

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

Compensation & Capital's Financial Planning Commentary as of December 31, 2020

“Don't Confuse the Headlines with What's Important”

As one of the wildest of years in modern history, 2020 brought us unthinkable human tragedy, challenges beyond comprehension, social upheaval, financial market plunges, and historically huge emergency governmental financial relief around the globe. And if we read that sentence ignorant of actual financial market returns for 2020, our immediate assumption would conclude it with: “and serious losses to stock markets worldwide.” In fact, and thankfully so, stock and bond markets worldwide completed 2020 with what could reasonably be considered under the circumstances to be amazingly great returns.

Forecasts proved worthless. Investors with an appropriate investing and saving plan, and the patience and courage to stay that course through the Spring stock market plunge, were amply rewarded. Stocks of the largest 500 U.S.-based corporations (the “S&P 500 Index”) gained 18.4%, over twice the index's annual average since 1960. Those gains were led by the big-tech-focused NASDAQ 100. It jumped an astonishing 48.6%. Meanwhile, bonds posted their own difficult-to-comprehend and historically strong gains. The most commonly cited index for U.S. based bonds gained 7.5% compared to its 60-year average of 5.3%.

The disconnect between the awfulness of our COVID world and the happiness of these financial market returns can easily blind us to the reality of investing. (Our Q320 *Commentary* discussed that perceived disconnect.) A number of our Plans' participants have recently commented that their Plan account balance – and specifically its resurgence from the Spring plunge and continued resilience in the face of so much bad news – were a staple of their emotional strength during the second half of 2020. We feel extremely fortunate to have been the messenger of such good news. But it's only the headline to what is and will always be the real driver of long-term personal financial security: The responsibility that each of must assume – now and for the remainder of our lives – to live within our means, saving for our non-career years while investing to balance the always glaring “headline” risk of inevitable market losses against the forever insidious risk of inflation.

Inflation? Really? Why on earth would we redirect your attention from the headlines of today's world to discuss a topic that's been essentially a non-issue for well over a decade? Especially given current projections by such esteemed economists as our own Federal Reserve Board of Governors suggesting that inflation will remain “tame” for the foreseeable future?

Let's start from scratch. “Inflation” is the general increase in the prices of goods and services we require to maintain our standard of living and its resulting decrease in our money's purchasing power. Whether living on earnings from wages while working, or investment returns and Social Security while retired, inflation adversely impacts us by driving up the costs of “stuff” we buy and driving down the purchasing power of our earnings.

There are an infinite number of ways to measure inflation. The most visible is the U.S. Bureau of Labor Statistics' “CPI” (Consumer Price Index) “Headline” which includes all goods and services consumed by a “typical” family. For 2020, CPI Headline was 1.4%. Clearly this number is insignificant compared to 2020's stock and bond market gains! So why should we care? Though 2020 may have felt like a lifetime, one year is definitely not an investing lifetime. We highlighted the past 60 years above because it's comparable to the portion of our lives that we need to manage our retirement savings. Long-term investors succeed and fail based upon long-term, inflation-adjusted market results. The CPI's annual average over the past 60 years has been around 3.2%. We are clearly in a historically low portion of the inflationary cycle. During retirement, inflation will likely consume roughly one-quarter to one-half of investment results.

So exactly what if anything can we, as consumers and savers and investors, control about inflation's insidious impact on our financial security? Simply put, the CPI's “typical family” is not yours! Family size, income level, climate, job type, health, financial responsibility, etc. are all significant factors that you can – and should attempt to – control. What's important is your *personal* inflation rate, the one that accounts for how YOU live, the stuff and the services that YOU buy, not the spending habits of the “typical family.”

Our *Commentary* often attempts to inform you of how we can empower ourselves over our financial security by focusing on the facets of our financial lives that we can control. Inflation is a reality we cannot avoid. But the range of its adverse impact is not a given. It can be smaller or larger – and significantly so – than the CPI. Every effort you make to lessen its grip is money in your pocket. Page 2's “Action Points” takes a deeper dive into exactly how this personal financial tool can work for you.

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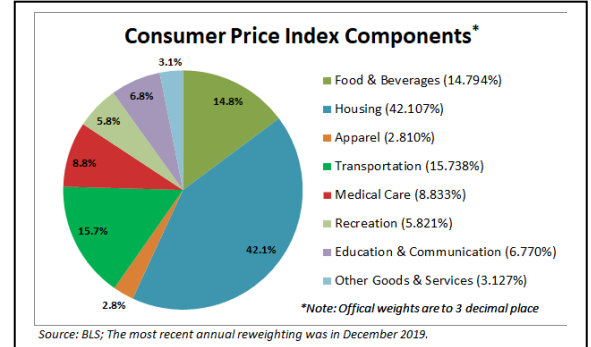
Compensation & Capital's December 31, 2020 Retirement Saving and Investing "Action Points"

Don't Just Accept the CPI's Impact on Your Own Cost of Living. Make Your Own:

This Quarter's Page 1 *Commentary* focused on two of the primary drivers of personal financial well-being: Returns on invested savings, and inflation. When investment returns are high and inflation is low – as has been true over most of the past 10+ years – inflation's insidious impact upon our households' financial health is overshadowed by excitement over strong stock market returns. When our investments are outperforming our expectations we tend to spend more freely. Nevertheless, inflation (or its less desirable opposite, deflation) is always eating away at our purchasing power because prices are always changing.

Responsible governments have mechanisms to exercise some control over inflation's direction and level. As such, inflation is an important gauge of an economy's health and a government's performance. That's one reason why the U.S. Bureau of Labor Statistics (the "BLS") expends so much effort in its attempt to accurately measure the CPI. We're not going to dig into issues with the credibility of the CPI; that's well beyond the scope of this memo. But if we are going to attempt to understand how we can gain control over *our own personal* inflation rate, understanding how the BLS constructs the CPI is helpful.

The BLS creates the CPI by gathering the prices of about 80,000 items each month by calling or visiting retail stores, service establishments (such as cable providers, airlines, car and truck rental agencies), rental units and doctors' offices across the country. That sampling creates a basket of consumer goods and services classified under the major categories of housing, transportation, food, apparel, education, recreation and medical care. Each major classification is assigned a percentage weighting that represents what the BLS considers that classification's portion of the household budget of a "typical family." Those weightings are detailed in this pie chart as calculated by the BLS for their 2019 CPI. You likely can gather a pretty decent understanding of the portion of your budget that's spent on Housing. How does it compare to the BLS's weighting of 42%? Are you spending more or less than 9% of your budget on Medical Care?



The universal response to discussions of inflation and the CPI is to moan over price increases and take delight when prices are cheaper. But in reality, the impact to price changes on each of our households vary dramatically. When gasoline prices skyrocket, a two-earner suburban family with long car commutes suffers far more than the metro family with short subway commutes or retirees with no commute. And the pain is even more extreme for low-income households when rising gas prices pinch grocery money. Households with high medical costs or college expenses are significantly more vulnerable to overall inflation than comparable households with low expenses in these categories.

Even more striking are the trends within each major category over longer periods of time. For example, over the past 20 years Medical Care costs have jumped from 4% to 8% of the BLS's CPI weightings, a 200%, double-up, increase of prices for this category. Housing has inflated by a factor of 175%. Transportation by "only" 135%, owing to the very benign gasoline prices since 2000. And good news for all you fashionistas: Apparel prices have almost "flat-lined" over the past 20 years! All those components have resulted in a world where the BLS's "typical family" spends 55% more in 2020 than back in 2000 on that same "basket" of goods and services. And that's in a period of relatively low inflation. My, how those annual 1%'s and 2%'s can compound over just a couple of decades! In short, controlling your personal inflation rate is simply a matter of staying informed and flexible about new, different and more productive ways to allocate your hard-earned dollars on what you need, then maybe a bit on what you want.

In August of 2020, Fed Chairman Jerome Powell introduced a policy that not only allows for a CPI level above 2% but welcomes it. It may be difficult to imagine how a controlled and relatively small increase in inflation can create a better economy for all Americans. We'll leave that to the monetary policy experts at the Federal Reserve. For now, we're all about exercising control over our own personal inflation rate.

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

(All for periods ended December 31, 2020)

(1) A fund with a 5th Ranking outperformed 95% 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:			
		3 Years	15 Years		Past Qtr	12 Mos	3 Yrs	5 Yrs	10 Yrs	15 Yrs
TREASURY MONEY MARKET - VUSXX	Money Market	2nd	2nd	0.09%	0.0%	0.5%	1.5%	1.1%	0.6%	1.2%
<i>Money Market Funds >></i>		<i>Category Average >></i>		0.33%	0.0%	0.4%	1.4%	1.0%	0.5%	1.2%
TOTAL BOND MARKET INDEX ADMIRAL - VBTIX	Bonds	32nd	48th	0.05%	0.7%	7.7%	5.4%	4.5%	3.8%	4.5%
<i>Intermediate-Term Core Bond Funds >></i>		<i>Category Average >></i>		0.64%	1.0%	7.5%	5.1%	4.3%	3.7%	4.3%
INFLATION PROTECTED SECURITIES ADM - VAIPX	Bonds	36th	19th	0.10%	1.6%	11.0%	5.8%	5.0%	3.7%	4.2%
<i>Inflation-Protected Bond Funds >></i>		<i>Category Average >></i>		0.71%	2.0%	10.0%	5.3%	4.6%	3.2%	3.9%
WELLINGTON ADMIRAL - VWENX	Bonds & Stocks	27th	6th	0.17%	8.2%	10.7%	9.5%	10.8%	10.0%	8.5%
<i>US Allocation – 50% to 70% Equity Funds >></i>		<i>Category Average >></i>		1.08%	10.3%	11.7%	7.8%	9.0%	7.9%	6.7%
WINDSOR II ADMIRAL - VWNAX	Stocks	4th	15th	0.26%	17.9%	14.5%	10.6%	12.4%	11.8%	8.3%
<i>Large-Cap U.S. Value Stock Funds >></i>		<i>Category Average >></i>		1.00%	15.7%	2.9%	5.6%	9.4%	9.7%	7.0%
500 INDEX ADMIRAL - VFIAX	Stocks	24th	19th	0.04%	12.2%	18.4%	14.1%	15.2%	13.9%	9.9%
<i>Large-Cap U.S. Blend Stock Funds >></i>		<i>Category Average >></i>		0.91%	12.8%	15.8%	11.9%	13.4%	12.3%	8.9%
SELECTED VALUE - VASVX	Stocks	66th	27th	0.33%	29.0%	5.9%	3.3%	8.9%	10.0%	8.2%
<i>Mid-Cap U.S. Value Stock Funds >></i>		<i>Category Average >></i>		1.09%	22.6%	2.6%	3.9%	8.7%	9.2%	7.3%
U.S GROWTH ADMIRAL – VWUAX	Stocks	7th	21st	0.28%	14.8%	58.7%	28.8%	22.8%	18.6%	12.5%
<i>Large-Cap U.S. Growth Stock Funds >></i>		<i>Category Average >></i>		1.05%	12.5%	35.9%	20.5%	18.3%	15.1%	11.1%
MID-CAP GROWTH INVESTOR - VMGRX	Stocks	48th	49th	0.36%	17.9%	33.4%	19.4%	15.9%	13.7%	11.1%
<i>Mid-Cap U.S. Growth Stock Funds >></i>		<i>Category Average >></i>		1.16%	21.0%	39.3%	19.8%	17.8%	13.8%	10.9%
EXPLORER ADMIRAL - VEXRX	Stocks	45th	55th	0.34%	26.7%	31.5%	19.0%	18.5%	14.3%	10.7%
<i>Small-Cap U.S. Growth Stock Funds >></i>		<i>Category Average >></i>		1.24%	27.3%	38.6%	18.8%	17.8%	13.7%	10.7%
INTERNATIONAL GROWTH ADMIRAL - VWILX	Foreign Stocks	4th	1st	0.32%	22.3%	59.7%	22.5%	21.8%	12.4%	10.2%
<i>Foreign Large Growth Stock Funds >></i>		<i>Category Average >></i>		1.11%	14.8%	25.5%	11.2%	12.0%	7.9%	6.3%
EMERGING MARKETS INDEX ADMIRAL - VEMAX	Foreign Stocks	44th	53rd	0.14%	16.9%	15.2%	5.8%	11.7%	3.1%	6.1%
<i>Diversified Emerging Markets Stock Funds >></i>		<i>Category Average >></i>		1.3%	19.6%	17.9%	5.7%	11.8%	3.6%	6.4%
ENERGY ADMIRAL - VGELX	Energy Stocks	15th	14th	0.30%	13.6%	-30.8%	-13.4%	-2.2%	-3.2%	0.4%
<i>Energy Sector Stock Funds >></i>		<i>Category Average >></i>		1.34%	37.0%	-24.5%	-20.3%	-9.7%	-8.8%	-2.4%

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

(All for periods ended December 31, 2020)

(1) A fund with a 25th Ranking outperformed 75% 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:			
		3 Years	10 Years		Past Qtr	12 Mos	3 Yrs	5 Yrs	10 Yrs	15 Yrs
TARGET RETIREMENT INCOME - VTINX	Target Date Retire Income	25th	20th	0.12%	5.2%	10.0%	6.9%	6.9%	5.9%	5.6%
<i>Retirement Income Funds >></i>		<i>Category Average >></i>		0.73%	5.4%	9.1%	6.1%	6.4%	5.0%	4.7%
TARGET RETIREMENT 2015 - VTXVX	Target Date 2015	63rd	45th	0.13%	5.7%	10.3%	7.1%	7.8%	7.0%	6.2%
<i>Target Date 2015 Funds >></i>		<i>Category Average >></i>		0.63%	6.9%	10.8%	7.1%	7.9%	6.8%	6.1%
TARGET RETIREMENT 2020 - VTWNX	Target Date 2020	29th	15th	0.13%	7.9%	12.0%	8.1%	9.0%	7.9%	N/A
<i>Target Date 2020 Funds >></i>		<i>Category Average >></i>		0.68%	7.7%	10.8%	7.3%	8.2%	7.1%	N/A
TARGET RETIREMENT 2025 - VTTVX	Target Date 2025	27th	13th	0.13%	9.3%	13.3%	8.7%	9.9%	8.5%	7.0%
<i>Target Date 2025 Funds >></i>		<i>Category Average >></i>		0.71%	8.7%	11.8%	7.8%	9.0%	7.6%	6.2%
TARGET RETIREMENT 2030 - VTHRX	Target Date 2030	29th	18th	0.14%	10.5%	14.1%	9.2%	10.5%	9.0%	N/A
<i>Target Date 2030 Funds >></i>		<i>Category Average >></i>		0.74%	10.2%	13.0%	8.4%	9.8%	8.1%	N/A
TARGET RETIREMENT 2035 - VTTHX	Target Date 2035	37th	17th	0.14%	11.6%	14.8%	9.5%	11.1%	9.5%	7.5%
<i>Target Date 2035 Funds >></i>		<i>Category Average >></i>		0.73%	11.7%	14.0%	9.0%	10.6%	8.8%	6.9%
TARGET RETIREMENT 2040 - VFORX	Target Date 2040	36th	18th	0.14%	12.8%	15.5%	9.9%	11.7%	9.9%	N/A
<i>Target Date 2040 Funds >></i>		<i>Category Average >></i>		0.76%	12.9%	14.6%	9.2%	11.0%	9.0%	N/A
TARGET RETIREMENT 2045 - VTIVX	Target Date 2045	32nd	17th	0.15%	13.9%	16.3%	10.2%	12.1%	10.1%	8.0%
<i>Target Date 2045 Funds >></i>		<i>Category Average >></i>		0.74%	13.8%	15.1%	9.5%	11.4%	9.3%	7.3%
TARGET RETIREMENT 2050 - VFIFX	Target Date 2050	35th	24th	0.15%	14.0%	16.4%	10.2%	12.1%	10.1%	N/A
<i>Target Date 2050 Funds >></i>		<i>Category Average >></i>		0.77%	14.2%	15.3%	9.6%	11.5%	9.3%	N/A
TARGET RETIREMENT 2055 - VFFVX	Target Date 2055	36th	24th	0.15%	14.0%	16.3%	10.2%	12.1%	10.1%	N/A
<i>Target Date 2055 Funds >></i>		<i>Category Average >></i>		0.74%	14.4%	15.5%	9.7%	11.6%	9.3%	N/A
TARGET RETIREMENT 2060 - VTTSX	Target Date 2060+	40th	n/a	0.15%	14.0%	16.3%	10.2%	12.1%	N/A	N/A
<i>Target Date 2060+ Funds >></i>		<i>Category Average >></i>		0.74%	14.7%	15.5%	9.8%	11.7%	N/A	N/A
LIFE STRATEGY CONSERVATIVE - VSCGX	Conservative Allocation	17th	25th	0.12%	6.6%	11.5%	7.8%	8.0%	6.7%	5.9%
<i>Allocation – 30% to 50% Equity Funds >></i>		<i>Category Average >></i>		1.03%	7.5%	8.9%	6.0%	6.9%	6.0%	5.4%
LIFE STRATEGY GROWTH - VASGX	Aggressive Allocation	23rd	20th	0.14%	12.5%	15.5%	9.8%	11.3%	9.4%	7.3%
<i>Allocation – 70% to 85% Equity Funds >></i>		<i>Category Average >></i>		1.09%	12.8%	13.5%	8.2%	9.8%	8.3%	6.7%