

That's why successful long-term investors stay focused on what they know and what they can control:

- Acknowledge uncertainty and your own emotional tendencies by choosing an appropriate combination of asset classes (stocks vs bonds vs cash) for your Plan account. We've written frequently about the proper way to choose this asset allocation. Pointers for this process are on the *Plan Investing >> Vanguard Select Funds Venue* tab of www.planspecs.com/dhc. Vanguard's "Auto-Balanced" Target Retirement Funds provide an even easier way to select and maintain an appropriate asset allocation.
- Avoid the pitfalls of timing market inflection points by directing your ongoing payroll and DHC/MWC company contributions to that same, appropriate pre-determined asset allocation. This so-called "Dollar Cost Averaging" allows you to spread market volatility risks across many small purchases creating a far truer basis from which your lifetime savings can grow.
- Keep your account's mix reasonably in line with your previously determined appropriate mix to each of the Select Funds. You can view this comparison on the *Fund Balances* page of the secure *Participant Login* tab of www.planspecs.com/dhc. If any fund's percentage of your total account varies from your directed mix by 3% or more, rebalance by submitting a "Vanguard Funds Existing Balance Re-Mix Request" form. (Using Vanguard's "Auto-Balanced" Target Retirement Funds avoids this monitoring step because Vanguard's fund managers perform the re-mixes for you.)

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

Page 3

(All for periods ended September 30, 2023)

(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 3rd Ranking outperformed 97% 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	3rd	6th	0.09%	1.3%	4.6%	1.7%	1.7%	1.2%	0.8%
<i>Money Market Funds >></i>		<i>Category Median >></i>		0.41%	1.2%	4.3%	1.6%	1.5%	0.9%	0.6%
TOTAL BOND MARKET INDEX ADMIRAL - VBTXX	Bonds	3rd	6th	0.05%	-3.1%	0.7%	-5.2%	0.1%	1.1%	2.5%
<i>Intermediate Core Bond Funds >></i>		<i>Category Median >></i>		0.61%	-3.0%	0.8%	-5.0%	0.0%	1.0%	2.6%
INFLATION PROTECTED SECURITIES ADM - VAIPX	Bonds	52nd	30th	0.10%	-2.6%	1.0%	-2.1%	2.0%	1.6%	2.8%
<i>Inflation-Protected Bond Funds >></i>		<i>Category Median >></i>		0.65%	-2.0%	1.4%	-1.6%	1.8%	1.3%	2.4%
WELLINGTON ADMIRAL - VWENX	Bonds & Stocks	13th	9th	0.17%	-3.1%	12.1%	4.9%	6.2%	7.6%	8.4%
<i>Moderate Allocation Funds >></i>		<i>Category Median >></i>		1.05%	-2.7%	10.6%	3.7%	4.4%	5.7%	6.6%
WINDSOR II ADMIRAL - VWNAX	Stocks	8th	20th	0.26%	-2.3%	20.2%	12.7%	9.1%	9.9%	9.8%
<i>Large-Cap U.S. Value Stock Funds >></i>		<i>Category Median >></i>		0.97%	-2.5%	14.9%	11.8%	6.5%	8.4%	8.8%
500 INDEX ADMIRAL - VFIAX	Stocks	20th	12th	0.04%	-3.3%	21.6%	10.1%	9.9%	11.9%	11.3%
<i>Large-Cap U.S. Blend Stock Funds >></i>		<i>Category Median >></i>		0.86%	-3.2%	19.1%	9.3%	8.6%	10.4%	10.2%
SELECTED VALUE - VASVX	Stocks	13th	9th	0.38%	-2.2%	26.1%	18.3%	8.1%	8.3%	10.3%
<i>Mid-Cap U.S. Value Stock Funds >></i>		<i>Category Median >></i>		1.04%	-3.3%	14.3%	13.9%	5.7%	7.5%	8.9%
U.S. GROWTH ADMIRAL - VWUAX	Stocks	14th	15th	0.05%	-4.1%	25.1%	-0.6%	9.0%	12.6%	12.1%
<i>Large-Cap U.S. Growth Stock Funds >></i>		<i>Category Median >></i>		1.00%	-3.6%	23.5%	4.3%	9.0%	11.6%	11.5%
MID-CAP GROWTH INVESTOR - VMGRX	Stocks	78th	63rd	0.35%	-5.5%	16.2%	0.1%	4.2%	7.9%	9.7%
<i>Mid-Cap U.S. Growth Stock Funds >></i>		<i>Category Median >></i>		1.12%	-5.3%	13.3%	1.6%	5.8%	9.0%	10.2%
EXPLORER ADMIRAL - VEXRX	Stocks	24th	22nd	0.34%	-5.7%	13.0%	6.2%	5.6%	9.2%	10.8%
<i>Small-Cap U.S. Growth Stock Funds >></i>		<i>Category Median >></i>		1.19%	-6.5%	9.1%	2.3%	3.7%	7.8%	9.7%
INTERNATIONAL GROWTH ADMIRAL - VWILX	Foreign Stocks	19th	7th	0.34%	-9.2%	16.1%	-4.7%	4.9%	6.7%	7.3%
<i>Foreign Large Growth Stock Funds >></i>		<i>Category Median >></i>		1.07%	-7.8%	18.2%	1.5%	2.9%	4.4%	5.3%
EMERGING MARKETS INDEX ADMIRAL - VEMAX	Foreign Stocks	36th	42nd	0.14%	-2.2%	10.9%	-0.2%	2.0%	2.5%	3.8%
<i>Diversified Emerging Markets Stock Funds >></i>		<i>Category Median >></i>		1.22%	-3.0%	14.0%	-0.4%	1.5%	2.1%	3.8%
ENERGY ADMIRAL - VGELX	Energy Stocks	73rd	50th	0.38%	5.3%	21.6%	23.8%	0.1%	0.6%	2.1%
<i>Energy Sector Stock Funds >></i>		<i>Category Median >></i>		1.32%	10.2%	28.9%	47.2%	2.3%	-1.8%	0.9%

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

Page 4

(All for periods ended September 30, 2023)

(1) A fund with a 50th Ranking outperformed 50% 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	10 Years		Past Qtr	12 Mos	3 Yrs	5 Yrs	10 Yrs	15 Yrs
TARGET RETIREMENT INCOME - VTINX	Target Date Retire Income	50th	30th	0.08%	-2.4%	7.0%	-0.1%	2.7%	3.6%	4.7%
<i>Retirement Income Funds >></i>		<i>Category Median >></i>		0.66%	-2.6%	6.8%	-0.2%	2.3%	3.2%	4.3%
TARGET RETIREMENT 2020 - VTWNX	Target Date 2020	45th	30th	0.08%	-2.7%	9.4%	1.4%	3.6%	5.2%	6.2%
<i>Target Date 2020 Funds >></i>		<i>Category Median >></i>		0.61%	-3.0%	9.1%	1.4%	3.2%	4.7%	6.0%
TARGET RETIREMENT 2025 - VTTVX	Target Date 2025	14th	20th	0.08%	-3.0%	11.6%	2.2%	4.1%	5.8%	6.7%
<i>Target Date 2025 Funds >></i>		<i>Category Median >></i>		0.66%	-3.3%	9.8%	1.8%	3.5%	5.1%	6.1%
TARGET RETIREMENT 2030 - VTHRX	Target Date 2030	17th	29th	0.08%	-3.2%	13.1%	3.0%	4.5%	6.3%	7.0%
<i>Target Date 2030 Funds >></i>		<i>Category Median >></i>		0.67%	-3.4%	11.5%	2.7%	4.1%	5.7%	6.7%
TARGET RETIREMENT 2035 - VTTHX	Target Date 2035	34th	39th	0.08%	-3.3%	14.6%	3.9%	4.9%	6.8%	7.5%
<i>Target Date 2035 Funds >></i>		<i>Category Median >></i>		0.68%	-3.6%	13.7%	3.9%	4.7%	6.3%	7.1%
TARGET RETIREMENT 2040 - VFORX	Target Date 2040	48th	39th	0.08%	-3.3%	16.2%	4.8%	5.4%	7.3%	7.9%
<i>Target Date 2040 Funds >></i>		<i>Category Median >></i>		0.70%	-3.6%	15.4%	4.8%	5.2%	6.8%	7.5%
TARGET RETIREMENT 2045 - VTIVX	Target Date 2045	43rd	31st	0.08%	-3.5%	17.7%	5.7%	5.9%	7.6%	8.1%
<i>Target Date 2045 Funds >></i>		<i>Category Median >></i>		0.70%	-3.7%	16.8%	5.6%	5.5%	7.1%	7.6%
TARGET RETIREMENT 2050 - VFIFX	Target Date 2050	33rd	30th	0.08%	-3.5%	18.5%	5.9%	6.0%	7.7%	8.1%
<i>Target Date 2050 Funds >></i>		<i>Category Median >></i>		0.71%	-3.8%	17.5%	5.8%	5.6%	7.2%	7.6%
TARGET RETIREMENT 2055 - VFFVX	Target Date 2055	40th	30th	0.08%	-3.5%	18.5%	5.9%	6.0%	7.7%	N/A
<i>Target Date 2055 Funds >></i>		<i>Category Median >></i>		0.71%	-3.8%	17.7%	5.9%	5.7%	7.2%	N/A
TARGET RETIREMENT 2060 - VTTSX	Target Date 2060	42nd	35th	0.08%	-3.5%	18.5%	5.9%	6.0%	7.7%	N/A
<i>Target Date 2060 Funds >></i>		<i>Category Median >></i>		0.71%	-3.8%	17.8%	6.0%	5.7%	6.9%	N/A
TARGET RETIREMENT 2065 - VLXVX	Target Date 2065+	55th	50th	0.08%	-3.5%	18.5%	5.9%	6.0%	N/A	N/A
<i>Target Date 2065+ Funds >></i>		<i>Category Median >></i>		0.70%	3.8%	18.4%	6.1%	5.8%	N/A	N/A
LIFE STRATEGY CONSERVATIVE - VSCGX	Conservative Allocation	28th	40th	0.12%	-3.0%	8.5%	-0.1%	2.9%	4.3%	5.0%
<i>Moderately Conservative Allocation Funds >></i>		<i>Category Median >></i>		0.96%	-2.7%	7.3%	1.0%	2.6%	3.7%	5.0%
LIFE STRATEGY GROWTH - VASGX	Aggressive Allocation	19th	30th	0.14%	-3.4%	16.3%	4.6%	5.4%	7.0%	7.3%
<i>Moderately Aggressive Allocation Funds >></i>		<i>Category Median >></i>		1.00%	-3.1%	13.3%	5.4%	4.6%	6.2%	7.1%