

# *All I Know About Investments*

A 3 minute presentation by Bill Rankin

# Warren Buffett

- Warren Buffett: So when I buy a business - it's the biggest question I ask myself if I decide it's a good business - is "Do they love the money, or do they love the business?" Now, if they love the business, we can do business. If they love the money, we can't.

# Blue Bell Creameries



# Blue Bell Creameries



- 1907 - Started as the Brenham Creamery Company, made butter.
- 1911 - Made our first ice cream
- 1930 - Changed our name to Blue Bell Creameries, after a native Texas wildflower.

# Blue Bell Creameries

- 1951 – Ed Kruse became General Manager.
- 1953 – Howard Kruse became Production Manager.



# Blue Bell Creameries

- 1962 - Houston Branch opened



- 1968 - Ed Kruse became president



# Blue Bell Creameries

- 1969 - Howard Kruse developed our #1 seller Homemade Vanilla.



# Blue Bell Creameries

- 1984 - Sales topped \$100 million
- 1986 - Ed Kruse named CEO and Chairman of the Board and Howard Kruse named President.



# Blue Bell Creameries

- 1987 - Blue Bell Advertising Associates established. In-house advertising agency.
- 1989 - Branched outside of Texas.
- 1992 - Opened second production plant in Broken Arrow, Oklahoma.
- 1996 - Purchased third plant facility in Sylacauga, Alabama

# Blue Bell Creameries

- 1998 - Blue Bell establishes web site.  
[www.bluebell.com](http://www.bluebell.com)
- 1999 - Established Blue Bell Benefits Trust, in house insurance program.
- 2007 – Celebrated 100th Anniversary



# Blue Bell Creameries

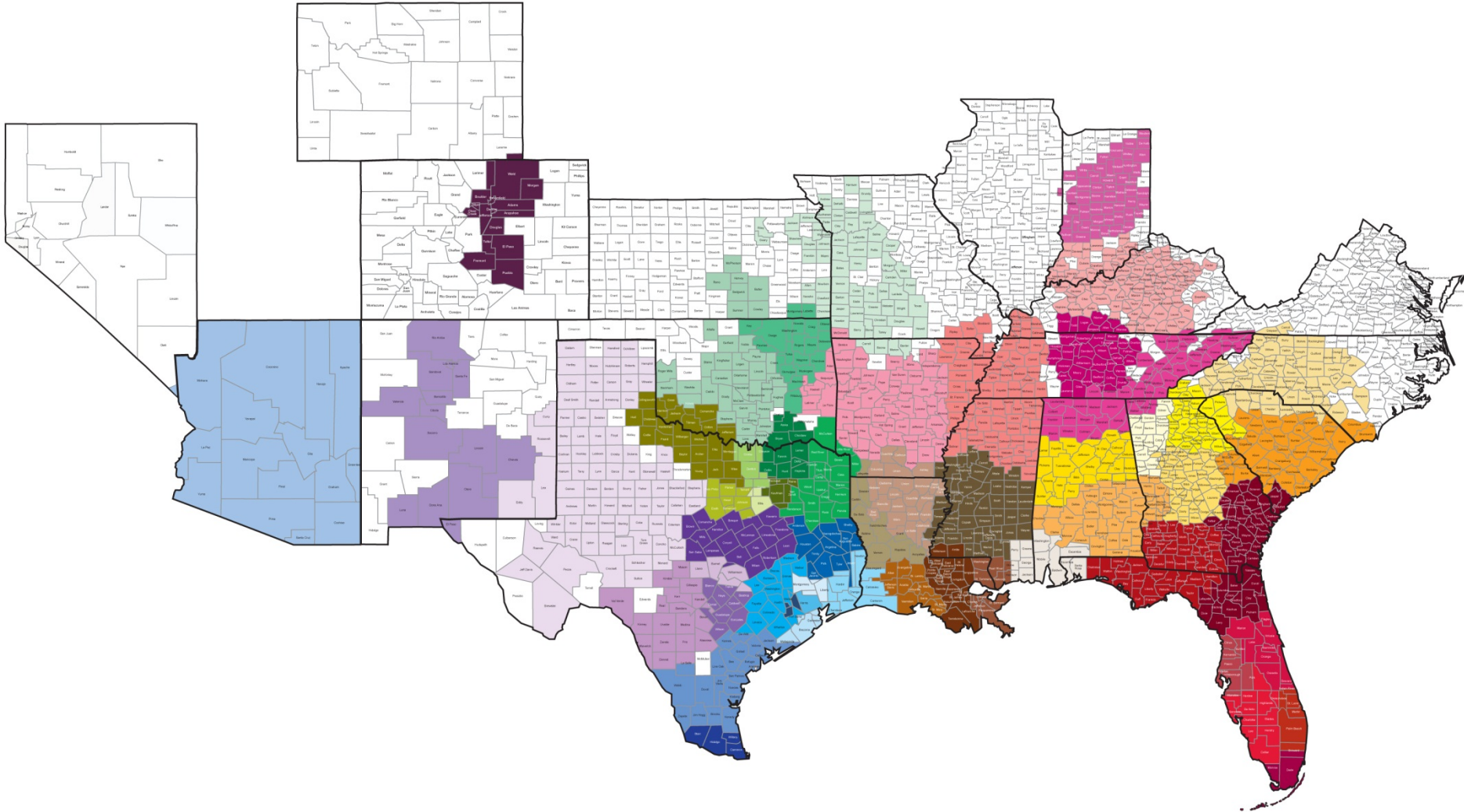
- 2004 – Howard Kruse retired after 50 years. Paul Kruse named CEO and President.



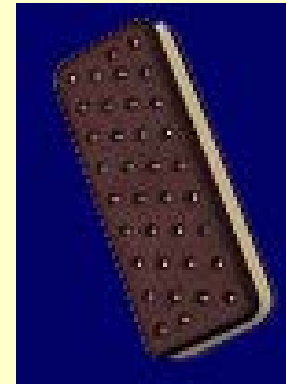
# Blue Bell Branches

- 55 Blue Bell Branches across 21 states
- 4 production plants
  - Brenham, TX (2)
  - Broken Arrow, OK
  - Sylacauga, AL
- Corporate offices and main production plants in Brenham, TX

# 2012 Blue Bell Territories



# Blue Bell Ice Cream and Snacks!



# Blue Bell Ice Cream

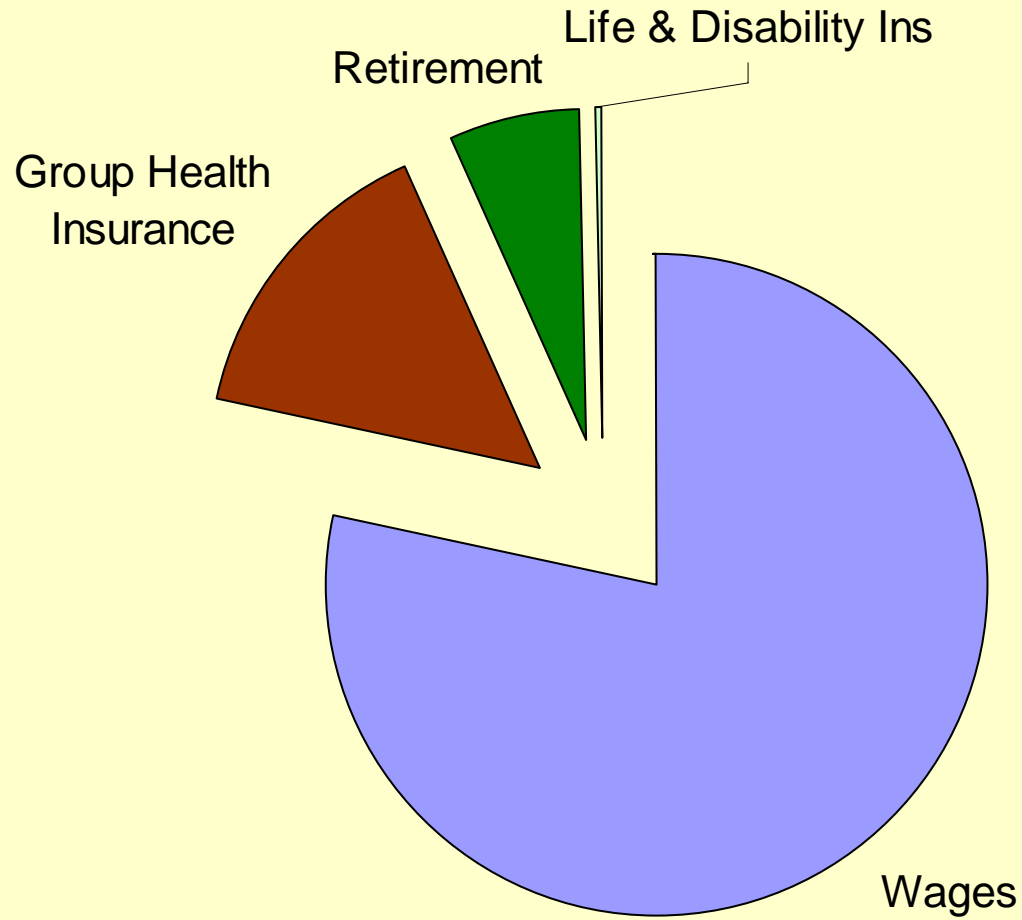
- Blue Bell Ice Cream
- Blue Bell Light Ice Cream
- Blue Bell No Sugar Added Ice Cream
- Blue Bell Frozen Yogurt
- Blue Bell Sherbet & Country Coolers
- Blue Bell Frozen Snacks
- Blue Bell Regional Flavors

And yes, it's true...

**We eat all we can  
and sell the rest.**



# Total Compensation



Blue Bell Retirement Program:  
Pension Plan  
ESOP  
401(k) Plan



# 3 Retirement Plans

- Pension Plan - Defined Benefit
- ESOP - Defined Contribution
- 401K - Defined Contribution

# Pension Plan

- Automatically in the Plan
- Defined Benefit Plan
  - Annuity
    - no account balance
  - Monthly check for life
    - Joint life if married
- Amount is determined by a formula

# Blue Bell Pension Plan - Formula

- Formula =
  - Years of Service (times)
  - 1% (times)
  - Final Average Earnings
- Final Average Earnings
  - Highest 5 consecutive years out of the last 10

# Pension Plans in U.S.

- 1980 – 148,000 companies
- 2010 – 49,000 companies

# Employees with Private Sector Pension Plans in U.S.

1980	62%
2010	21%

# Why the shift away from Pensions?

- Employees
  - Final average earnings formulas
  - Bad for “job hoppers”
- Employers
  - **No responsibility**

# Pension Plan -Responsibility

- Risks are Blue Bell's responsibility
  - Longevity Risk
  - Investment Risk

# Longevity Risk

## Life Expectancy

	Male	Female
Birth	73	81
Age 65	81	87

50 – 50 chance one spouse lives to 95

You can't outlive your Pension

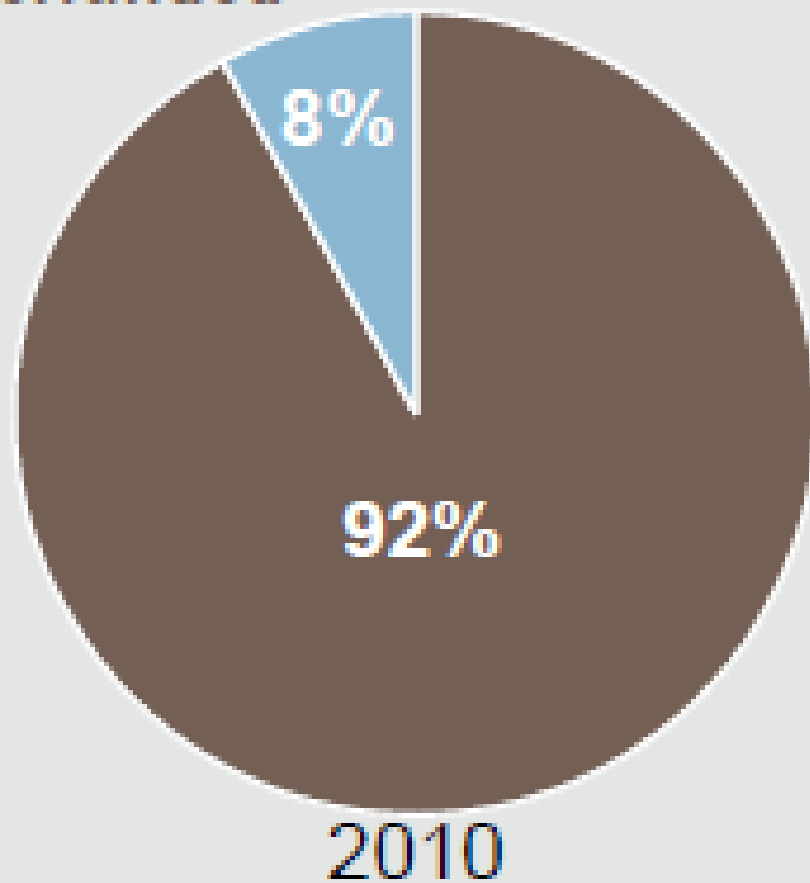
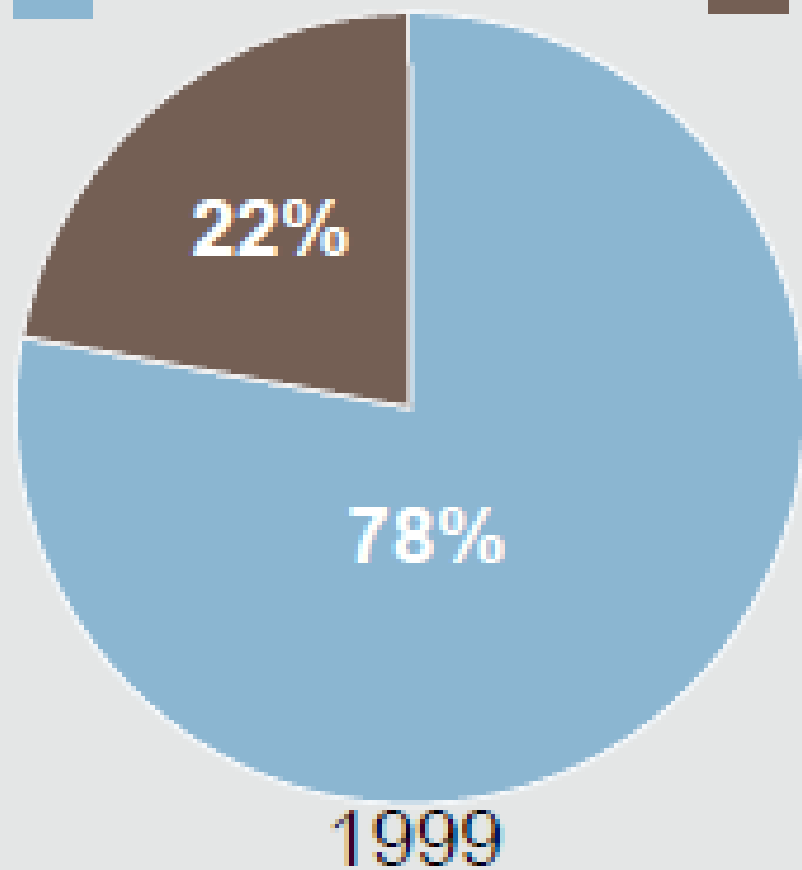
# Investment Risk

- Funding is Blue Bell's responsibility
  - Last contribution: \$19 million
- Financial Markets
  - Losses are absorbed by Blue Bell
- Yearly Actuarial Study
  - our Plan is over funded
  - Consistent contributions
  - Good investment results

## Defined Benefit Plans – Funded Status: S&P 500 companies

 *overfunded*

 *underfunded*



# William Sharpe

## 1990 Nobel Prize Winner

- "Concentrate more on using the market than beating it. Focus on questions of asset allocation, diversification and changes through time. Spend more time on tailoring the portfolio to your needs and circumstances."

# Investment Plan

- Identify the asset classes you want to use
  - Potential return
  - Volatility (risk)
  - Correlation with other asset classes (diversification)
  - Cost (expense ratio)
  - Time
- Invest according to your plan
- Rebalance
  - Buy low, sell high

Expected 10-15 year annualized compound returns (%) <sup>1,2</sup>		Rationale		
U.S. ECONOMIC INDICATORS	Inflation	3.25	High unemployment and deleveraging of the public and private sectors to keep inflation low overall, while aggressive inflationary central bank policy and rising import prices risk higher inflation over the medium to longer term. Strong growth in the emerging economies should drive commodity prices higher, causing headline inflation to outstrip core.	
	Core Inflation	2.75		
	Real GDP	2.25		
FIXED INCOME <sup>2</sup>	U.S. Cash	2.00	Prolonged period of deleveraging in the public and private sectors and a slower rate of increase in the labor force to constrain economic growth.	
	U.S. Intermediate Treasury <sup>3</sup>	1.75		
	U.S. Long Treasury <sup>4</sup>	1.75		
	U.S. TIPS	3.50		Absolute yields to stay low in the near term, rising toward higher equilibrium nominal levels as monetary policy is eventually normalized. Real total returns negative due to both low income return and capital losses as rates rise.
	U.S. Aggregate	3.00		
	U.S. Short Duration Gov't/Credit	2.25		
	U.S. Long Duration Gov't/Credit	3.50		
	U.S. Investment Grade Corporate	4.00		
	U.S. Long Corporate	4.75		
	U.S. High Yield	7.00		
	U.S. Leveraged Loan	6.00		
	World Government Bond (local)	2.00		Spreads expected to narrow, but total returns to be constrained as overall yields rise with Treasury rates.
	World ex-U.S. Government Bond (local)	2.25		
	World ex-U.S. Government Bond	2.50		
	Emerging Market Sovereign Debt	6.00		Dollar depreciation against weighted average of WGBI currencies expected to boost returns to U.S. investors.
Emerging Market Local Currency Sovereign Debt	6.75	Spreads expected to narrow, but total returns to be constrained as overall yields rise with U.S. Treasury rates.		
Emerging Market Corporate Debt	6.50	Yields expected to rise as inflation and real rates in emerging economies increase over time. Total returns largely driven by income.		
U.S. Municipal	2.50	Spreads expected to narrow, but total returns to be constrained as overall yields rise with U.S. Treasury rates.		
EQUITY <sup>2</sup>	U.S. Large Cap	8.00	Municipals to outperform taxable bonds as yield ratio converges toward historical norms, partially offsetting expected increase in Treasury yields.	
	U.S. Large Cap EPS Growth	5.25		
	U.S. Large Cap Dividend Yield	2.75		
	U.S. Large Cap P/E Return Impact	zero		
	U.S. Mid Cap	8.75		
	U.S. Small Cap	8.50		
	U.S. Large Cap Value	7.75		
	U.S. Large Cap Growth	8.25		
	Europe ex-UK Large Cap (local)	8.25		Sum of below building blocks (Nominal EPS growth + Dividend yield + P/E return impact). Total returns expected to recover over the long term as corporate sector outperforms domestic economy.
	Japan Large Cap (local)	5.50		
	UK Large Cap (local)	8.25		
	EAFE Equity (local)	7.50		Corporate earnings growth expected to exceed nominal GDP growth as companies maintain cost discipline and revenues benefit from fast-growing overseas markets.
	EAFE Equity	7.75		Dividend yields expected to rise as companies favor payouts over new investment given higher uncertainty over economic outlook.
	Emerging Market Equity	10.00		Valuation multiples to remain below long-term historical averages given persistent deleveraging pressures and higher expected inflation.
	Asia ex-Japan Equity	10.00		Premium to large cap assumed for both. Mid-cap companies in particular likely to benefit from acquisition activity by larger firms, especially given significant cash build-up on large-cap corporate balance sheets.
Global Equity	8.25			
U.S. Private Equity <sup>5A</sup>	8.75			
U.S. Direct Real Estate (unlevered) <sup>5A</sup>	6.75	Growth expected to outperform value given more favorable sector concentrations and higher share of revenues sourced from overseas markets.		
U.S. Value Added Real Estate (unlevered) <sup>5A</sup>	8.00			
European Real Estate (unlevered, local) <sup>5A</sup>	6.50			
U.S. REITs	7.00	European corporate earnings premium to nominal GDP expected given relatively large share of emerging market sourced revenues. Valuations to improve from depressed levels as a resolution to the debt crisis is ultimately reached. Moderate rise in dividend yields expected.		
Global Infrastructure <sup>5A</sup>	7.75	Japanese earnings to outperform domestic economy given exposure to fast-growing overseas markets. Japan to remain a global underperformer given demographic challenges and ongoing battle with deflation.		
Hedge Fund—Diversified <sup>5A</sup>	6.25	UK earnings premium to nominal GDP expected given supports from foreign-sourced revenues and proactive approach to fiscal consolidation. Tolerance for higher inflation to keep valuations in check, but dividend yields expected to rise moderately.		
Hedge Fund—Event Driven <sup>5A</sup>	7.25	EAFE Market capitalization weighted average of expectations for regional equity returns.		
Hedge Fund—Long Bias <sup>5A</sup>	7.75	Dollar depreciation against weighted average of EAFE currencies expected to boost returns to U.S. investors.		
Hedge Fund—Relative Value <sup>5A</sup>	5.25	Healthier economic fundamentals, more favorable demographics and more policy flexibility to support long-run emerging market growth. Capital inflows expected to support equity returns, particularly given low current investor allocations.		
Hedge Fund—Macro <sup>5A</sup>	7.50	Headwinds from higher imported commodity prices expected to be offset by stronger underlying economic growth than in other emerging regions.		
Commodities (spot) <sup>3</sup>	6.50	Market capitalization weighted average of expectations for regional equity returns.		
Gold (spot)	6.75	Expected hedge fund returns based on multi-variate regressions to public markets. Blend of emerging market, commodities, small cap and U.S. investment grade bond betas the main driver of median manager expected return. Sizeable divergences expected among managers.		

<sup>1</sup> Return estimates are on a compound or internal rate of return (IRR) basis. Equivalent arithmetic averages, as well as further information, are shown on the following page.

<sup>2</sup> All asset class assumptions are in total return terms, including equity return assumptions. All returns are in U.S. dollar terms unless otherwise indicated.

<sup>3</sup> U.S. Intermediate Treasury returns based on Barclays Capital U.S. Treasury 7-10 Year Index.

<sup>4</sup> U.S. Long Treasury returns based on Barclays Capital U.S. Treasury 20+ Year Index.

<sup>5</sup> Private equity, hedge funds, real estate, infrastructure and commodities are unlike other asset categories shown above in that there is no underlying investible index. Hedge fund returns are shown net of manager fees.

<sup>6</sup> The return estimates shown for these asset classes and strategies are our estimates of industry medians—the dispersion of returns among managers in these asset classes and strategies is typically far wider than for traditional asset classes.

See additional notes on the following page.

# JPMorgan Asset Management Long Term Capital Market Assumptions

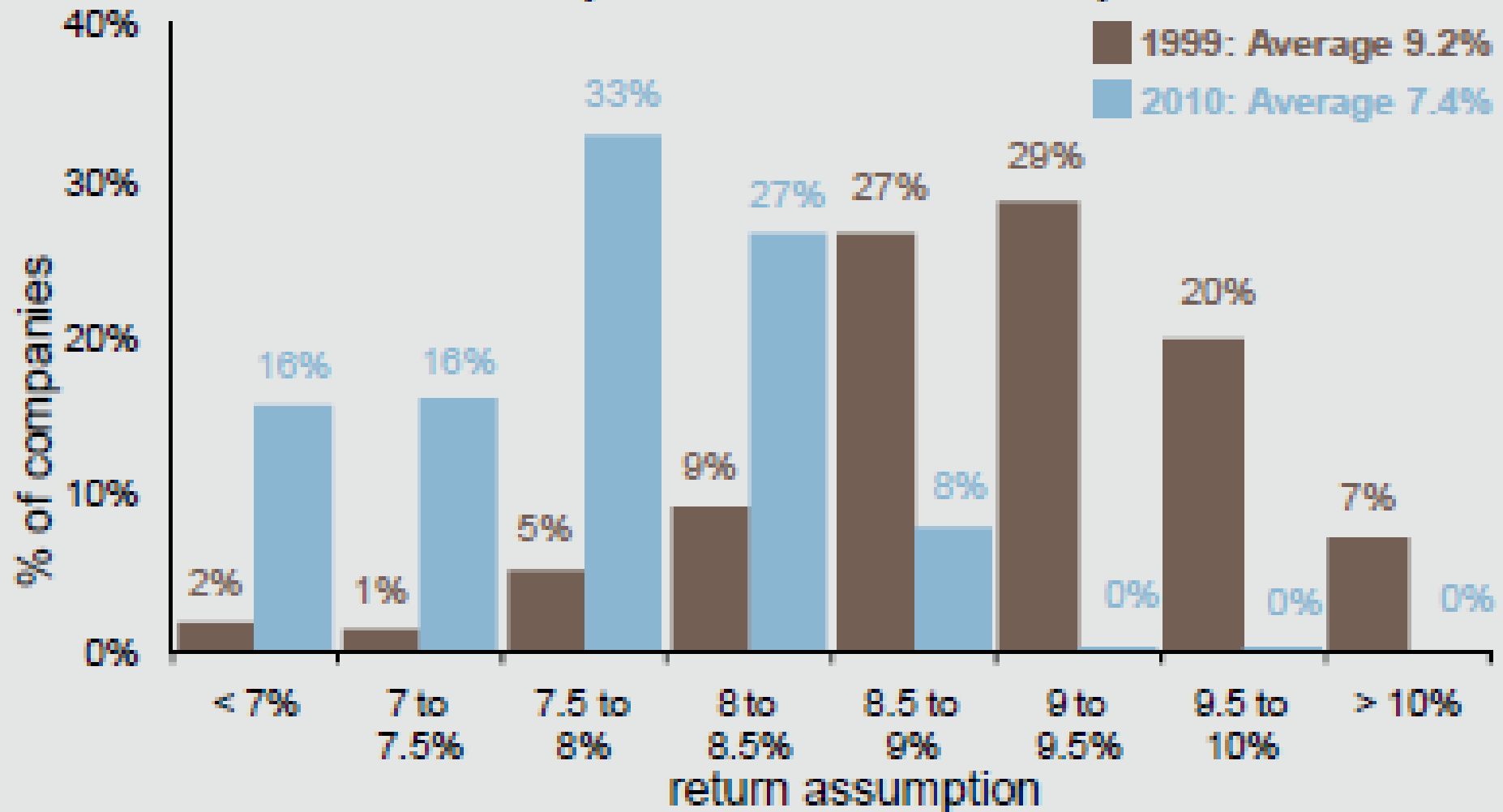
## Rate of Return

- Small-Cap U.S. Stocks 8.5%
- Large-Cap U.S. Stocks 8.0%
- International (EAFE) Stocks 7.5%
- Real Estate (REITS) 7.0%
- Bonds 3.0%
- Money Market 2.0%

# JPMorgan Asset Management Long Term Capital Market Assumptions

	Compound Rate of Return	Volatility
• Small-Cap Stocks	8.5%	25.0%
• Large-Cap Stocks	8.0%	19.5%
• International (EAFE)	7.5%	20.5%
• Real Estate	7.0%	25.7%
• Bonds	3.0%	3.7%
• Money Market	2.0%	0.5%

## Pension Return Assumptions: S&P 500 companies



# Blue Bell Creameries, Inc. Pension Plan

## Calculation of Expected Return

	<b>Asset Allocation</b>	<b>Expected Return</b>	<b>Weighted Average</b>
Large Cap Equity	37%	8.00%	2.96%
Small Cap Equity	8%	8.50%	0.68%
International Equity	14%	7.75%	1.09%
Emerging Market Equity	3%	10.00%	0.30%
Global REITS	8%	7.00%	0.56%
Direct Real Estate	13%	6.75%	0.88%
U.S. Fixed Income	10%	3.00%	0.30%
U.S. High Yield	5%	7.00%	0.35%
Emerging Market Debt	2%	6.25%	0.13%
	100%		7.24%

Expected annualized volatility (%) <sup>2</sup>			Expected compound return (%) <sup>2</sup>		Expected arithmetic return (%) <sup>2</sup>		Correlation Matrix* <sup>3</sup>																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
FIXED INCOME	U.S. Inflation	326	3.25	150	1.00	U.S. Inflation	1.00	U.S. Cash	0.07	1.00	U.S. Intermediate Treasury	-0.04	-0.02	1.00	U.S. Long Treasury	-0.27	-0.04	0.89	1.00	U.S. TIPS	0.09	0.08	0.67	0.94	1.00	U.S. Aggregate	-0.21	-0.06	0.87	0.80	0.79	1.00	U.S. Short Duration Govt./Credit	0.39	0.26	0.75	0.85	0.65	0.80	1.00	U.S. Long Duration Govt./Credit	-0.25	-0.10	0.86	0.87	0.70	0.92	0.64	1.00	U.S. Investment Grade Corporate	-0.22	-0.12	0.59	0.54	0.68	0.83	0.63	0.82	1.00	U.S. Long Corporate	-0.28	-0.15	0.59	0.61	0.65	0.82	0.52	0.86	0.82	1.00	U.S. High Yield	-0.02	-0.01	-0.09	-0.08	0.31	0.25	0.09	0.26	0.56	0.58	1.00	U.S. Leveraged Loan	0.11	0.00	-0.27	0.29	0.39	0.05	0.06	0.05	0.38	0.37	0.76	1.00	World Government Bond (hedged)	-0.29	0.03	0.89	0.85	0.54	0.81	0.71	0.79	0.53	0.54	-0.13	-0.31	1.00	World Government Bond (unhedged)	-0.11	-0.02	0.62	0.62	0.64	0.68	0.67	0.60	0.56	0.63	0.17	-0.07	0.62	1.00	World ex-U.S. Government Bond (hedged)	-0.26	0.04	0.79	0.76	0.44	0.71	0.61	0.70	0.46	0.46	-0.17	-0.38	0.93	0.67	1.00	World ex-U.S. Government Bond (unhedged)	-0.08	-0.03	0.52	0.41	0.89	0.60	0.60	0.51	0.51	0.48	0.21	-0.02	0.52	0.95	0.90	1.00	Emerging Market Sovereign Debt	-0.07	-0.08	0.29	0.25	0.35	0.56	0.34	0.54	0.69	0.70	0.28	0.48	0.24	0.40	0.18	0.40	1.00	Emerging Market Local Currency Sovereign Debt	0.00	0.00	0.11	0.05	0.42	0.37	0.38	0.32	0.53	0.59	0.65	0.36	0.11	0.53	0.10	0.56	0.74	1.00	Emerging Market Corporate Debt	-0.07	-0.11	0.31	0.22	0.62	0.69	0.40	0.55	0.78	0.74	0.69	0.57	0.23	0.39	0.16	0.38	0.82	0.67	1.00	U.S. Municipal	0.08	-0.07	0.98	0.48	0.56	0.71	0.60	0.62	0.63	0.57	0.18	0.20	0.56	0.44	0.50	0.38	0.38	0.21	0.43	1.00	U.S. Large Cap	0.69	800	1950	-0.02	-0.02	0.29	0.28	0.04	-0.06	-0.18	0.04	0.21	0.23	0.69	0.46	-0.31	0.08	-0.29	0.15	0.57	0.60	0.44	-0.18	1.00	U.S. Mid Cap	0.85	825	2450	-0.02	-0.05	-0.28	-0.25	0.09	-0.04	-0.17	0.00	0.26	0.29	0.72	0.51	0.30	0.07	-0.28	0.14	0.58	0.63	0.49	-0.08	0.94	1.00	U.S. Small Cap	0.81	850	2500	0.01	-0.05	-0.34	0.29	0.01	-0.10	-0.24	-0.07	0.17	0.21	0.66	0.47	-0.32	0.03	-0.30	0.10	0.49	0.59	0.40	-0.13	0.89	0.98	1.00	U.S. Large Cap Value	0.66	775	2075	-0.03	-0.01	-0.26	-0.25	0.06	-0.02	0.34	-0.01	0.24	0.26	0.68	0.44	-0.25	0.13	-0.24	0.20	0.59	0.64	0.46	-0.10	0.95	0.94	0.89	1.00	U.S. Large Cap Growth	0.80	825	2050	0.01	-0.03	-0.32	0.31	0.08	-0.10	-0.20	-0.08	0.18	0.20	0.69	0.49	-0.34	0.03	-0.34	0.10	0.59	0.54	0.42	-0.14	0.94	0.90	0.86	1.00	Europe ex-U.K. Large Cap	0.81	800	2725	0.04	0.03	-0.23	-0.22	0.07	0.00	-0.07	0.01	0.27	0.28	0.67	0.48	-0.23	0.36	-0.22	0.34	0.59	0.71	0.45	0.10	0.89	0.87	0.81	0.90	0.87	1.00	Japan Large Cap	0.86	675	2175	0.00	-0.02	-0.04	0.00	0.24	0.17	0.07	0.20	0.40	0.38	0.54	0.38	-0.07	0.25	-0.10	0.28	0.45	0.51	0.44	0.02	0.54	0.58	0.54	0.56	0.50	0.57	1.00	U.K. Large Cap	0.85	800	2450	0.00	-0.01	-0.27	0.29	0.08	0.00	0.06	-0.10	0.10	0.29	0.64	0.50	-0.27	0.21	-0.25	0.28	0.57	0.66	0.19	-0.10	0.84	0.82	0.73	0.84	0.82	0.91	0.56	1.00	EMEA Equity (hedged)	0.06	0.03	-0.38	-0.31	0.11	0.34	0.25	-0.08	0.19	0.32	0.66	0.50	-0.35	-0.09	-0.33	0.08	0.52	0.52	0.39	-0.19	0.88	0.87	0.80	0.86	0.87	0.85	0.83	0.84	1.00	EMEA Equity (unhedged)	0.04	0.01	-0.22	-0.21	0.12	0.06	-0.03	0.06	0.34	0.34	0.70	0.47	-0.13	0.27	-0.10	0.34	0.62	0.73	0.52	-0.08	0.89	0.87	0.81	0.80	0.86	0.94	0.68	0.93	0.87	1.00	Emerging Market Equity	0.88	10.00	3050	0.04	0.03	-0.23	-0.23	0.34	0.02	-0.06	0.08	0.30	0.30	0.67	0.46	0.25	0.5	-0.25	0.32	0.62	0.73	0.63	-0.10	0.82	0.85	0.77	0.81	0.80	0.85	0.60	0.83	0.83	0.88	1.00	Asia ex-Japan Equity	0.89	10.00	2925	-0.09	0.03	-0.23	-0.23	0.10	0.00	-0.08	0.02	0.27	0.29	0.66	0.48	-0.24	0.12	0.24	0.38	0.54	0.66	0.48	-0.11	0.78	0.80	0.74	0.76	0.77	0.80	0.74	0.76	0.77	0.80	0.86	0.94	0.98	1.00	Global Equity	0.84	8.25	2250	0.03	0.00	-0.26	-0.25	0.09	-0.01	-0.11	0.01	0.29	0.30	0.72	0.49	-0.27	0.18	-0.27	0.35	0.62	0.70	0.51	-0.11	0.98	0.92	0.86	0.92	0.91	0.89	0.62	0.91	0.89	0.94	0.90	0.85	1.00	U.S. Private Equity <sup>4</sup>	0.89	825	3425	-0.08	-0.08	-0.33	-0.30	0.04	-0.11	-0.21	-0.07	0.19	0.22	0.68	0.51	-0.32	0.06	-0.30	0.13	0.48	0.58	0.41	-0.12	0.86	0.91	0.94	0.87	0.86	0.80	0.85	0.85	0.85	0.85	1.00	U.S. Direct Real Estate (unlevered) <sup>4</sup>	0.74	6.25	1200	0.04	-0.03	0.00	-0.01	0.07	0.34	0.06	0.12	0.21	0.24	0.37	0.27	0.00	0.17	-0.01	0.19	0.29	0.37	0.27	0.10	0.35	0.40	0.41	0.38	0.32	0.33	0.29	0.28	0.34	0.37	1.00	U.S. Value Added Real Estate (unlevered) <sup>4</sup>	0.87	8.00	23.25	0.04	-0.03	-0.05	-0.06	0.10	0.07	0.02	0.05	0.14	0.16	0.29	0.28	-0.04	0.12	0.04	0.14	0.28	0.30	0.21	0.05	0.29	0.32	0.34	0.31	0.26	0.28	0.23	0.26	0.24	0.28	0.25	0.23	0.29	0.31	0.20	1.00	European Direct Real Estate (unlevered) <sup>4</sup>	0.79	6.25	1575	0.09	0.04	0.01	0.08	0.18	0.05	0.10	0.11	0.21	0.22	0.33	0.28	0.18	0.22	0.01	0.25	0.32	0.40	0.31	0.09	0.31	0.35	0.36	0.36	0.27	0.35	0.28	0.34	0.26	0.36	0.29	0.26	0.33	0.32	0.60	0.50	1.00	U.S. REITs	0.90	2.00	2575	0.07	-0.05	-0.11	0.12	0.21	0.13	0.08	0.12	0.30	0.34	0.65	0.48	0.11	0.22	-0.10	0.27	0.49	0.62	0.44	0.10	0.67	0.73	0.76	0.72	0.62	0.62	0.51	0.56	0.56	0.63	0.56	0.54	0.66	0.70	0.60	0.47	0.51	1.00	Global Infrastructure <sup>4</sup>	0.84	7.25	1750	0.30	0.00	0.19	0.15	0.25	0.28	0.18	0.25	0.26	0.26	0.26	0.27	0.34	0.27	0.11	0.27	0.29	0.32	0.29	0.11	0.21	0.24	0.24	0.23	0.18	0.20	0.22	0.17	0.11	0.12	0.17	0.14	0.21	0.20	0.29	0.21	0.25	0.45	1.00	Hedge Fund-Diversified <sup>4</sup>	0.50	6.25	7275	0.00	0.06	-0.26	0.26	0.14	0.00	-0.04	0.01	0.33	0.29	0.53	0.51	-0.27	0.07	-0.27	0.13	0.46	0.52	0.46	0.03	0.58	0.63	0.68	0.56	0.39	0.63	0.67	0.70	0.67	0.72	0.73	0.70	0.64	0.17	0.15	0.18	0.36	0.08	1.00	Hedge Fund-Event Driven <sup>4</sup>	0.78	7.25	1075	-0.08	-0.03	0.32	0.31	0.10	-0.04	-0.13	-0.02	0.31	0.30	0.73	0.60	-0.32	0.06	-0.31	0.12	0.57	0.58	0.54	0.04	0.80	0.84	0.80	0.78	0.81	0.79	0.67	0.80	0.81	0.83	0.83	0.79	0.85	0.84	0.27	0.23	0.26	0.53	0.13	0.85	1.00	Hedge Fund-Long Bias <sup>4</sup>	0.84	7.25	1275	0.04	0.00	0.33	-0.33	0.09	-0.05	-0.13	-0.05	0.29	0.27	0.68	0.54	0.34	0.08	-0.34	0.15	0.65	0.64	0.51	-0.09	0.82	0.86	0.82	0.82	0.83	0.83	0.84	0.84	0.88	0.90	0.87	0.90	0.85	0.85	0.29	0.25	0.28	0.57	0.14	0.86	0.93	1.00	Hedge Fund-Relative Value <sup>4</sup>	0.59	5.25	8.50	0.06	-0.03	-0.16	-0.18	0.24	0.17	0.07	0.17	0.14	0.49	0.26	0.26	0.20	0.08	-0.22	0.12	0.61	0.56	0.49	0.88	0.60	0.65	0.56	0.57	0.61	0.63	0.63	0.63	0.63	0.71	0.69	0.61	0.23	0.19	0.23	0.43	0.13	0.82	0.82	0.80	1.00	Hedge Fund-Macro <sup>4</sup>	0.83	7.50	1175	0.06	0.09	0.03	0.00	0.24	0.17	0.07	0.09	0.19	0.15	0.06	0.02	0.04	0.40	0.04	0.48	0.42	0.34	0.13	0.05	0.15	0.19	0.17	0.16	0.14	0.28	0.38	0.31	0.16	0.34	0.39	0.36	0.28	0.24	0.06	0.05	0.08	0.11	0.04	0.60	0.38	0.44	0.30	1.00	Commodities (spot) <sup>4</sup>	0.01	6.50	18.25	0.25	0.03	-0.11	-0.18	0.34	0.06	0.06	0.03	0.23	0.21	0.33	0.26	0.16	0.28	0.15	0.33	0.34	0.49	0.40	-0.09	0.38	0.42	0.37	0.38	0.38	0.46	0.36	0.39	0.32	0.50	0.54	0.48	0.48	0.37	0.18	0.15	0.21	0.32	0.20	0.56	0.48	0.57	0.46	0.53	1.00	Gold (spot)	0.84	6.75	1725	-0.02	-0.01	0.27	0.17	0.44	0.32	0.28	0.27	0.30	0.28	0.13	0.00	0.17	0.46	0.14	0.44	0.46	0.37	0.43	0.39	0.07	0.17	0.17	0.10	0.08	0.10	0.04	0.13	0.22	0.15	-0.05	0.18	0.29	0.24	0.16	0.07	0.10	0.07	0.13	0.14	0.14	0.29	0.20	0.25	0.21	0.51	0.49	1.00

\* All estimates on this page are in U.S. dollar terms. As of October 31, 2011.  
 Note: Given the complex risk/reward trade-offs involved, we advise clients to rely on judgment as well as quantitative optimization approaches in setting strategic allocations to all the above asset classes and strategies. Please note that all information shown is based on qualitative analysis. Exclusive reliance

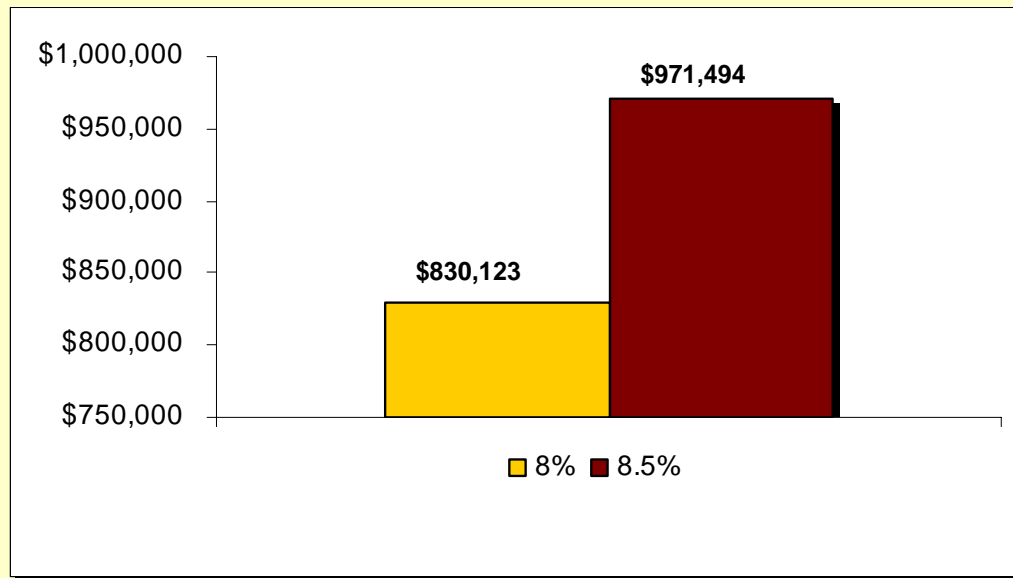
# Asset Class Correlations

## Large Cap Stocks and:

International Stocks	.89
Small Cap Stocks	.89
Real Estate (REITS)	.67
Money Market	.00
Bonds	.06

# THE VALUE OF LOW COST INVESTING

**How a low cost approach can deliver substantial savings over the life of an investment.**

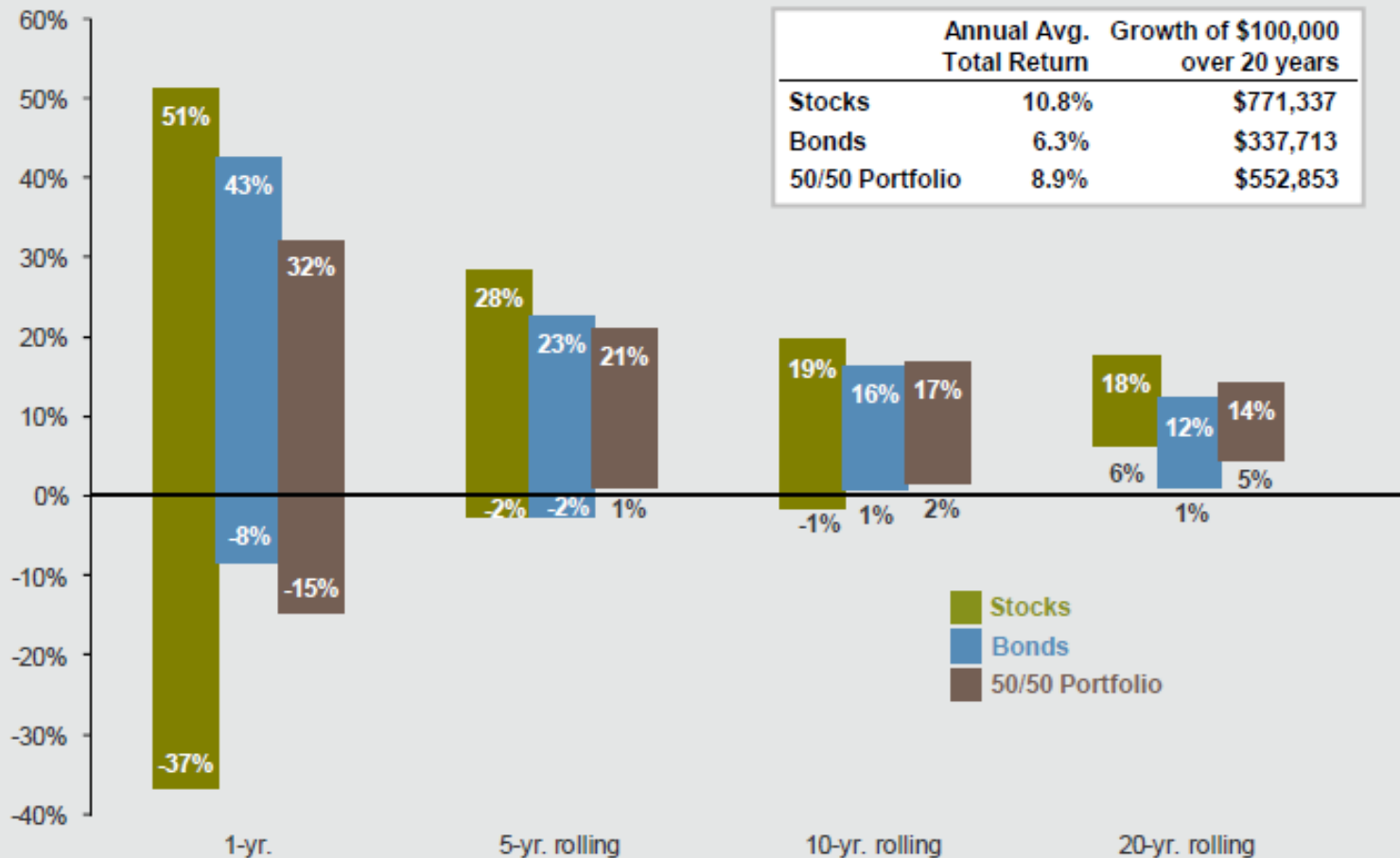


Hypothetical comparison based on initial contribution of \$2,000, \$2,000 annual contribution made at the beginning of the year, growing at 8% and 8.5%, for 44 years.

## Historical Returns by Holding Period

### Range of Stock, Bond and Blended Total Returns

Annual total returns, 1950 – 2011



Sources: Barclays Capital, FactSet, Robert Shiller, Strategas/Ibbotson, Federal Reserve, J.P. Morgan Asset Management.

Data are as of 12/31/11.

# P/E Ratios and Equity Returns

Equities

## P/E and Total Return Over 1-yr. Periods

Quarterly, 1Q 1952 to 4Q 2010



## P/E and Total Return Over 10-yr. Annualized Periods

Quarterly, 1Q 1952 to 4Q 2001



Source: BEA, FRB, J.P. Morgan Asset Management. Prices are based on the market value of all US corporations and include quarterly dividends. Valuation based on long-term PE ratio.

Note: Orange line denote results of linear regression with R-squared of 0.39 for 1-yr. returns (LHS) and 0.71 for 10-yr. returns (RHS).

Data are as of 12/31/11.

# Rebalancing

<b>Investment</b>	<b>Amount</b>	<b>%</b>	<b>Desired %</b>
Large Cap Value	20,512	43%	40%
International (EAFE)	8,163	17%	20%
Real Estate (REIT)	6,031	13%	15%
Small Cap Value	5,572	12%	10%
Aggregate Bonds	7,315	15%	15%
	47,593	100%	100%

## CALENDAR YEAR TOTAL RETURNS BY VARIOUS ASSET CLASSES (%).

*Diversification does not guarantee a profit or guarantee against loss*

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 YTD
Emg Mkt 74.8	EAFE 7.7	Lg Value 38.3	Cmnty 33.9	Lg Value 35.1	Lg Growth 38.7	Emg Mkt 66.4	Cmnty 49.7	Sm Value 14.0	Cmnty 32.0	Emg Mkt 56.3	Emg Mkt 26.0	Emg Mkt 34.5	Emg Mkt 32.6	Emg Mkt 39.8	Bonds 5.2	Emg Mkt 78.5	High Yield 11.6
EAFE 32.5	Cmnty 5.2	Lrg Cap 37.7	Lg Growth 23.1	Lrg Cap 32.8	Lrg Cap 27.0	Sm Growth 43.0	Sm Value 22.6	Bonds 8.4	Bonds 10.2	Sm Growth 48.5	Sm Value 22.2	Cmnty 25.5	EAFE 26.3	Cmnty 32.6	Balanced -19.4	High Yield 57.5	Emg Mkt 10.8
Sm Value 23.7	Lg Growth 2.6	Lg Growth 37.1	Lrg Cap 22.4	Sm Value 31.7	EAFE 19.9	Cmnty 40.9	Bonds 11.6	High Yield 4.4	High Yield -1.8	Sm Cap 47.2	EAFE 20.2	EAFE 13.5	Sm Value 23.4	Lg Growth 11.8	High Yield -26.3	Lg Growth 37.2	Sm Growth 10.2
Sm Cap 18.9	Balanced 0.5	Sm Growth 31.0	Lg Value 21.6	Lg Growth 30.4	Balanced 15.8	Lg Growth 33.1	Lg Value 7.0	Sm Cap 2.4	Balanced -5.8	Sm Value 46.0	Sm Cap 18.3	Lg Value 7.0	Lg Value 22.2	EAFE 11.1	Sm Value -28.9	Sm Growth 34.5	Sm Cap 9.1
Lg Value 18.0	Lrg Cap 0.3	Sm Cap 28.4	Sm Value 21.3	Sm Cap 22.3	Lg Value 15.6	EAFE 26.9	Balanced -0.8	Emg Mkt -2.4	Emg Mkt -6.0	EAFE 38.5	Cmnty 17.2	Lrg Cap 6.2	Sm Cap 18.3	Balanced 7.1	Sm Cap -33.7	EAFE 31.8	Bonds 7.9
High Yield 16.6	High Yield -1.0	Sm Value 25.7	Sm Cap 16.4	Balanced 15.4	Bonds 8.6	Sm Cap 21.2	Sm Cap -3.0	Balanced -3.3	Sm Value -11.4	Lg Value 30.0	Lg Value 16.4	Balanced 5.6	Lrg Cap 15.4	Sm Growth 7.0	Lg Value -36.8	Lrg Cap 28.4	Sm Value 7.9
Sm Growth 13.3	Sm Value -1.5	Balanced 22.1	High Yield 11.2	High Yield 13.2	High Yield 2.9	Lrg Cap 20.9	High Yield -5.1	Lg Value -5.5	Lg Value -15.5	Lrg Cap 29.8	Sm Growth 14.3	Lg Growth 5.2	Sm Growth 13.3	Bonds 6.9	Lrg Cap -37.5	Sm Cap 27.2	Balanced 5.7
Balanced 13.0	Sm Cap -1.8	High Yield 20.4	Sm Growth 11.2	Sm Growth 12.9	Sm Growth 1.2	Balanced 12.1	Lrg Cap -7.7	Sm Growth -9.2	EAFE -15.9	Lg Growth 29.7	Lrg Cap 11.4	Sm Value 4.7	High Yield 11.7	Lrg Cap 5.7	Lg Growth -38.4	Sm Value 20.6	Lg Value 4.5
Lrg Cap 10.1	Lg Value -1.9	Cmnty 20.3	Balanced 10.2	Bonds 9.6	Sm Cap -2.5	Lg Value 7.3	EAFE -14.1	Lrg Cap -12.4	Sm Cap -20.4	High Yield 26.1	High Yield 10.8	Sm Cap 4.5	Balanced 11.5	High Yield 2.1	Sm Growth -38.5	Lg Value 19.7	Lrg Cap 4.4
Bonds 9.7	Sm Growth -2.4	Bonds 18.4	EAFE 6.0	EAFE 1.7	Sm Value -6.4	High Yield 2.5	Lg Growth -22.4	Lg Growth -20.4	Lrg Cap -21.6	Cmnty 20.7	Balanced 9.3	Sm Growth 4.1	Lg Growth 9.0	Lg Value -0.1	EAFE -43.3	Balanced 17.2	Lg Growth 4.4
Lg Growth 2.8	Bonds -2.9	EAFE 11.2	Emg Mkt 6.0	Emg Mkt -11.6	Emg Mkt -25.3	Bonds -0.8	Sm Growth -22.4	EAFE -21.4	Lg Growth -27.8	Balanced 18.0	Lg Growth 6.3	High Yield 2.7	Bonds 4.3	Sm Cap -1.5	Cmnty -46.4	Cmnty 13.5	EAFE 1.1
Cmnty -12.3	Emg Mkt -7.3	Emg Mkt -5.2	Bonds 3.6	Cmnty -14.0	Cmnty -35.7	Sm Value -1.4	Emg Mkt -30.8	Cmnty -31.9	Sm Growth -30.2	Bonds 4.1	Bonds 4.3	Bonds 2.4	Cmnty -15.0	Sm Value -9.7	Emg Mkt -53.2	Bonds 5.9	Cmnty -3.9

## Blue Bell Pension Plan

- 10 Years – Compound 6.5%
- 5 Years – Compound 1.4%

## S&P 500

- 10 Years – Compound 2.9%
- 5 Years – Compound -0.3%

## Blue Bell Pension Plan

- 20 Years - Average 8.9%
- 20 Years – Compound 7.6%

## S&P 500

- 20 Years - Average 9.6%
- 20 Years – Compound 7.8%

# Blue Bell ESOP

- Automatically in the Plan
- Each employee has an account
- Benefit is expressed as a lump sum
- Account balance depends upon
  - contributions
  - investment earnings

# Blue Bell ESOP - Investments

- Primarily Blue Bell Stock
- Other investments
  - Barclays Aggregate Bond Fund
  - Equities

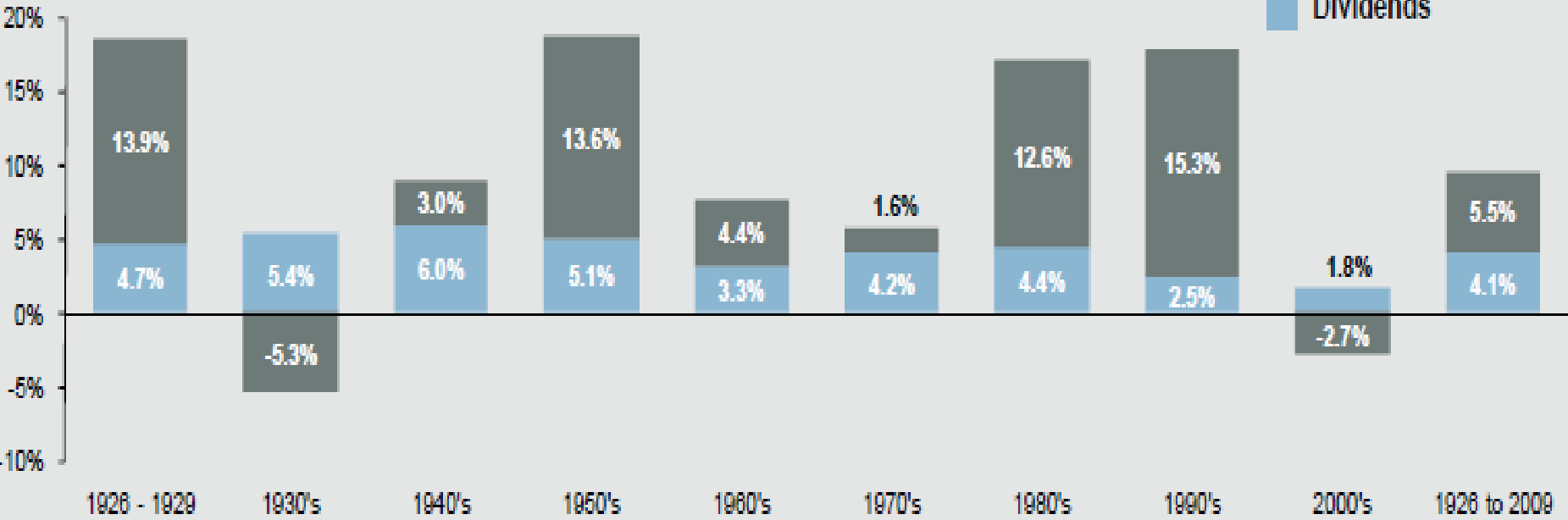
# John Bogle

## Founder of Vanguard

- "We think earnings produced by corporations are the gospel truth, but they are anything but that. Earnings are whatever they are, but dividends are reality."

# S&P 500 Total Return: Dividends vs. Capital Appreciation

Average annualized returns



# Blue Bell Creameries 401(k) Plan

# 401(k) Plan

- Our employees must elect to be in the Plan
- Blue Bell match
- Education

# Rule of 72

$72 \div \text{interest rate} = \text{years to double}$

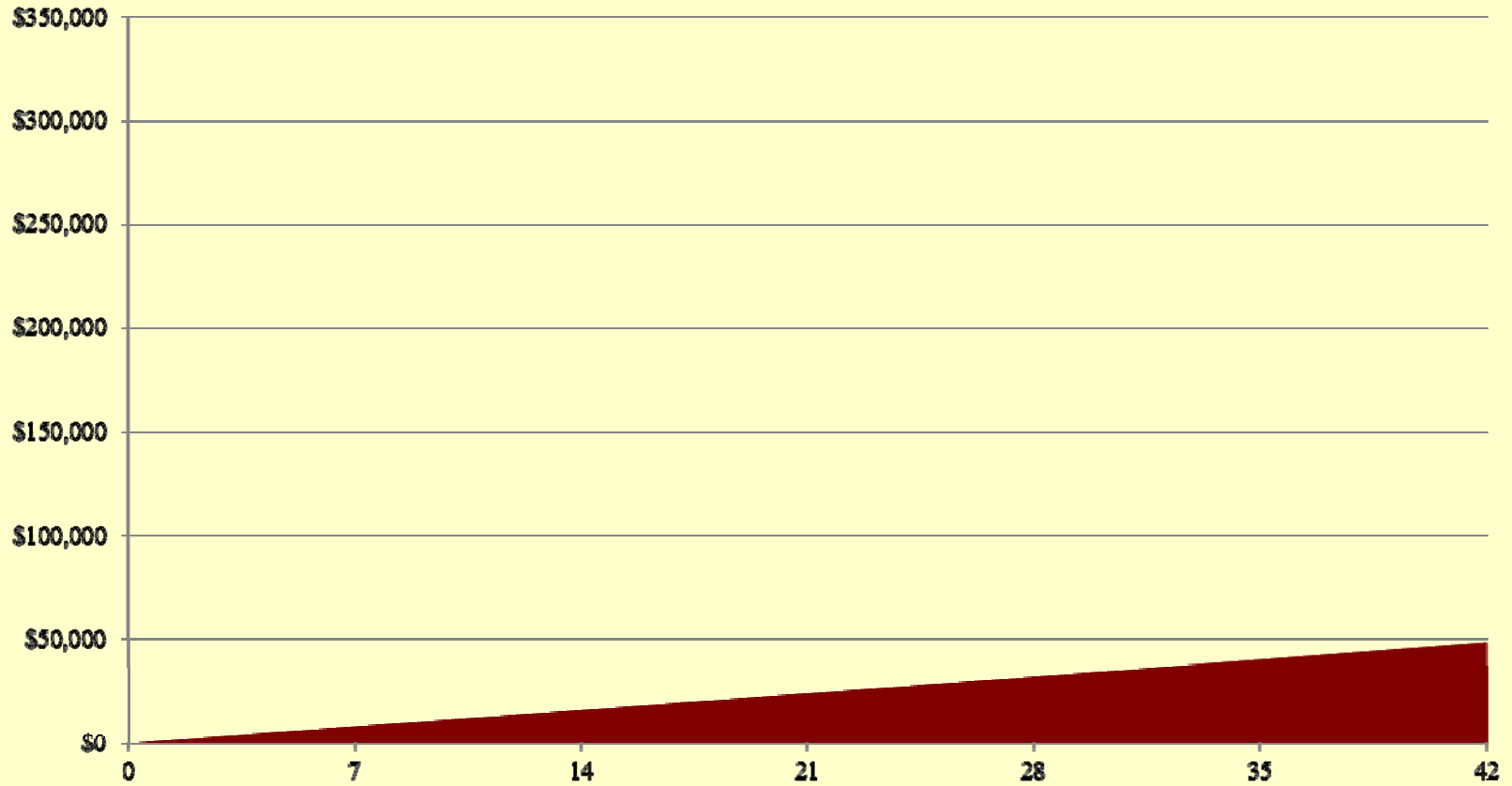
$$72 \div 4\% = 18 \text{ years}$$

$$72 \div 6\% = 12 \text{ years}$$

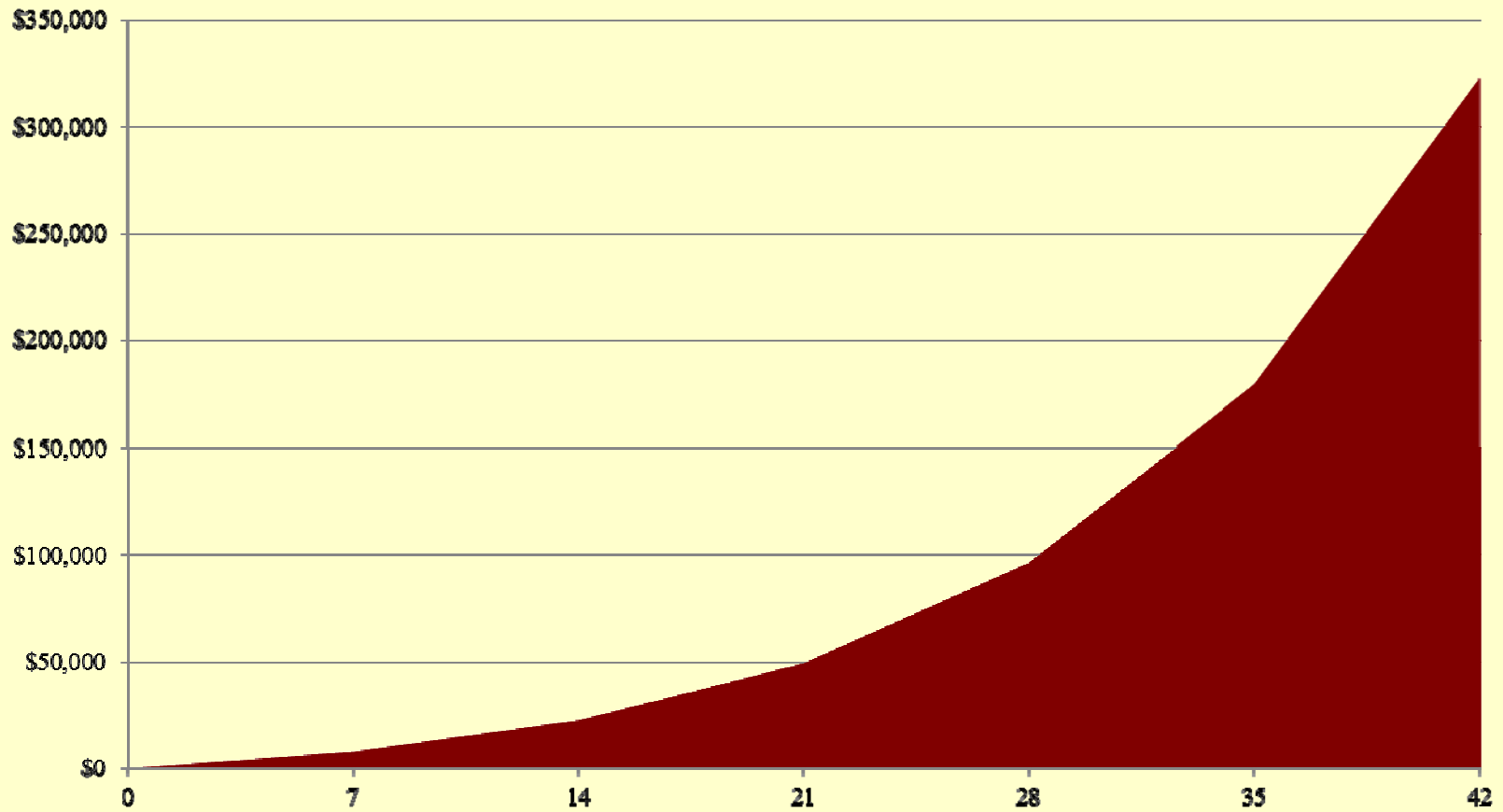
$$72 \div 8\% = 9 \text{ years}$$

$$72 \div 10\% = 7 \text{ years}$$

# Straight Line Growth



# Compound Growth



# Fidelity Investments

**OBJECTIVE:**

**Capital Preservation:** Potentially Lower Risk and Return

**OBJECTIVE:**

**Aggressive Growth:** Potentially Higher Risk and Return

Stable Value	Fixed Income	Balanced	Domestic Equity			International	Other
Fidelity Retirement Money Market	" Fidelity High Income Fund " Fidelity U.S. Bond Index Fund		<u>Value</u> American Beacon Large Cap Value Pln	<u>Blend</u> Fidelity Spar US Equity Index  Fidelity Spartan Extended Market Index	<u>Growth</u> Fidelity Capital Appreciation  *T. Rowe Price Mid-Cap Growth Fund	Fidelity International Discovery  Fidelity Spartan International Index	Fidelity Real Estate Inv
				*Virtus Quality Small-Cap fund Class Institutional			

This spectrum, with the exception of the Domestic Equity category, is based on Fidelity's analysis of the characteristics of the general investment categories and not on the actual investment options and their holdings, which can change frequently. Investment options in the Domestic Equity category are based on the options' Morningstar categories as of 12/31/04. Morningstar categories are based on a fund's style as measured by its underlying portfolio holdings over the past three years and may change at any time. These style calculations do not represent the investment options' objectives and do not predict the investment options' future styles. Investment options are listed in alphabetical order within each investment category. Risk associated with the investment options can vary significantly within each particular investment category, and the relative risk of categories may change under certain economic conditions. For a more complete discussion of risk associated with the mutual fund options, please read the prospectuses before making your investment decision. The spectrum does not represent actual or implied performance.

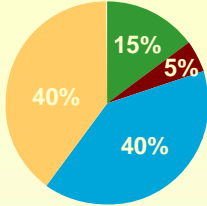
**Life Cycle - Asset Allocation**

Fidelity Freedom Funds

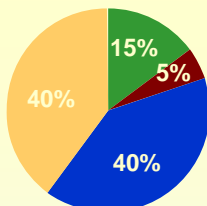
The Fidelity Freedom Funds® are represented on a separate spectrum because each fund (except Fidelity Freedom Income) will gradually adjust its asset allocation to be more conservative as the funds approach their target retirement date and beyond. Approximately five to ten years after the funds target retirement date, the asset allocation of each fund will match the allocation of the Freedom Income Fund. The spectrum illustrates the relative risk and return of each fund as compared with the other funds in the Freedom family.

# Fidelity Freedom Index Funds

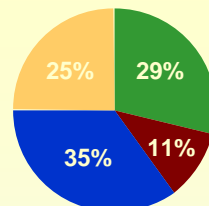
Fidelity Freedom<sup>SM</sup> Index  
Income Fund – Class W



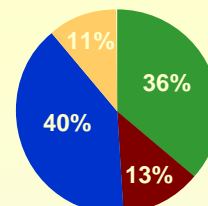
Fidelity Freedom<sup>SM</sup> Index  
2000 Fund – Class W



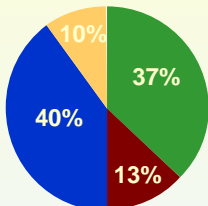
Fidelity Freedom<sup>SM</sup> Index  
2005 Fund – Class W



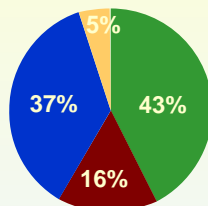
Fidelity Freedom<sup>SM</sup> Index  
2010 Fund – Class W



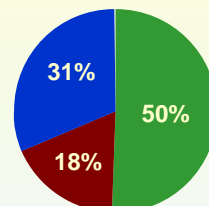
Fidelity Freedom<sup>SM</sup> Index  
2015 Fund – Class W



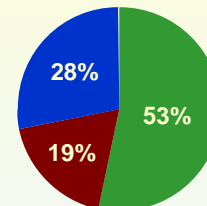
Fidelity Freedom<sup>SM</sup> Index  
2020 Fund – Class W



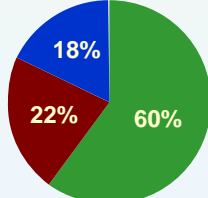
Fidelity Freedom<sup>SM</sup> Index  
2025 Fund – Class W



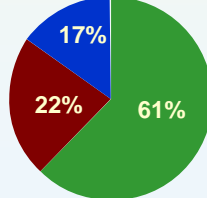
Fidelity Freedom<sup>SM</sup> Index  
2030 Fund – Class W



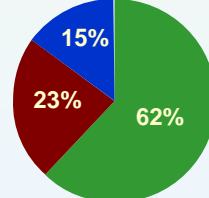
Fidelity Freedom<sup>SM</sup> Index  
2035 Fund – Class W



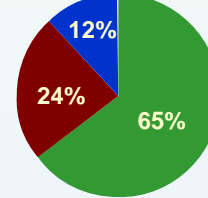
Fidelity Freedom<sup>SM</sup> Index  
2040 Fund – Class W



Fidelity Freedom<sup>SM</sup> Index  
2045 Fund – Class W



Fidelity Freedom<sup>SM</sup> Index  
2050 Fund – Class W



Domestic Equity Funds

International Equity Funds

Bond Funds

Short-Term Funds

# Fidelity Investments

**OBJECTIVE:**

**Capital Preservation:** Potentially Lower Risk and Return

**OBJECTIVE:**

**Aggressive Growth:** Potentially Higher Risk and Return

Money Market	Fixed Income	Balanced	Domestic Equity			International	Other
.42	US Bond Index		.94	.10	.79	1.02	.90
	.32						
	High Yield			.10	.83	.20	
	.75			1.33			

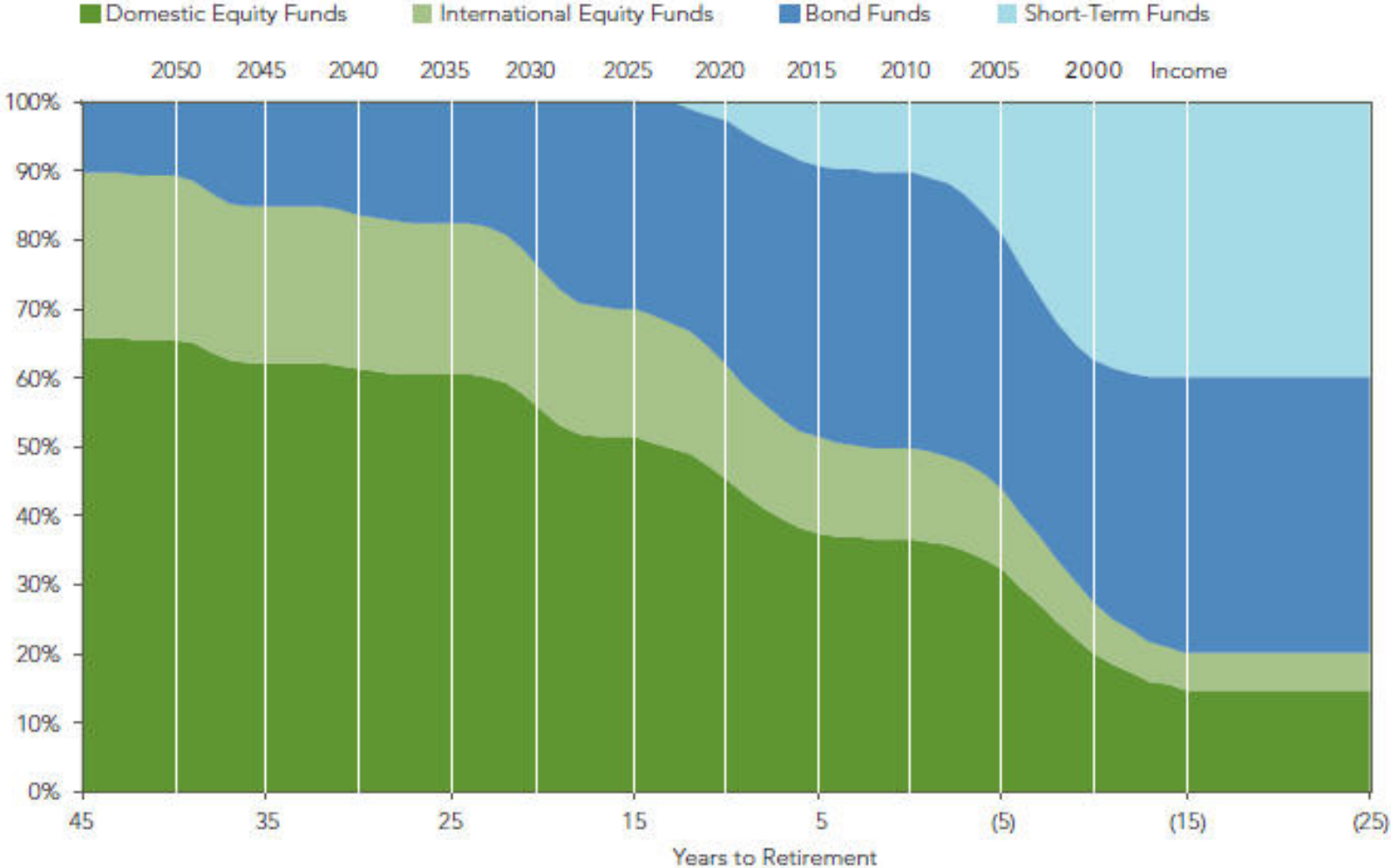
This spectrum, with the exception of the Domestic Equity category, is based on Fidelity's analysis of the characteristics of the general investment categories and not on the actual investment options and their holdings, which can change frequently. Investment options in the Domestic Equity category are based on the options' Morningstar categories as of 12/31/04. Morningstar categories are based on a fund's style as measured by its underlying portfolio holdings over the past three years and may change at any time. These style calculations do not represent the investment options' objectives and do not predict the investment options' future styles. Investment options are listed in alphabetical order within each investment category. Risk associated with the investment options can vary significantly within each particular investment category, and the relative risk of categories may change under certain economic conditions. For a more complete discussion of risk associated with the mutual fund options, please read the prospectuses before making your investment decision. The spectrum does not represent actual or implied performance.

Life Cycle - Asset Allocation
.19

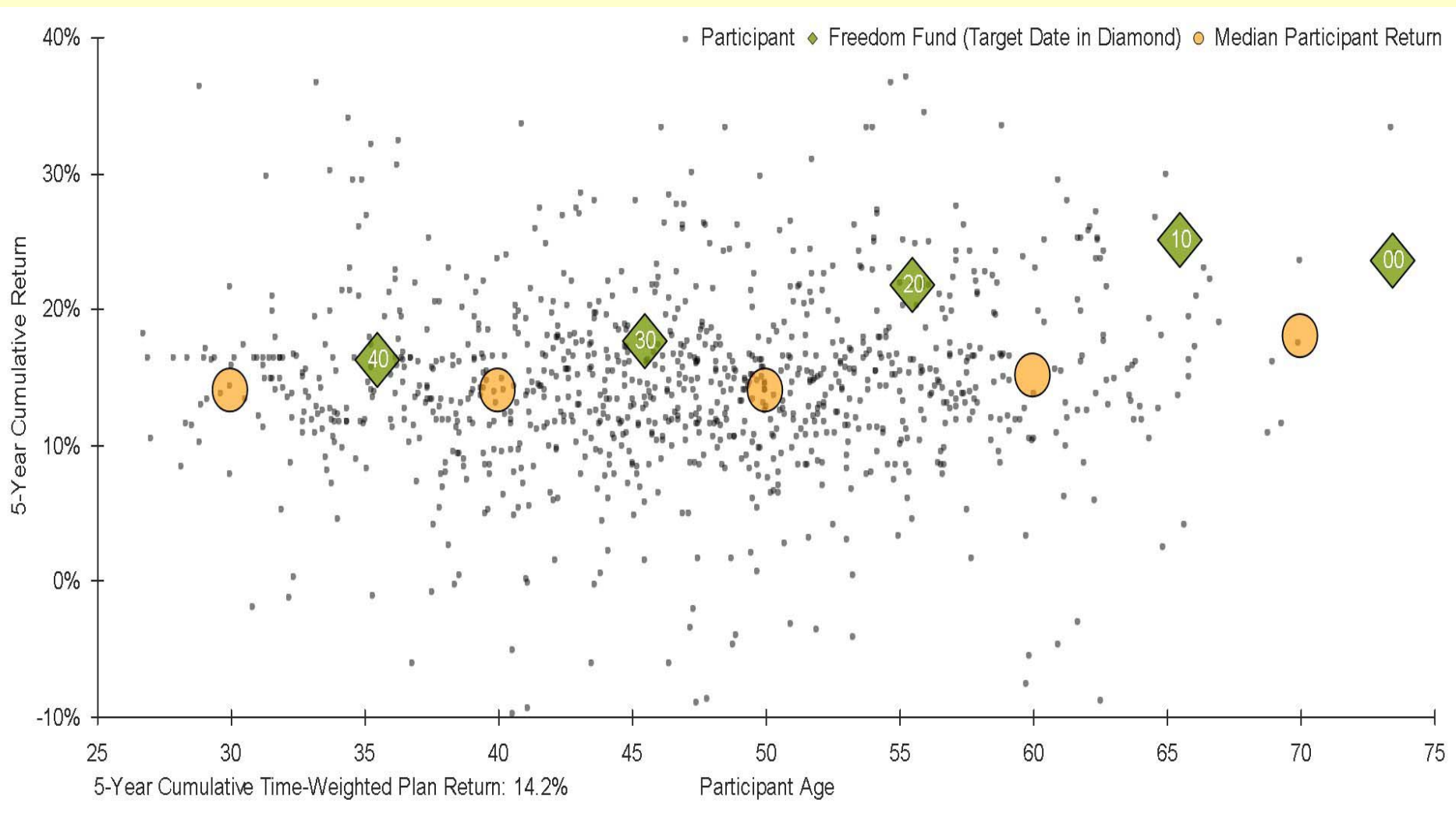
The Fidelity Freedom Funds® are represented on a separate spectrum because each fund (except Fidelity Freedom Income) will gradually adjust its asset allocation to be more conservative as the funds approach their target retirement date and beyond. Approximately five to ten years after the funds target retirement date, the asset allocation of each fund will match the allocation of the Freedom Income Fund. The spectrum illustrates the relative risk and return of each fund as compared with the other funds in the Freedom family.

**Feature: Rolldown Asset Allocation**

**Benefit: Helps Manage Downside Risk**



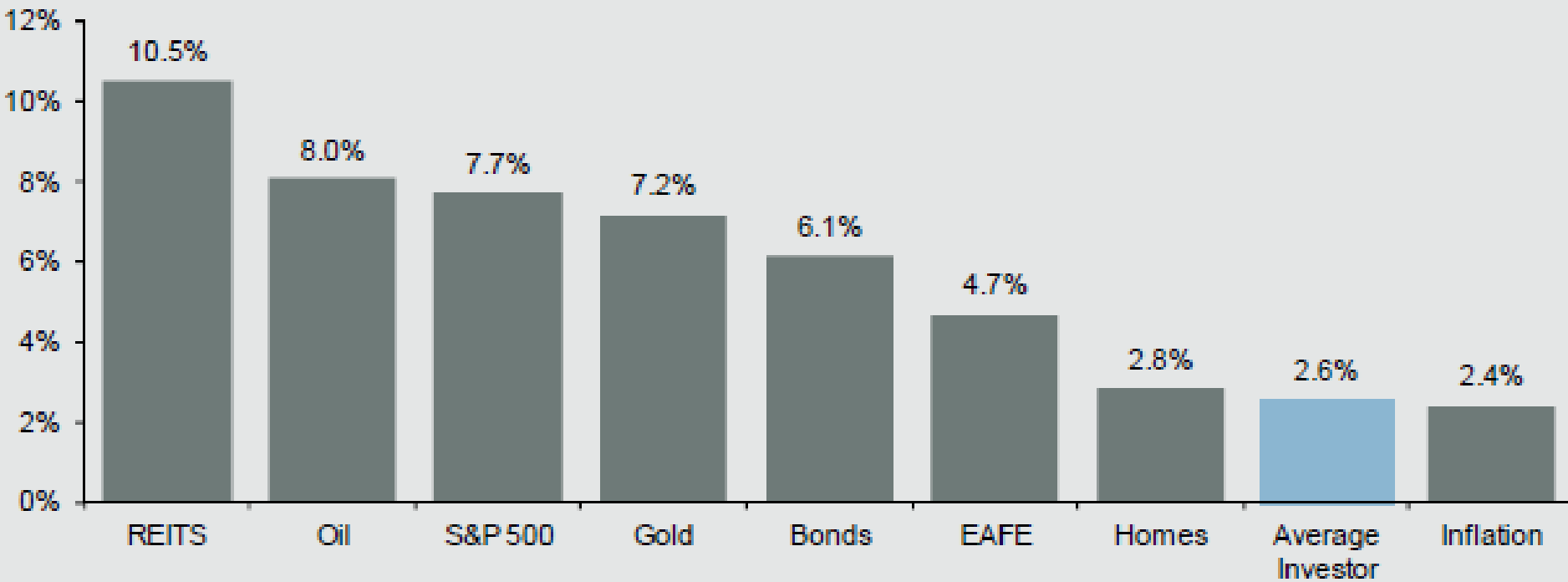
Source: FMR Co. This chart illustrates the Freedom funds' target asset allocations among domestic equity, international equity, bonds, and short-term funds. This chart also illustrates how these allocations may change over time. The Freedom fund future target asset allocations may differ from this approximate illustration. Once the target date is met, the Freedom fund continues becoming more conservative for 10-15 years, until the asset mix is approximately the same as the Freedom Income Fund. Ultimately, the funds will merge.



# To Beat the Market

- Information
- Knowledge
- Time is your friend

**20-year Annualized Returns by Asset Class (1991 – 2010)**



# To Trail the Market

- Fear
- Greed
- Worry about the short term

# Ways to Get Rich

- Ancestral Method
  - Requires at least one rich relative
  - That relative has to like you
- Spousal Method
  - 10 minutes v. a lifetime
  - Avoid signing anything with “prenuptial” on it
- Tried and True Method
  - Work hard
  - Save your money
  - Invest it wisely

# Tried and True Method

- It won't make you rich quick
- But it will definitely make you rich





## International Economic and Demographic Data

Economics						Demographics				
	GDP USD (B\$s)	GDP Per Capita	GDP Growth	Unempl. Rate	Inflation (CPI)	Population	Population Growth	Percent Age >65	Median Age	Migration per 1000
<b>Developed</b>										
U.S.	\$15,176	\$48,147	1.8%	8.6%	3.4%	313 mm	1.0%	13.1%	36.9 yrs	+4.2
Canada	1,759	51,147	3.5	7.4	2.8	34	0.8	15.9	41.0	+5.7
U.K.	2,481	39,604	2.3	8.3	4.8	63	0.6	16.5	40.0	+2.6
Germany	3,629	44,556	2.0	6.9	3.5	81	-0.2	20.6	44.9	+0.5
France	2,808	44,401	1.6	9.7	2.5	65	0.5	16.8	39.9	+1.5
Japan	5,855	45,774	5.6	4.5	-0.5	126	-0.3	22.9	44.8	-
Italy	2,246	37,046	-0.6	8.0	3.7	61	0.4	20.3	43.5	+4.9
<b>Emerging</b>										
Russia	1,885	13,236	3.5	6.3	6.8	139	-0.5	13.0	38.7	+0.3
Mexico	1,185	10,803	5.5	5.0	3.5	114	1.1	6.6	27.1	-3.2
Brazil	2,518	12,917	-0.2	5.2	6.6	203	1.1	6.7	29.3	-0.1
China	6,988	5,184	7.9	4.1	4.2	1,337	0.5	8.9	35.5	-0.3
India	1,843	1,527	7.5	10.0	9.1	1,189	1.3	5.5	26.2	-0.1

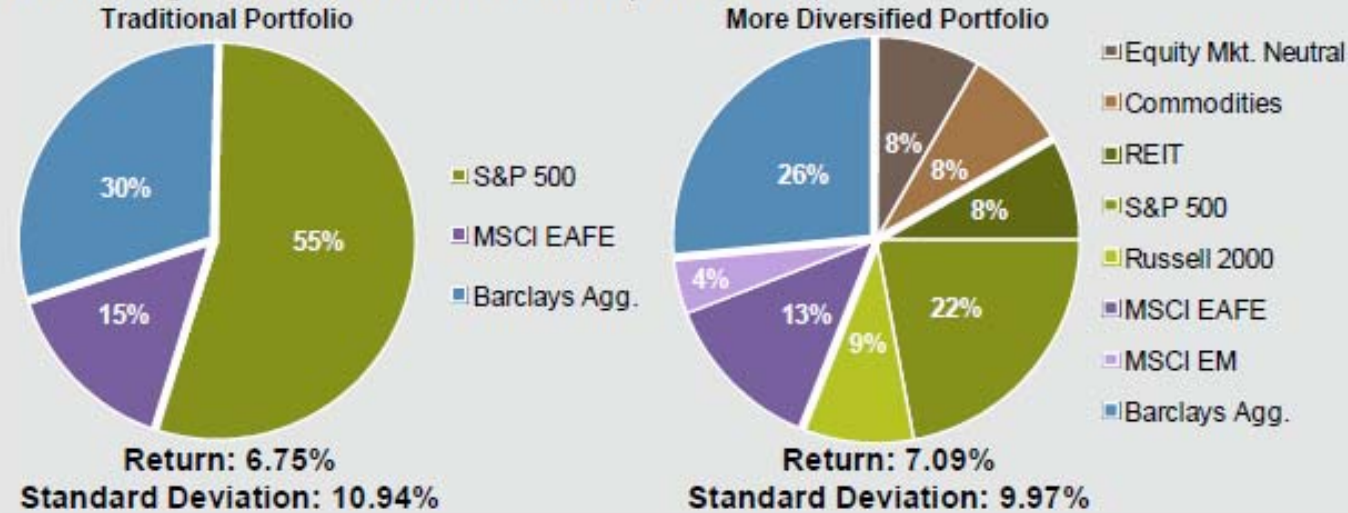
Source: FactSet, CIA, J.P. Morgan Securities, J.P. Morgan Asset Management.

All GDP Growth data are from J.P. Morgan Economics and expressed as % change versus prior quarter annualized with the exception of India, which is from the India Ministry of Statistics & Programme Implementation and represents % change versus a year ago. All GDP Growth data are for 3Q11. India unemployment is from CIA estimates and is as of 2010, and Italy unemployment is as of 6/30/11. CPI Inflation is shown as % change versus a year ago and all data are for 3Q11. Unemployment rate for developed countries refers to November 2011 and comes from FactSet Economics, Eurostat and Statistics Canada. Demographic data provided by CIA World Factbook at CIA.gov.

Data are as of 12/31/11.

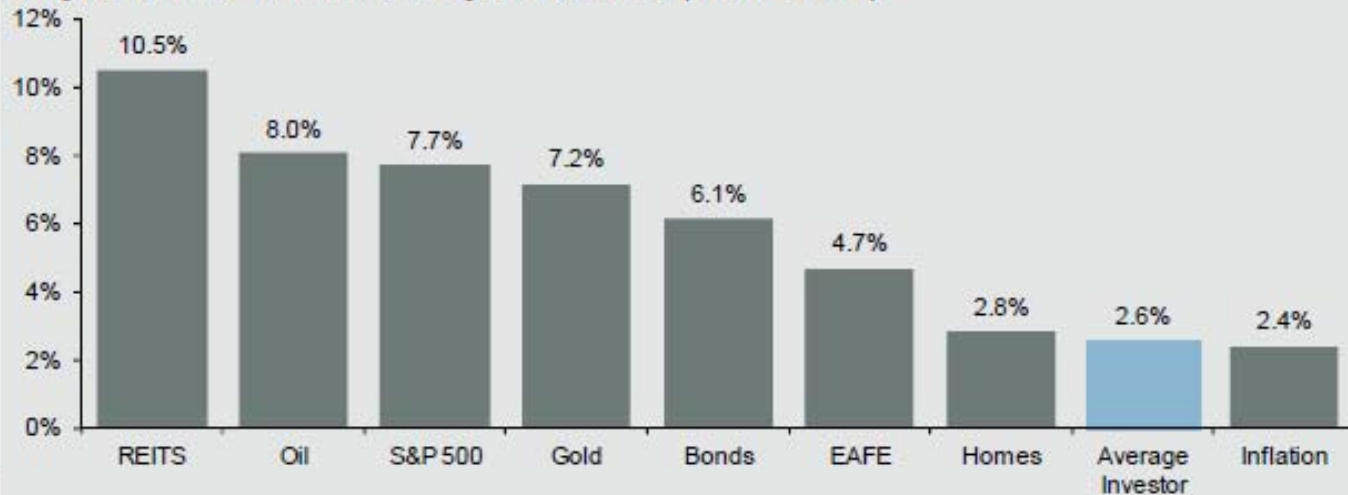
# Diversification and the Average Investor

## Maximizing the Power of Diversification (1994 – 2011)



(Top) Indexes and weights of the traditional portfolio are as follows: U.S. stocks: 55% S&P 500, U.S. bonds: 30% Barclays Capital Aggregate. International stocks: 15% MSCI EAFE. Portfolio with 25% in alternatives is as follows: U.S. stocks: 22.2% S&P 500, 8.8% Russell 2000; International Stocks: 4.4% MSCI EM, 13.2% MSCI EAFE; U.S. Bonds: 26.5% Barclays Capital Aggregate; Alternatives: 8.3% CS/Tremont Equity Market Neutral, 8.3% DJ/UBS Commodities, 8.3% NAREIT Equity REIT Index. Return and standard deviation calculated using Morningstar Direct. Charts are shown for illustrative purposes only. Past returns are no guarantee of future results. Diversification does not guarantee investment returns and does not eliminate risk of loss. Data are as of 12/31/11.

## 20-year Annualized Returns by Asset Class (1991 – 2010)



(Bottom) Indexes used are as follows: REITS: NAREIT Equity REIT Index, EAFE: MSCI EAFE, Oil: WTI Index, Bonds: Barclays Capital U.S. Aggregate Index, Homes: median sale price of existing single-family homes, Gold: USD/troy oz, Inflation: CPI. Average asset allocation investor return is based on an analysis by Dalbar Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. Returns are annualized (and total return where applicable) and represent the 20-year period ending 12/31/10 to match Dalbar's most recent analysis.

## Correlations: 10-Years

	Large Cap	Small Cap	EAFE	EME	Core Bonds	Corp. HY	EMD	Cmdty.	REITs	Hedge Funds	Eq Market Neutral*
Large Cap	1.00	0.94	0.92	0.87	-0.32	0.79	0.65	0.43	0.74	0.79	0.49
Small Cap		1.00	0.88	0.83	-0.37	0.73	0.56	0.36	0.79	0.74	0.46
EAFE			1.00	0.91	-0.22	0.75	0.63	0.51	0.73	0.85	0.66
EME				1.00	-0.20	0.80	0.70	0.54	0.64	0.86	0.53
Core Bonds					1.00	-0.11	0.16	-0.23	-0.04	-0.22	-0.02
Corp. HY						1.00	0.85	0.51	0.68	0.78	0.40
EMD							1.00	0.42	0.59	0.64	0.34
Commodities								1.00	0.39	0.69	0.49
REITs									1.00	0.60	0.50
Hedge Funds										1.00	0.58
Eq Market Neutral*											1.00

Source: Standard & Poor's, Russell, Barclays Capital Inc., MSCI Inc., Credit Suisse/Tremont, NCREIF, DJ UBS, J.P. Morgan Asset Management.

Indexes used – Large Cap: S&P 500 Index; Small Cap: Russell 2000; EAFE: MSCI EAFE; EME: MSCI Emerging Markets; Bonds: Barclays Capital Aggregate; Corp HY: Barclays Capital Corporate High Yield; EMD: Barclays Capital Emerging Market; Cmdty.: DJ UBS Commodity Index; Real Estate: NAREIT Equity REIT Index; Hedge Funds: CS/Tremont Multi-Strategy Index; Equity Market Neutral: CS/Tremont Equity Market Neutral Index. \*Market Neutral returns include estimates found in disclosures.

All correlation coefficients calculated based on quarterly total return data for period 9/30/01 to 9/30/11.

This chart is for illustrative purposes only.