



DAP
A lifelong retirement plan

Heads Up

Directed Account Plan Year-End Review

January 2016

2015 Year-End Review



This Heads Up newsletter provides an in-depth look at the DAP Options and Models - their investment strategies, year-end performance and expense ratios. For more detailed reporting such as daily net asset values, daily ytd performance, investment guides and fund fact sheets, I encourage you to visit www.dapretirement.com.

As Executive Director, I have the privilege of talking directly to the participants and hearing what is on your minds. The number one question from our participants in 2015 was ... “how will a rising interest rate environment affect my return in the Stable Value Option?” This question is fitting since the Federal Reserve changed interest rates in 2015 for the first time in close to a decade. The Federal Reserve unanimously voted to nudge the central bank's benchmark interest rate up from near zero by a quarter of one percent and there is uncertainty as to if and when more rate hikes will come. The majority of the participants in the DAP are invested in the Stable Value Option either in the option itself or through the model portfolios.

I asked Marty Zygmund, the former DAP Investment Officer, to contribute to this Heads Up. Since Marty managed this option through various market environments through the years, he has the expertise and knowledge to address this participant concern. I encourage all of you to read his educational article below. - **Michelle Silberberg** - Executive Director - Directed Account Plan

Stable Value structured for security

During the Financial Crisis in 2007, the DAP office received many calls from participants concerning the safety of the Stable Value Option. These inquiries prompted me to write an article for the January 2008 Issue of Heads Up explaining some of the nuts and bolts behind our Stable Value Option (SV). Fast forward eight years and now the calls to the DAP office are about how our Stable Value Option will be affected by the Federal Reserve raising interest rates for the first time in almost 10 years.

To answer the question, one must review the structure of our Stable Value Option. The Option is made up of three components: (1) 10% BlackRock Institutional Money Market (2) 10% CDs in a ladder structure provided by CommunityAmerica Credit Union (the Plan Sponsor) and (3) 80% Invesco managed bond portfolios that are insured by wrappers provided by insurance and investment companies.

As one would assume, any increase in the Fed Funds rate by the Federal Reserve would have an immediate impact of raising the interest on the money market assets in the Stable Value Option. The CDs in the portfolio are ladder out for two years with 3-month maturities. While an increase in the Fed Funds rate would not have an immediate impact on this portion of the portfolio, it could result in the future CDs providing a higher rate as a portion of the CDs mature at 3-month intervals. I say “could” because rates on CDs are a function of two forces - prevailing short-term rates and the financial institution's need for funds. After all, a bank or credit union only needs deposits if there is a need for those deposits to help fund loan demand.

For the 80% of the assets in managed bond portfolios, the answer is a little more complicated. First you should know that two years ago the Executive Director along with Invesco recommended a strategy to the Board to start reducing the

duration of the managed portfolios. The Board approved this recommendation, and the first part took place by slowly reducing the duration of the Wellington Bond Portfolio from a core duration (approximately 5-7 years) to an intermediate duration (3-4 years). This was accomplished late last year and provided for two outcomes: (1) allowing gains in the longer bonds sold to be harvested and paid out to participants in the form of a higher crediting rate; and (2) reducing the impact a rising rate environment would have on the portfolio. The other portion of the managed bond portfolio had been in a multi-manager strategy that also had a bias to longer term maturities. During this past year, the DAP exited this strategy and used the funds to build individual portfolios of short duration bonds (less than 3 years) that are managed by Invesco and Voya.

These changes have had the effect of reducing the average duration on the managed bond portfolios from approximately 4.0 years to 2.86 years. This change in duration, along with 20% of the this Option being held in CDs and an institutional money market, will help the entire Stable Value Option stay competitive in a rising rate environment. However, how fast and how steep the Federal Reserve will raise rates will determine how competitive the Stable Value Option remains. If rates rise in small quarter point increments and the rate increases are spread out over a longer time period, then this Option's investments should keep pace. If rate rises are steep and come in bunches, then it will be difficult for this Option's investments to keep pace. All indications for now are that the Fed is biased towards the small and gradual camp - thus, the reasoning behind the changes made to the portfolio.

What the DAP participants need to keep in mind is that both the Board and Invesco (the SV manager) know the importance of this asset class to the DAP participants. With that in mind, the order of their priorities is to keep the Option **SAFE** and **COMPETITIVE** in all economic cycles.

- **Marty Zygmund** Former DAP Investment Officer

Reviewing the DAP Investment Options

THE MODEL PORTFOLIOS - The model portfolios have been created for the participant who does not want to determine his or her own account asset allocation. The DAP Board of Directors has provided an appropriate asset allocation of the DAP investment options based on varying degrees of risk. Rebalancings occur periodically to maintain the target allocations for the options and models.

Retirement Model Portfolio

Performance (as of 12/31/15)

Objective: Seeks to provide current income and preservation of purchasing power.

Strategy: The majority of the portfolio is invested in the Stable Value Option to provide income. As an inflation hedge, a lesser portion of the portfolio is invested in the Value Stock and Equity Index Options. In addition, a small portion is invested in the International Stock Option for further diversification and to help reduce currency risk. The target allocation is 80% Stable Value Option, 10% Equity Index Option, 5% Value Stock Option and 5% International Stock Option.

	Annual Return					Annualized Return			
	2011	2012	2013	2014	2015	3 yr.	5 yr.	10 yr.	20 yr.
Retirement Model	1.87%	5.85%	7.50%	3.32%	1.47%	4.07%	3.98%	n/a	n/a
Retirement Composite Index	0.77%	3.79%	6.07%	2.25%	0.08%	2.65%	2.43%	n/a	n/a

The Retirement Composite Index is the DAP Board designated benchmark for the DAP Retirement Model. It is a blended index using the target allocations of the benchmarks for the underlying DAP investment options. It is made up of the target allocation - 80% Barclays 1-3 Yr Govt/Treas, 10% Russell 3000, 5% Russell 1000 Value and 5% MSCI ACWI ex US IMI Net.

Conservative Model Portfolio

Performance (as of 12/31/15)

Objective: Seeks to provide income and capital preservation.

Strategy: A significant portion of the portfolio is invested in the Stable Value Option to provide income. As an inflation hedge, a lesser portion of the portfolio is invested in the Value Stock Option and Equity Index Option. The target allocation is 60% Stable Value Option, 20% Value Stock Option, and 20% Equity Index Option.

	Annual Return					Annualized Return			
	2011	2012	2013	2014	2015	3 yr.	5 yr.	10 yr.	20 yr.
Conservative Model	0.99%	8.59%	14.09%	6.28%	0.47%	6.80%	5.97%	5.20%	6.46%
Conservative Composite Index	1.22%	7.09%	13.44%	5.59%	-0.33%	5.88%	5.13%	4.21%	5.57%

The Conservative Composite Index is the DAP Board designated benchmark for the DAP Conservative Model. It is a blended index using the target allocations of the benchmarks for the underlying DAP investment options. It is made up of the target allocation - 60% Barclays 1-3 Yr Govt/Treas, 20% Russell 3000, and 20% Russell 1000 Value.

Moderate Model Portfolio

Performance (as of 12/31/15)

Objective: Seeks to provide capital growth and income.

Strategy: A significant portion of the assets is invested in the Stable Value Option. The majority of this portfolio is diversified among the various equity options. The target allocation is 35% Stable Value Option, 15% Value Stock Option, 15% Equity Index Option, 15% Growth Stock Option, 10% International Stock Option, and 10% Diversified Small Company Stock Option.

	Annual Return					Annualized Return			
	2011	2012	2013	2014	2015	3 yr.	5 yr.	10 yr.	20 yr.
Moderate Model	-2.33%	12.12%	21.83%	5.93%	0.20%	8.95%	7.21%	6.02%	7.39%
Moderate Composite Index	-0.48%	10.92%	20.53%	6.18%	-0.35%	8.25%	6.85%	5.18%	6.22%

The Moderate Composite Index is the DAP Board designated benchmark for the DAP Moderate Model. It is a blended index using the target allocations of the benchmarks for the underlying DAP investment options. It is made up of the target allocation - 35% Barclays 1-3 Yr Govt/Treas, 15% Russell 3000, 15% Russell 1000 Value, 15% Russell 1000 Growth, 10% MSCI ACWI ex US IMI Net and 10% Russell 2000.

Aggressive Model Portfolio

Performance (as of 12/31/15)

Objective: Seeks to provide capital accumulation.

Strategy: A majority of its assets is allocated to equities. The Aggressive Model takes above-average risk in an attempt to achieve its goal of above-average returns over the long run. The target allocation is 20% Stable Value Option, 15% Value Stock Option, 15% Equity Index Option, 15% Growth Stock Option, 15% International Stock Option, and 20% Diversified Small Company Stock Option.

	Annual Return					Annualized Return			
	2011	2012	2013	2014	2015	3 yr.	5 yr.	10 yr.	20 yr.
Aggressive Model	-4.33%	14.48%	26.88%	5.42%	-0.79%	9.89%	7.76%	6.34%	7.83%
Aggressive Composite Index	-1.73%	13.35%	25.15%	6.38%	-1.11%	9.44%	7.72%	5.65%	6.69%

The Aggressive Composite Index is the DAP Board designated benchmark for the DAP Aggressive Model. It is a blended index using the target allocations of the benchmarks for the underlying DAP investment options. It is made up of the target allocation - 20% Barclays 1-3 Yr Govt/Treas, 15% Russell 3000, 15% Russell 1000 Value, 15% Russell 1000 Growth, 15% MSCI ACWI ex US IMI Net and 20% Russell 2000.

THE INVESTMENT OPTIONS - The DAP Board of Directors applies their investment expertise and careful analysis to select a diversified group of managers that fit the objective for each of the following investment options.

Stable Value Option

Performance (as of 12/31/15)

Objective: Seeks to provide investors with a return comparable to that of high-quality bonds with less volatility.

Strategy: The Stable Value Option is managed by Invesco. The portfolio currently has three investment sub advisors: Invesco, Voya and Wellington. The overall portfolio is invested in short and intermediate duration securities across multiple sectors of the fixed income markets. The assets are wrapped by synthetic investment contracts purchased by Invesco. These contracts provide for book value accounting (cost plus accrued interest) which serves to reduce the overall volatility of the fund. The interest rates on these contracts are adjusted monthly to reflect the performance of the underlying assets. Invesco has oversight over the wrapped portion. The remainder of the fund is composed of cash and cash equivalents such as CDs and money market.

	Annual Return				
	2011	2012	2013	2014	2015
Stable Value Option	3.63%	3.07%	2.49%	2.15%	2.23%
Barclays 1-3 YR Govt/Treas **	1.56%	0.51%	0.37%	0.64%	0.57%
	Annualized Return				
	3 YR	5 YR	10 YR	15 YR	20 YR
Stable Value Option	2.29%	2.71%	3.54%	4.15%	4.72%
Barclays 1-3 YR Govt/Treas **	0.53%	0.73%	2.51%	2.95%	3.69%

** The performance for each DAP Investment Option is followed by the DAP Board designated index for the option. Past performance is not a guarantee of future returns.

Value Stock Option

Performance (as of 12/31/15)

Objective: Seeks to provide long-term growth of capital.

Strategy: The Value Stock Option may include a range of value investment managers who generally invest in stocks that are out of favor with the investment community. Value managers look for large or mid-cap stocks that are undervalued in the marketplace in relation to factors such as the company's assets, sales, earnings, book value, growth potential, cash flow, or in relation to securities of other companies in the same industry.

	Annual Return				
	2011	2012	2013	2014	2015
Value Stock Option	-8.33%	17.54%	33.87%	12.23%	-6.01%
Russell 1000 Value **	0.39%	17.51%	32.53%	13.45%	-3.83%
	Annualized Return				
	3 YR	5 YR	10 YR	15 YR	20 YR
Value Stock Option	12.19%	8.76%	5.86%	5.62%	8.32%
Russell 1000 Value **	13.08%	11.27%	6.16%	5.86%	8.52%

Equity Index Option

Performance (as of 12/31/15)

Objective: Seeks to provide a return similar to the Russell 3000 Index.

Strategy: The Equity Index Fund is invested in a portfolio of broadly diversified common stocks designed to provide a return similar to that of the broad market. It should closely approximate the return of the Russell 3000. "Indexing" describes an investment approach that tries to parallel the investment return of a specified stock market index. The investment manager attempts to replicate the investment results of the target index by holding all, or in the case of a very broad index, a representative sample of the index. The Equity Index Fund is a passive management approach, emphasizing broad diversification and low portfolio trading.

	Annual Return				
	2011	2012	2013	2014	2015
Equity Index Option	0.86%	16.27%	33.33%	12.40%	0.40%
Russell 3000 **	1.03%	16.42%	33.55%	12.56%	0.48%
	Annualized Return				
	3 YR	5 YR	10 YR	15 YR	20 YR
Equity Index Option	14.59%	12.03%	7.24%	5.26%	8.04%
Russell 3000 **	14.74%	12.18%	7.35%	5.39%	8.27%

Growth Stock Option

Performance (as of 12/31/15)

Objective: Seeks to provide capital appreciation.

Strategy: The Growth Stock Fund may include a range of investment managers who invest in the stock of companies that produce high earnings or have the potential to generate earnings growth in the future. Growth managers invest in stocks whose earnings per share (EPS) show a high or above-average growth rate in relation to its peers. Growth stocks tend to have a higher price/earnings ratio (P/E) than the overall stock market because people are willing to pay for reliable growth.

	Annual Return				
	2011	2012	2013	2014	2015
Growth Stock Option	-3.31%	14.99%	37.47%	11.55%	5.10%
Russell 1000 Growth **	2.64%	15.26%	33.48%	13.05%	5.67%
	Annualized Return				
	3 YR	5 YR	10 YR	15 YR	20 YR
Growth Stock Option	17.25%	12.37%	8.02%	4.83%	7.91%
Russell 1000 Growth **	16.83%	13.53%	8.53%	4.33%	7.63%

International Stock Option

Performance (as of 12/31/15)

Objective: Seeks to provide long-term growth of capital through a diversified portfolio of world market securities. Investment is in common stocks of foreign and some U.S. companies.

Strategy: The International Stock Fund contains portfolios whose managers invest in securities across world markets. The fund may contain broadly diversified portfolios and/or portfolios of managers who have shown results in making more concentrated country/company investments. Currency fluctuations may present an additional risk, and managers are authorized to hedge accordingly.

	Annual Return				
	2011	2012	2013	2014	2015
International Stock Option	-16.36%	16.54%	17.64%	-5.10%	-2.34%
* MSCI ACWI ex US IMI Net / MSCI EAFE Net Div **	-12.14%	17.32%	15.82%	-3.89%	-4.60%
	Annualized Return				
	3 YR	5 YR	10 YR	15 YR	20 YR
International Stock Option	2.92%	1.22%	3.82%	4.20%	6.33%
MSCI ACWI ex US IMI Net **	2.02%	1.27%	3.18%	4.54%	4.58%



DAP
A lifelong retirement plan

Performance

Directed Account Plan Year-End Review

January 2016

Diversified Small Co. Stock Option

Performance (as of 12/31/15)

Objective: Seeks to provide capital appreciation.

Strategy: The Diversified Small Company Stock Option contains portfolios that typically include growth and value stocks of small-to-medium companies. These equities, while more volatile, historically have produced a higher return when viewed over longer time horizons. Funds in this category tend to be more volatile than other equity investments.

	Annual Return				
	2011	2012	2013	2014	2015
Diversified Small Co. Stock Option	-5.13%	19.27%	43.42%	1.25%	-4.38%
Russell 2000 **	-4.18%	16.35%	38.82%	4.89%	-4.41%
	Annualized Return				
	3 YR	5 YR	10 YR	15 YR	20 YR
Diversified Small Co. Stock Option	11.56%	9.46%	6.85%	7.05%	8.67%
Russell 2000 **	11.65%	9.19%	6.80%	7.28%	8.03%

2015 Directed Account Plan Expense Overview

The information below is based on un-audited actual expense numbers in addition to estimates of investment manager fees for 2015. The basis points listed below are not charged directly to you but taken as an adjustment to the daily NAV of each DAP Option.

Average Plan Assets in 2015	\$701,378,440	DAP Option and Model Expense Ratios		
Total Operating Expenses (Recordkeeping, Trustee, Administration, Personnel, Communication)	\$890,011	DAP Options/Models	Option [^] (bps)	Morningstar Average
Operating Expenses as a percent of assets	13 bps	Stable Value Option	40	n/a
Approximate Investment Manager Fees *	39 bps	Value Stock Option	95	89 Large Value 98 Mid Value
Other Mutual Fund Expenses **	4 bps	Equity Index Option	19	n/a
Total DAP Fees and Expenses as a percent of assets - 56 bps		Growth Stock Option	84	95 Large Growth 107 Mid Growth
<i>* mutual fund investment management fee average</i> <i>** includes mutual fund transaction fees, 12b-1 fees, administrative fees, and all other asset-based costs incurred by the funds. Does not include transaction costs of participant activity, which is reflected in each BlackRock NAV, lowering BlackRock fund performance.</i> [^] expense ratio includes operating expenses and investment manager fees. ^{^^} from an advisor recommended model portfolio ^{**} from Morningstar model portfolios Basis Point (bps) - one basis point is equal to 1/100th of one percent.		International Stock Option	72	134
		Div. Small Co. Stock Option	98	104
		Retirement Model	42	61 ^{^^}
		Conservative Model	47	62 ^{**}
		Moderate Model	61	73 ^{**}
		Aggressive Model	68	84 ^{**}

Target Allocations as of December 31, 2015

Retirement Model

80% Stable Value
5% Value Stock
10% Equity Index
5% International Stock

Conservative Model

60% Stable Value
20% Value Stock
20% Equity Index

Moderate Model

35% Stable Value
15% Value Stock
15% Equity Index
15% Growth Stock
10% International Stock
10% Diversified Small Co. Stock

Aggressive Model

20% Stable Value
15% Value Stock
15% Equity Index
15% Growth Stock
15% International Stock
20% Diversified Small Co. Stock

Stable Value Option

80% Invesco Managed Account
10% BlackRock Instl. Money Market
10% CDs

Value Stock Option

20% Neuberger Berman Large Cap Value
20% T. Rowe Price Value
15% JP Morgan Equity Income
15% Goldman Sachs Mid Cap Value Instl.
10% Sequoia
20% BlackRock Value Index

Equity Index Option

100% BlackRock US Equity Index

Growth Stock Option

20% Marsico Focus
20% T. Rowe Price Growth Stock
20% Primecap Odyssey Growth
10% Wellington Mid Cap Opportunities
10% Broad Run Mid Cap Growth
20% BlackRock Growth Index

International Stock Option

12% Templeton Instl. Foreign Equity
8% Thornburg International Value
12% MFS International Value
10% DFA Emerging Markets Value
6% Brandes Intl. Small Cap Equity
52% BlackRock ACWI Ex-US IMI Index

Diversified Small Co. Stock

15% DFA US Micro Cap Portfolio
15% Royce Opportunity
15% Brown Capital Mgmt. Small Co. Instl.
10% Buffalo Small Cap
10% Deutsche Small Cap Value
10% Mutual of America Disciplined Small Cap Value
5% Walthausen Small Cap Value
20% BlackRock Small Co. Index

Plan News

Review Beneficiary Designations

Now is a great time to make sure your beneficiary designations are up to date. Your beneficiaries are listed on www.dap401k.com. Your beneficiary designation form is available on the forms page at both www.dap401k.com and www.dapretirement.com. You may also contact us at the phone numbers listed below to verify your beneficiaries and request a form.

Investment Option Changes

The DAP allows for daily exchanges between your investment options with no trading fees. Transactions may be made by phone or online with the contact information listed below.

More Information and Plan Contacts

To get daily NAVs, account balance information, or to make transfers, you may call the KEYTALK telephone voice response system, available 24 hours a day. DAP Retirement Specialists are available 9:00 a.m. to 8:00 p.m. Eastern Time Monday through Friday (excluding New York Stock Exchange holidays). Call 1-844-861-4DAP (1-844-861-4327). Use your Social Security number and PIN to access your account.

Directed Account Plan
3221 McKelvey Road, Suite 105
Bridgeton, MO 63044-2551
314-739-7373

Informational Web Site:
www.dapretirement.com

Interactive Web Site:
www.dap401k.com

The intent of this communication is to provide useful information, not investment advice. Each participant in the Directed Account Plan is ultimately responsible to make his or her own investment decisions.

This communication was created by and is being provided at the request of your Plan Sponsor. Neither Great-West Life & Annuity Insurance Company nor any of its subsidiaries have reviewed or approved these materials or are responsible for the materials or for providing updated information with respect to the materials.