

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

### Compensation & Capital's Financial Planning Commentary as of December 31, 2021

#### "It's a Wacky World Out There! But Don't Confuse the Headlines with What's Real"

2021 will go down as one of the wackiest of years in modern history, especially when viewed in combination with these first few weeks of 2022! Or will it? Guess that depends upon whose perspective of forecasting you hang your hat. Shakespeare would have us believe that we set ourselves up for this outcome. John Lennon: That this is simply one more in what's become an ordinary occurrence of extraordinary events. And Van Morrison: Chill. Write it off. And harken back to those halcyon days when your Mama's words held the key to the future's puzzle.

*"Whereof what's past is prologue; what to come, [is] in yours and my discharge."*  
William Shakespeare "The Tempest" 1611

Each of our modern-day three wise men has plenty of wisdom to shed on our unfolding post January, 2020 world. Each, in his own right, spot-on correct when focused on a 20/20 hindsight hand-picked subset of events of the past 24 months. But the world's ecosystems don't dance to a single instrument in its symphony of the times. Economic organisms seek – and eventually attain – their natural balance just as do biologic organisms. So in accessing the veracity of their wisdom we're going with a melting pot of their guidance. In short: Our globally collective responses to the pandemic's strangeness have spawned a variety of successes and failures that will ultimately yield whatever results the virus deems appropriate. And that synopsis showed its accuracy in the fact that conventional wisdom for 2021 financial markets' and pandemic outcomes proved a very mixed bag indeed.

*"Nobody told me there'd be days like these. Strange days indeed. Most peculiar Mama."*  
John Lennon "Nobody Told Me" 1984

*"When all the parts of the puzzle start to look like they fit, then I must remember Mama said there'll be days like this."*  
Van Morrison "Days Like This" 1995

Investors with an appropriate investing and saving plan, and the patience and courage to stay that course throughout the vagaries of 2021's strange turn of events, were amply rewarded. Stocks of the largest 500 U.S.-based corporations (the "S&P 500 Index") gained 28.8%, over three times the Index's past 60 years' annual average. The most commonly cited index for U.S.-based bonds *lost* 1.8% compared to its 60-year average of +5.3%. This loss was actually one of the most commonly predicted outcomes for financial markets for 2021.

The disconnect between our pandemic woes and investing cheer can easily blind us to the reality of 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 generally insidious risk of inflation. And yes, after a decade in the shadows, inflation's back! Hello!

Whether living on earnings from wages while working, or on savings, 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 "typically" consumed by a "typical" family. For 2021, CPI Headline was 7%. It was 1.4% in 2020. Ouch! The CPI's annual average over the past 60 years has been around 3.2%. Though the two past years may have felt like a lifetime, two years is definitely not an investing lifetime. That's more like 60 years – the timeframe we highlighted for average market returns above. Long-term investors succeed and fail based upon long-term, inflation-adjusted market results. At modern-day averages of around 3%, inflation will likely consume roughly one-quarter to one-half of investment results during retirement. That's the message we need to absorb. That said, the 7% headline CPI clearly hurts now especially at the gas station and the grocery store.

So exactly how can we, as consumers and savers and investors, exert control over inflation's 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 variables 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 Headline CPI's spending habits of the "typical family."

Our *Commentary* often attempts to inform you of how we can empower ourselves over our financial security. Inflation is a reality we cannot avoid. But the range of its adverse impact is not a given. It can be larger or smaller – 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, 2021

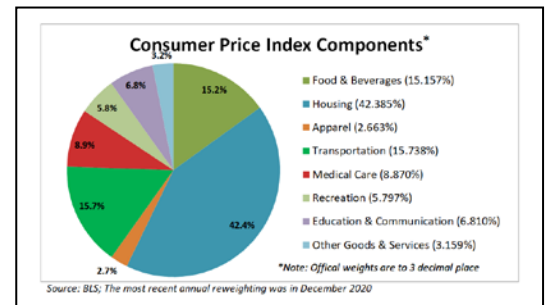
### Retirement Saving and Investing "Action Points"

#### **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 12+ 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 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 2020 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 (up 50% in 2021), 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 9% of the BLS's CPI weightings, owing somewhat to its 125% price increase. Housing has inflated by a factor of 75%. Transportation by "only" 65%, owing to the mostly benign gasoline prices until 2021. 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" spent 65% more in 2021 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, 2's and 3%'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.

Back in August of 2020, Fed Chairman Jerome Powell introduced a policy that not only allowed for a CPI level above 2%, but welcomed it. We're hoping the Fed has that genie on a tether. Mama was fond of saying: "Be careful what you wish for." To be fair, month-over-month inflation stats for December are decreasing for a majority of CPI categories. But that's just the headlines. 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, 2021)

(1) A fund with a 2<sup>nd</sup> Ranking outperformed 97% 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 <sup>(1)</sup> Ranking Past		OER <sup>(2)</sup>	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	13th	0.09%	0.0%	0.0%	0.9%	1.0%	0.6%	0.8%
<i>Money Market Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.33%	0.0%	0.0%	0.8%	0.9%	0.5%	0.7%
TOTAL BOND MARKET INDEX ADMIRAL - VBTXX	Bonds	46th	50th	0.05%	-0.1%	-1.7%	4.8%	3.6%	2.9%	4.1%
<i>Intermediate Core Bond Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.62%	-0.2%	-1.5%	4.8%	3.5%	3.0%	4.0%
INFLATION PROTECTED SECURITIES ADM - VAIPX	Bonds	35th	20th	0.10%	2.2%	5.7%	8.2%	5.2%	3.0%	4.5%
<i>Inflation-Protected Bond Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.64%	1.8%	5.6%	7.8%	4.8%	2.6%	4.1%
WELLINGTON ADMIRAL - VWENX	Bonds & Stocks	18th	6th	0.16%	7.1%	19.1%	17.4%	12.4%	11.5%	8.8%
<i>US Allocation – 50% to 70% Equity Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		1.05%	4.8%	13.9%	14.9%	10.4%	9.3%	6.8%
WINDSOR II ADMIRAL - VWNAX	Stocks	4th	16th	0.26%	8.6%	29.1%	24.1%	15.4%	14.3%	8.9%
<i>Large-Cap U.S. Value Stock Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.99%	8.4%	26.2%	17.8%	11.7%	12.4%	7.6%
500 INDEX ADMIRAL - VFIAX	Stocks	24th	19th	0.04%	11.0%	28.7%	26.0%	18.4%	16.5%	10.6%
<i>Large-Cap U.S. Blend Stock Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.88%	9.5%	26.1%	23.8%	16.6%	15.0%	9.7%
SELECTED VALUE - VASVX	Stocks	26th	37th	0.31%	8.2%	27.8%	20.5%	10.9%	12.6%	8.6%
<i>Mid-Cap U.S. Value Stock Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		10.6%	8.1%	29.3%	18.9%	10.6%	12.3%	8.1%
U.S GROWTH ADMIRAL – VWUAX	Stocks	17th	24th	0.28%	2.4%	12.5%	33.6%	25.9%	20.1%	13.2%
<i>Large-Cap U.S. Growth Stock Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		1.02%	6.9%	20.5%	29.5%	22.4%	17.7%	12.0%
MID-CAP GROWTH INVESTOR - VMGRX	Stocks	70th	59th	0.34%	0.8%	9.8%	24.6%	17.9%	14.7%	10.9%
<i>Mid-Cap U.S. Growth Stock Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		1.11%	2.8%	13.1%	27.5%	19.4%	15.7%	11.1%
EXPLORER ADMIRAL - VEXRX	Stocks	46th	43rd	0.30%	3.8%	16.4%	26.2%	19.3%	16.3%	11.1%
<i>Small-Cap U.S. Growth Stock Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		1.25%	1.7%	11.9%	25.9%	18.1%	15.2%	10.7%
INTERNATIONAL GROWTH ADMIRAL - VWILX	Foreign Stocks	4th	1st	0.32%	-2.8%	-0.8%	27.8%	21.1%	14.0%	8.4%
<i>Foreign Large Growth Stock Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		1.09%	2.0%	7.7%	20.0%	14.1%	10.2%	5.3%
EMERGING MARKETS INDEX ADMIRAL - VEMAX	Foreign Stocks	45th	44th	0.14%	-0.4%	0.9%	11.8%	9.4%	5.4%	4.3%
<i>Diversified Emerging Markets Stock Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		1.26%	-1.2%	0.4%	12.4%	10.0%	5.8%	4.3%
ENERGY ADMIRAL - VGELX	Energy Stocks	74th	49th	0.25%	6.4%	27.8%	0.1%	-3.0%	-0.7%	0.8%
<i>Energy Sector Stock Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		1.39%	2.2%	44.8%	2.1%	-6.8%	-4.9%	-1.5%

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

(1) A fund with a 46<sup>th</sup> Ranking outperformed 54% of its peers.

(All for periods ended December 31, 2021)

**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 <sup>(1)</sup> Ranking Past		OER <sup>(2)</sup>	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
TARGET RETIREMENT INCOME - VTINX	Target Date Retire Income	46th	39th	0.12%	2.0%	5.3%	9.4%	6.9%	5.9%	5.5%
<i>Retirement Income Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.69%	2.1%	5.5%	9.1%	6.5%	5.4%	4.6%
TARGET RETIREMENT 2015 - VTXVX	Target Date 2015	78th	59th	0.12%	2.1%	5.8%	10.2%	7.7%	7.5%	5.8%
<i>Target Date 2015 Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.60%	2.7%	7.8%	11.3%	8.1%	7.5%	5.7%
TARGET RETIREMENT 2020 - VTWNX	Target Date 2020	37th	12th	0.13%	2.9%	8.2%	12.6%	9.3%	8.7%	6.4%
<i>Target Date 2020 Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.64%	2.9%	8.5%	12.1%	8.7%	8.1%	5.7%
TARGET RETIREMENT 2025 - VTTVX	Target Date 2025	30th	10th	0.13%	3.6%	9.8%	14.2%	10.4%	9.6%	6.8%
<i>Target Date 2025 Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.68%	3.4%	9.8%	13.4%	9.6%	8.8%	6.0%
TARGET RETIREMENT 2030 - VTHRX	Target Date 2030	42nd	25th	0.14%	4.1%	11.4%	15.5%	11.2%	10.4%	7.0%
<i>Target Date 2030 Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.69%	4.1%	11.7%	15.1%	10.8%	9.6%	6.4%
TARGET RETIREMENT 2035 - VTTHX	Target Date 2035	47th	15th	0.14%	4.6%	13.0%	16.7%	12.1%	11.1%	7.4%
<i>Target Date 2035 Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.70%	4.7%	13.8%	16.7%	11.8%	10.5%	6.7%
TARGET RETIREMENT 2040 - VFORX	Target Date 2040	40th	24th	0.14%	5.0%	14.6%	17.9%	12.9%	11.7%	7.7%
<i>Target Date 2040 Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.71%	5.2%	15.5%	17.9%	12.6%	11.1%	7.1%
TARGET RETIREMENT 2045 - VTIVX	Target Date 2045	38th	12th	0.15%	5.5%	16.2%	19.1%	13.6%	12.1%	8.0%
<i>Target Date 2045 Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.71%	5.6%	16.6%	18.7%	13.1%	11.4%	7.2%
TARGET RETIREMENT 2050 - VFIFX	Target Date 2050	43rd	30th	0.15%	5.6%	16.4%	19.2%	13.6%	12.1%	8.0%
<i>Target Date 2050 Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.71%	5.7%	17.1%	19.0%	13.3%	11.6%	7.3%
TARGET RETIREMENT 2055 - VFFVX	Target Date 2055	51st	n/a	0.15%	5.7%	16.4%	19.2%	13.6%	12.1%	N/A
<i>Target Date 2055 Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.71%	5.8%	17.3%	19.2%	13.4%	11.7%	N/A
TARGET RETIREMENT 2060 - VTTSX	Target Date 2060+	57th	n/a	0.15%	5.7%	16.4%	19.2%	13.6%	N/A	N/A
<i>Target Date 2060+ Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.72%	5.8%	17.5%	19.3%	13.5%	N/A	N/A
LIFE STRATEGY CONSERVE GROWTH - VSCGX Moderate Allocation		31st	39th	0.12%	2.5%	6.1%	11.0%	8.1%	7.1%	5.6%
<i>Allocation – 30% to 50% Equity Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		0.99%	2.8%	8.2%	10.8%	7.4%	6.7%	5.4%
LIFE STRATEGY GROWTH - VASGX Aggressive Allocation		22nd	43rd	0.14%	5.0%	14.4%	17.6%	12.5%	11.1%	7.2%
<i>Allocation – 70% to 85% Equity Funds &gt;&gt;</i>		<i>Category Average &gt;&gt;</i>		1.06%	5.6%	16.5%	16.4%	11.2%	10.1%	6.9%