

Compensation & Capital's Financial Planning Commentary as of December 31, 2015

“2015: How Can One Year Be Both Boring and Scary?”

As we settled into the relative calm of New Year's break, an annual check of 2015 Plan account balance in comparison to January 1 of 2014 did little to rock the holiday boat. Full year 2015 performance for most of us, though preceded by a minus sign, shaved just a bit from our prior year's balance. Accounts diversified as appropriate to most longer-term retirement strategies (with anywhere from 60% to 90% in stocks and the complement in bonds) delivered losses in the -1% to -3% range. Participants with larger allocations to non-U.S. funds (both stocks and bonds) tended to the lower end of that range. All in all, pretty much a “yawner” year.

That is, unless your curiosity sparked more frequent inspections of your account. Participants that opened their quarterly statements garnered a near polar opposite perspective on 2015. If this was you, “Tough” and “Scary” were appropriate adjectives for 2015 – especially as Summer turned to Fall. The disconnect? Quarterly performance of those same diversified portfolios started 2015's first quarter (“Q1”) with comfortable positives followed by Q2's flat results, a strong sell-off in the last half of Q3, and a moderate though choppy comeback for Q4. For retirement investors grown comfortable with strong double-digit positive annual returns over each of the past six years (excepting 2011's flat results), the last half of 2015 was well – uncomfortable at best. And as 2016 has unfolded, Q3-2015's strong sell-off looks to be a more of a harbinger than a random dip. (More on January's sell-off and perspectives on its big ugly numbers in our Page 2's *“Retirement Investors' Survival Guide to Wacky Markets”*.)

So exactly what's causing cracks in our strong rebound from the 2008-09 crash? Pundits will always tout seemingly insightful, albeit retrospective analysis as to reasons for sell-offs; especially if they somehow got lucky enough to see it coming this time around. There's no doubt that new and old concerns over global central bank actions, U.S. dollar disparity, oil's historic price plunge, historically high stock market valuations, increasing Chinese instability, Middle East crises, European economic and civil disruptions, growing elderly populations across the developing world, a hollowing out of the global middle class, a warming planet, and broadening terrorism each play a significant role in heightening our angst over the future.

Some of these factors are relatively new to our experiences, others have been with us for many years – even decades. Fact is, there's never been a period during which the world's table has been set without “dark side” guests in attendance. Same play, just different characters.

But the fact remains that no single or even small subset of these factors ever accounts for *any* shorter-term *trend* in market valuations. As we have stated many times over in this *Commentary's* past 15 years, no matter how forceful any one fundamental factor may seem responsible for any market trend, markets are nothing but the collective psychology of all investors. Investors that, no matter what degree computers have become responsible for trading, are in the end – humans. Humans respond to all circumstances based upon expectations borne of their entire spectrum of experiences and how their perspective of their present “reality” compares to their memory of the past.

In short, increasing volatility in that collective psychology is about disappointment. It's about unrealized, unrealistic expectations that have morphed the comfort of the past six years' clearly super-sized double-digit annual returns into what us human investors have come to want to believe is “normal” – all in a subconscious effort to replace the deeply painful and scary memories of 2008-09.

Now you may dismiss this perspective as viewing reality through the prism of touchy-feely nonsense. But regardless of one's level of sophistication into the impact of politics and economics on markets, if we are interested in a financially independent retirement then we must adopt and maintain a strategy for dealing with fear. So how about: *Control what you can and be a student of the rest*. Don't waste your emotional reserves on world issues. Instead, expend your strength on improving your health, your personal relationships, your job performance, spending and saving habits, and insuring that the strategic risk accepted in your investments is appropriate to your retirement timeframe. Simply put: Concentrate your resources on things you can truly control. And in times of heightened global concerns – see Page 2!

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

Compensation & Capital's December 31, 2015

Retirement Saving and Investing "Action Points"

Retirement Investors' Survival Guide to Wacky Markets:

A strange thing happened on our way into 2016: Someone with selective amnesia of this past late Summer's sell-off poked the hibernating stock market volatility bear. He awoke with an exceedingly bad attitude. World financial markets went wacky. Twelve trading days later global stock markets looked like *The Revenant* movie Leo DiCaprio's fur trapper character after his own personal bear hug! As of midday January 20, our own bear had gorged himself on around 12% of our stock portfolios' January 1 value – more if you had exposure to Asia. And there's no way of knowing if he's as yet satisfied with his meal. So in consideration of the fact that we have almost all grown unknowingly complacent with the past six years of Goldilocks market stability and historically high returns coming out of the 2008-09 crash, we thought it timely to revisit our "*Survival Guide to Wacky Markets*" in hopes that one or two of its tidbits of wisdom might gird you against this resurgence of volatility.

Don't confuse the short term for the long term: One sell-off does not make or break a cycle. In fact modern economic and market cycles encompass 5 to 7 years. That's a lot longer than three weeks! And noting that 2009 (the end of our last bear market) + 7 = 2016 will hopefully shed some light on our current oversensitivity to bad news over good. No question: This cycle's end is either now or later! (Brilliant, eh?) Between 1950 and 2014, half of all annual periods saw a correction of 10 percent or worse. From this past August's highs to January 20 intraday lows, U.S. stock markets were down about 15 percent. So don't be surprised if in two, four and six years from now, those markets see dips (and rebounds) of 10% to 20%.

Take note of your state of mind. But don't react on emotion: With sixty editions of our quarterly memo in print, not one has been published absent at least a nod to the following guidance: Acknowledge uncertainty and the unsettling emotions it fosters by anchoring your investment goals and decisions in a well-diversified long-term plan that you can stick with through all market conditions. An asset allocation strategy appropriate to your expected withdrawals timeline is imperative to success. But it only works if the basis for the allocation is adhered to over time and through varying market environments. That means accelerating reduction of exposure to riskier assets as withdrawals approach within two market cycles into the future. And remember to periodically rebalance in the wake of significant market dislocations to bring your portfolio back into line with your appropriate strategic allocation. The only time for action is when you are in a thoughtful and calm state of mind. Any significant financial decision you make must always be circumspect, carefully considered and according to your predetermined long-term strategy.

All the successful investing in the world is useless without a strong savings discipline: Many credible studies have concluded that wealth accumulation is far less dependent upon investment success than upon contributing a reasonable rate from the get-go and continuously throughout one's working lifetime. This "Steady Eddie" style also flattens the effects of market volatility. Clearly, your long-term success will also be dependent upon maintaining and evolving an appropriate strategic asset allocation. But because future market returns and their timing are unknowable and uncontrollable, focus on the factors that are within your control: That is, the amount you contribute to or spend from your retirement savings accounts over time as well as an asset allocation strategy appropriate to your timetable for withdrawals.

Tune out the noise: That guy on TV with the impressive money speak may be a guru, a shayman, or just a talking head. Nevertheless, he hasn't the slightest idea of your financial or personal situation or your risk tolerances and in fact uses that ignorance to allow himself latitude to purvey advice to a widely diverse audience without concern for blow-back. General advice is for entertainment purposes only. If you feel that you need advice on your financial decisions, get it from someone that will provide it only after attaining a thorough understanding of your personal situation and has only your best interests in mind!

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

(All for periods ended December 31, 2015)

(1) A fund with a 21st Ranking outperformed 79% 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.

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:			
		1 Year	10 Years		Past Qtr	12 Mos	3 Yrs	5 Yrs	10 Yrs	15 Yrs
PRIME MONEY MARKET - VMMXX	Money Market	21st	12th	0.14%	0.0%	0.0%	0.0%	0.0%	1.6%	1.9%
<i>Money Market Funds >></i>		<i>Category Average >></i>		0.13%	0.0%	0.0%	0.0%	0.0%	1.1%	1.4%
TOTAL BOND MARKET INDEX ADMIRAL - VBTIX	Bonds	28th	43rd	0.07%	-0.6%	0.4%	1.3%	3.1%	4.5%	4.8%
<i>Intermediate Bond Funds >></i>		<i>Category Average >></i>		0.84%	-0.6%	-0.3%	1.2%	3.2%	4.2%	4.7%
INFLATION PROTECTED SECURITIES ADM - VAIPX	Bonds	21st	9th	0.10%	-0.8%	-1.7%	-2.3%	2.4%	3.8%	5.4%
<i>Inflation-Protected Bond Funds >></i>		<i>Category Average >></i>		0.77%	-0.6%	-2.4%	-2.8%	1.6%	3.0%	4.8%
WELLINGTON ADMIRAL - VWENX	Bonds & Stocks	11th	5th	0.18%	4.1%	0.1%	9.6%	9.1%	7.4%	7.2%
<i>Moderate Allocation Funds >></i>		<i>Category Average >></i>		0.89%	2.6%	-1.9%	7.0%	6.5%	5.2%	4.8%
WINDSOR II ADMIRAL - VWNAX	Stocks	40th	34th	0.28%	4.5%	-3.1%	12.1%	11.1%	6.2%	6.1%
<i>Large-Cap U.S. Value Stock Funds >></i>		<i>Category Average >></i>		1.12%	4.7%	-4.1%	11.6%	9.8%	5.6%	5.4%
500 INDEX ADMIRAL - VFIAX	Stocks	17th	20th	0.05%	7.1%	1.4%	15.1%	12.5%	7.3%	5.0%
<i>Large-Cap U.S. Blend Stock Funds >></i>		<i>Category Average >></i>		1.05%	5.6%	-1.1%	13.2%	10.8%	6.4%	4.7%
SELECTED VALUE - VASVX	Stocks	22nd	19th	0.41%	3.4%	-3.8%	13.3%	11.1%	7.7%	9.6%
<i>Mid-Cap U.S. Value Stock Funds >></i>		<i>Category Average >></i>		1.21%	2.7%	-5.4%	11.5%	9.1%	6.6%	7.9%
MORGAN GROWTH ADMIRAL - VMRAX	Stocks	23rd	37th	0.27%	7.0%	6.9%	17.0%	12.5%	7.8%	5.6%
<i>Large-Cap U.S. Growth Stock Funds >></i>		<i>Category Average >></i>		1.18%	6.7%	3.6%	15.3%	11.7%	7.3%	4.2%
MID-CAP GROWTH INVESTOR - VMGRX	Stocks	32nd	18th	0.44%	2.5%	0.2%	14.2%	11.6%	8.8%	5.2%
<i>Mid-Cap U.S. Growth Stock Funds >></i>		<i>Category Average >></i>		1.29%	3.3%	-1.0%	12.8%	9.6%	7.2%	5.5%
EXPLORER ADMIRAL - VEXRX	Stocks	71st	57th	0.35%	3.3%	-4.2%	13.0%	10.3%	7.0%	6.8%
<i>Small-Cap U.S. Growth Stock Funds >></i>		<i>Category Average >></i>		1.33%	2.8%	-2.4%	12.2%	9.4%	7.1%	6.1%
INTERNATIONAL GROWTH ADMIRAL - VWILX	Foreign Stocks	47th	28th	0.34%	7.1%	-0.5%	5.0%	3.7%	4.8%	4.6%
<i>Foreign Large Growth Stock Funds >></i>		<i>Category Average >></i>		1.34%	4.7%	1.0%	4.9%	3.8%	4.0%	4.1%
EMERGING MARKETS INDEX ADMIRAL - VEMAX	Foreign Stocks	52nd	49th	0.15%	-0.3%	-15.3%	-6.8%	-4.8%	3.4%	8.3%
<i>Diversified Emerging Markets Stock Funds >></i>		<i>Category Average >></i>		1.53%	0.7%	-13.8%	-5.7%	-4.5%	3.2%	8.1%
ENERGY ADMIRAL - VGELX	Energy Stocks	36th	13th	0.32%	-0.7%	-21.4%	-7.3%	-4.3%	1.7%	7.7%
<i>Energy Sector Stock Funds >></i>		<i>Category Average >></i>		1.51%	-4.4%	-27.4%	-10.1%	-7.6%	-0.8%	4.4%

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

(1) A fund with a 22nd Ranking outperformed 78% of its peers.

(All for periods ended December 31, 2015)

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:			
		3 Years	5 Years		Past Qtr	12 Mos	3 Yrs	5 Yrs	10 Yrs	15 Yrs
TARGET RETIREMENT INCOME - VTINX	Target Date 2000-2010	22nd	10th	0.16%	1.2%	-0.2%	3.7%	4.9%	5.0%	N/A
<i>Retirement Income Funds >></i>		<i>Category Average >></i>		0.50%	0.9%	-1.5%	2.5%	3.6%	3.8%	3.4%
TARGET RETIREMENT 2010 - VTENX	Target Date 2000-2010	27th	23rd	0.16%	1.4%	-0.2%	4.9%	5.6%	N/A	N/A
<i>Target Date 2000-2010 Funds >></i>		<i>Category Average >></i>		0.41%	1.5%	-1.2%	4.0%	4.7%	3.9%	3.1%
TARGET RETIREMENT 2015 - VTXVX	Target Date 2011-2015	10th	12th	0.16%	2.1%	-0.5%	6.2%	6.3%	5.4%	N/A
<i>Target Date 2011-2015 Funds >></i>		<i>Category Average >></i>		0.39%	1.7%	-1.3%	4.4%	5.0%	4.5%	N/A
TARGET RETIREMENT 2020 - VTENX	Target Date 2016-2020	5th	8th	0.16%	2.7%	-0.7%	7.2%	6.9%	N/A	N/A
<i>Target Date 2016-2020 Funds >></i>		<i>Category Average >></i>		0.47%	2.0%	-1.6%	4.7%	5.1%	4.2%	3.2%
TARGET RETIREMENT 2025 - VTXVX	Target Date 2021-2025	9th	14th	0.17%	3.1%	-0.9%	7.9%	7.2%	5.6%	N/A
<i>Target Date 2021-2025 Funds >></i>		<i>Category Average >></i>		0.41%	2.6%	-1.6%	6.0%	6.2%	4.5%	N/A
TARGET RETIREMENT 2030 - VTENX	Target Date 2026-2030	10th	12th	0.17%	3.5%	-1.0%	8.5%	7.6%	N/A	N/A
<i>Target Date 2026-2030 Funds >></i>		<i>Category Average >></i>		0.46%	3.0%	-1.8%	6.3%	6.0%	4.4%	3.4%
TARGET RETIREMENT 2035 - VTXVX	Target Date 2031-2035	13th	16th	0.18%	3.9%	-1.3%	9.2%	7.9%	5.8%	N/A
<i>Target Date 2031-2035 Funds >></i>		<i>Category Average >></i>		0.41%	3.6%	-1.8%	7.4%	6.9%	4.8%	N/A
TARGET RETIREMENT 2040 - VTENX	Target Date 2036-2040	14th	13th	0.18%	4.3%	-1.6%	9.5%	8.1%	N/A	N/A
<i>Target Date 2036-2040 Funds >></i>		<i>Category Average >></i>		0.46%	3.7%	-2.0%	7.3%	6.5%	4.6%	3.4%
TARGET RETIREMENT 2045 - VTXVX	Target Date 2041-2045	15th	18th	0.18%	4.3%	-1.6%	9.5%	8.1%	6.0%	N/A
<i>Target Date 2041-2045 Funds >></i>		<i>Category Average >></i>		0.41%	4.0%	-1.9%	8.0%	7.3%	5.2%	N/A
TARGET RETIREMENT 2050 - VTENX	Target Date 2046-2050	19th	19th	0.18%	4.3%	-1.6%	9.5%	8.1%	N/A	N/A
<i>Target Date 2046-2050 Funds >></i>		<i>Category Average >></i>		0.45%	3.9%	-2.0%	7.7%	6.7%	4.8%	N/A
TARGET RETIREMENT 2055 - VTXVX	Target Date 2051+	25th	23rd	0.18%	4.3%	-1.7%	9.4%	N/A	N/A	N/A
<i>Target Date 2051+ Funds >></i>		<i>Category Average >></i>		0.39%	4.1%	-1.7%	8.6%	7.5%	N/A	N/A
LIFE STRATEGY CONSERVATIVE - VSCGX	Conservative Allocation	14th	23rd	0.15%	1.7%	-0.2%	5.2%	5.3%	4.8%	4.7%
<i>Conservative Allocation Funds >></i>		<i>Category Average >></i>		0.80%	0.9%	-2.3%	3.2%	4.3%	4.2%	4.3%
LIFE STRATEGY GROWTH - VASGX	Aggressive Allocation	33rd	27th	0.17%	3.8%	-1.2%	8.7%	7.5%	5.4%	4.7%
<i>Aggressive Allocation Funds >></i>		<i>Category Average >></i>		0.82%	3.3%	-2.8%	7.9%	6.7%	4.7%	4.1%