DAP
A lifelong retirement plan

Heads Up

Directed Account Plan Quarterly Review April 2017

Highlighting the Tier III - Diversified Inflation/Real Return Fund

Under the new DAP tiered structure, you have a simple menu of investment choices - providing access to the key asset classes available in the marketplace. The four tiers are:

TIER I **Asset Allocation Funds** - 12 Target Retirement Funds and 4 Target Risk Funds
TIER II **Index Funds** - 4 passively managed Index Funds
TIER III **Actively Managed Funds** - 6 diversified, multi-manager Actively Managed Funds
TIER IV **Specialty Funds** - 16 specialty Mutual Funds

Within **Tier III**, the **Diversified Inflation/Real Return Fund** is designed for more aggressive investors with a long-term horizon who want significant exposure to Real Assets and Inflation-Protected Securites, and can withstand inevitable setbacks in an effort to achieve potential long-term growth. This type of fund may not be as familiar to most investors as the stock or bond market funds. Most participants do not know what Real Assets are and have limited knowledge of Inflation-Protected Securities. For that reason, we are highlighting the Diversified Inflation/Real Return Fund in this newsletter.

The current target allocation for the fund is 70% Real Assets, 24% Inflation-Protected Securities and 6% Short-Term Inflation-Protected Securities. The underlying fund allocation, performance, and investment management expense factor is listed in the table below.[1]

Risk Level: Low ← → High
1 2 3 **4** 5

Annual Investment Management Expense Factor: 0.30%[2]

Total Returns[3] **period ended 3/31/17**

	Jan-17	Feb-17	Mar-17	YTD
Fund	1.31%	1.43	0.09	2.84
Benchmark Barclays US 0-5 TIPS Idx	0.45%	0.10	0.15	0.70

New Fund with inception date 10/24/16

Asset Allocation of Underlying Funds[4]

20%	Vanguard Inflation-Protected Securities Fund (mutual fund - VIPIX)
6	Vanguard Short TIPS Fund (mutual fund - VTAPX)
4	SSgA Inflation-Protected Securities Fund (CIT)
25	SSgA Global REIT Fund (CIT)
20	Frontier Magellan Infrastructure Fund (CIT)
15	SSgA Natural Resources Fund (CIT)
10	SSgA Commodities Fund (CIT)

SSgA - State Street Global Advisors

The majority of this fund is invested in Real Assets. These are physical or tangible assets that have value, due to their substance and properties. Real Assets include precious metals, commodities, real estate and infrastructure investments. One example of a Real Asset investment is a REIT Fund, investing in companies that develop and manage real estate properties. Examples of REITs include shopping centers, hotels, industrial, and apartment REITs. Another example is an Infrastructure Fund, investing in stocks of companies engaged in infrastructure activities. Some examples of infrastructure industries include oil, natural gas, waste management, airports and construction. Real Asset investments tend to preserve value in inflationary environments and they can serve as a diversifier within a growth portfolio, as a result of an expected lower correlation with financial assets such as stocks and bonds. However, they fall on the riskier end of the risk spectrum due to potential market volatility.

The Treasury Inflation-Protected Securities (TIPS) contained in this fund also help to offset one of the biggest risks to a retiree portfolio - unexpected inflation. TIPS may be an excellent choice for investors looking for a pure-play inflation hedge. The TIPS within this fund have very low fees and serve as a diversifier from nominal treasuries. The duration of a TIP can run longer than a comparable nominal bond fund, making it more sensitive to changes in interest rates.

A small allocation to Short-Term Inflation-Protected Securities (Short-TIPs) provides protection against inflation, credit, and interest-rate risk because these TIPs have shorter than five years duration and are backed by the full faith and credit of the U.S. government. The Short TIPs duration of 1.9 years, as of October 2016, was shorter than the average duration of 6.1 years for the Morningstar TIPs category, which encompasses the broad TIPs market. To illustrate, if rates rise by 1 percentage point, a Short-TIPs investment would lose approximately 1.9% of its value, while the average TIPs fund would decline by 6.1%. The Short-TIPs low volatility and high correlation with the inflation rate come at the cost of lower returns.

Future *Heads Up* newsletters will follow this format, reviewing one DAP fund in each newsletter. The October 2016 newsletter highlighted the Tier I - Asset Allocation Funds. The archive of all *Heads Up* newsletters is available at **www.dapretirement.com** under the Knowledge Center tab. There is so much more to be found on your DAP informational web site so please visit soon!

Footnotes

1 *Please consider the investment objectives, risks, fees and expenses carefully before investing. The prospectus contains detailed information about the underlying funds. Depending on the investment options offered in your Plan, your registered representative can provide you with prospectuses for any mutual funds and/or disclosure documents for investment options exempt from SEC registration. Please call (844) 861-4327 with any questions regarding your investment options.*

2 *The annual investment management expense ratio for the fund including the investment management expenses of the underlying funds.*

3 *The performance date shown represents past performance, which is not a guarantee of future results. Investment returns and principal will fluctuate, so investors' shares, when sold, may be worth more or less than their orginal cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month end, visit our website at www.dapretirement.com, www.dap401k.com and for the Vanguard mutual funds www.vanguard.com.*

Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of fees.

4 *The fund holdings are subject to change. A CIT is a Collective Investment Trust.*

Investing 101

3 concepts every investor should know

Because you have a retirement account, you are an investor - even if you don't feel like one. It's true, investing can feel intimidating, especially if it's never been a part of your life. But there are a few important concepts every investor (that's you!) should know. Let's start with these important ones.

Asset Allocation

One of the most critical parts of investing is asset allocation. It's an organized strategy of diversifying, or dividing your investments among different asset classes, like stocks, bonds and cash equivalents.

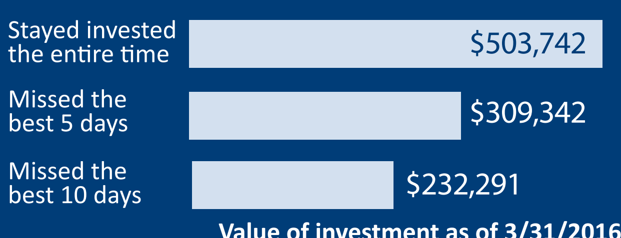
Diversification is sometimes called "not putting all your eggs in one basket," and it's usually a good idea. It's also wise to make sure the baskets are different from one another. For example, if you invest in a few stock funds, the stocks within those funds should be distinctly different from one another. Otherwise, your investments would be duplicated rather than diversified. Of course, remember that diversification and asset allocation do not ensure a profit and do not protect against loss in declining markets.

Consistency

As you see big events making the news, try not to act emotionally. Instead, it may be wise to remind yourself of your overall objectives. Investors who stick with it through the ups and downs of the market may get better results. If your objectives haven't changed, perhaps your investment strategy shouldn't either.

It's Time in the Market That Counts

The growth of $10,000 invested in the S&P 500 index from Jan. 1, 1980 to March 31, 2016



Value of investment as of 3/31/2016

Source: Kmotion Research. This illustration is hypothetical and for illustrative purpose only and is not indicative of the performance of any specific investment. Past performance is no guarantee of future results. Investments are subject to market risk and fluctuate in value. The S&P 500 is an index of 500 widely traded stocks and is considered to represent the performance of the stock market in general. An investment cannot be made directly to the index.

Another aspect of consistency in investing is making sure your overall strategy stays in line with your goals. If your investments grow substantially in one asset class, you may find that your overall assets are no longer balanced based on the mix you initially selected. A periodic review and rebalance of your investments may avoid a mismatch between your goals and your investments. Remember that rebalancing does not ensure profit and does not protect against loss in declining markets.

Timing and Compounding

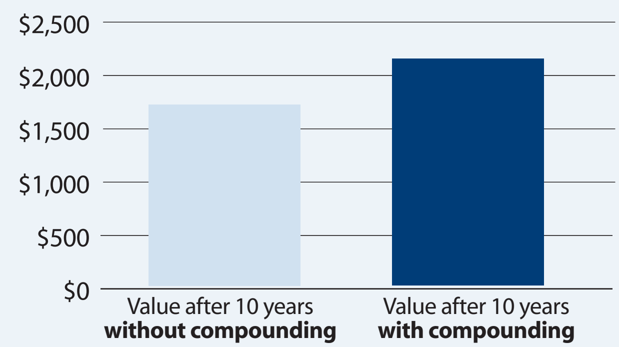
The earlier you start saving, the better - even if you start small. Once you start, try your best to keep going. But don't be satisfied with saving the same amount year in and year out. Instead, increase your savings rate by a small amount with each raise. Even a little bit more every month can add significantly to your retirement income.

Time works in your favor partly because you will personally set aside more money if you save for more years. The magic of compounding gives you even more potential for growth.

Compounding works like this. If you have $1,000 to invest and it earns 8% interest, at the end of the first year, you will have $1,080. Now the magic happens. For the second year, you will earn interest on $1,080, not just $1,000. By the end of 10 years, your $1,000 would have grown to $2,159 because of compounding. Without it, your $1,000 would amount to $1,800 at the end of year 10. See the following illustration.

The Power of Compounding

$1,000 investment earning 8% over 10 years



FOR ILLUSTRATION PURPOSES ONLY. This hypothetical illustration is not intended as a projection or prediction of future investment results, or any specific security, plan or account.

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.

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.

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