



DAP

A lifelong retirement plan

Heads Up

Directed Account Plan 401(k) Quarterly Newsletter

July 2023

Celebrating 30 Year Anniversary

Thirty years ago, the former TWA pilots formed a new retirement plan named the **TWA Pilots DAP/401(k) Plan**. They gained control over their retirement savings during the bankruptcy of Trans World Airlines. What emerged was a new modern investment menu which gave the pilots the ability to direct their investment decisions. The Target Risk Funds were created to provide diversification and asset allocation at a low cost. An investment committee composed of plan participants formed which is now referred to as the Board of Directors.



After TWA was acquired by American Airlines, CommunityAmerica Credit Union became the Plan Sponsor and the name changed to the **Directed Account Plan**. In 2008, the CommunityAmerica Credit Union and TruHome Solutions employees started saving for retirement through the DAP along with the pilot group.

In 2015, the DAP was inducted into the first inaugural class of Plan Sponsor's top 29 401(k)'s in America. Plan Sponsor magazine looked at close to 4,000 401(k) plans and selected 29 as "Best in Class". Each plan was evaluated and scored on 30 criteria related to plan design, oversight/governance, and participant outcomes. The Best in Class designation marks the highest performance level for a 401(k) plan. Every five years, prior Best in Class winners may re-qualify. The DAP was awarded the designation again in 2020, one of 34 American 401(k) plans.

The DAP continues to serve 2,795 participants with \$595 million in assets under management and an annual operating expense ratio of 0.12%. This Heads Up newsletter highlights the Target Risk Funds, which was the default investment option when the plan started. As of March 31, 2023, over 38% of DAP participants are invested in the Target Risk Funds which has served the participants well to and through retirement.

Highlighting the Tier I - Target Risk Funds

Complete portfolio in a single fund

Less risk through broader diversification

A professionally managed asset mix

Automatic rebalancing

There are four Target Risk Funds - Income, Conservative, Moderate and Aggressive Funds. These funds offer the simplicity of a diversified portfolio in a single fund. You have the option to select a fund based on your risk tolerance. Through this approach, a single target risk fund is designed to provide an efficient, balanced portfolio based on risk tolerances. The Target Risk Funds are primarily composed of the underlying Tier III - Actively Managed Funds with target allocations indicated below:

INCOME FUND		CONSERVATIVE FUND	
65% Stable Value Fund	10% International Stock Fund	40% Stable Value Fund	15% Large Cap Core Stock Fund
15% Short TIPS Fund	10% Large Cap Core Stock Fund	20% Fixed Income Fund	5% Small/Mid Cap Core Stock Fund
		5% Diversified Inflation Real Return	15% International Stock Fund
MODERATE FUND		AGGRESSIVE FUND	
8% Stable Value Fund	25% Large Cap Core Stock Fund	15% Fixed Income Fund	32% Large Cap Core Stock Fund
24% Fixed Income Fund	5% Small/Mid Cap Core Stock Fund	13% Diversified Inflation Real Return	5% Small/Mid Cap Core Stock Fund
10% Diversified Inflation Real Return	28% International Stock Fund		35% International Stock Fund



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Long-Term Investing in the Target Risk Funds

Growth of an initial \$10,000 investment over 30 years

The graph below shows how an initial investment of \$10,000 in the Target Risk Funds grew since the DAP's inception July 1, 1993. The actual one-month return for each fund was charted on the line graph to show how each fund moved up and down over time. The graph assumes there were no paycheck contributions and no new money added. It also assumes that there were no investment changes which is a true "stay the course" investment strategy. The legend for the graph is shown in Table One. There have been ten significant

market downturns in the past thirty years noted in Table Two. Although past performance is not a prediction of future investment performance, the line graph shows the difference in volatility between the Target Risk Fund options and how they responded to the financial market changes historically.

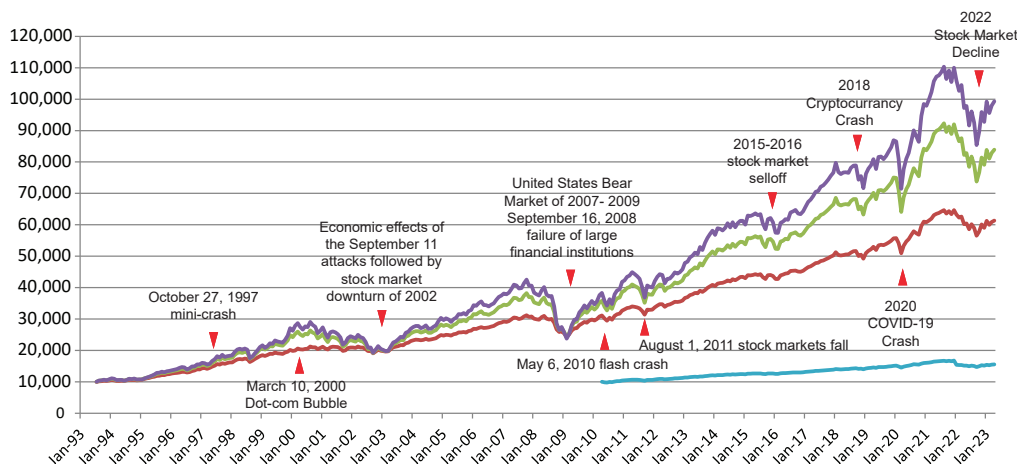


TABLE ONE

Fund & Risk Tolerance	Line Color	Ending Value
Aggressive	Purple	\$99,321
Moderate	Green	\$83,905
Conservative	Red	\$61,362
Income	Blue	\$15,520

TABLE TWO

Name	Date	Description
Mini Crash - October '97	10/27/97	Global stock market crash caused by an economic crisis in Asia.
Dot-Com Bubble	3/10/00	The collapse of a technology bubble.
September 11 Attacks	9/11/01	The 9/11 terrorist attacks caused global markets to drop sharply.
Stock Market Downturn of 2002	10/9/02	There was a downturn in stock prices during 2002 in global stock exchanges.
U.S. Bear Market of 2007-09	10/11/07	The worst stock market crash since the Great Depression era.
Financial Crisis of 2007-08	09/16/08	The failure of large U.S. financial institutions resulted in a worldwide financial crisis.
2010 Flash Crash	5/6/10	The Dow Jones Industrial Average (DJIA) suffered its worst intra-day point loss, dropping 1,000 points before partially recovering.
August 2011 Stock Markets Fall	8/1/11	The S&P 500 entered a short-lived bear market in 2011 with 21.6% declines during the year. The stock market ended the year flat.
2015-2016 Stock Market Selloff	8/18/15	The DJIA fell 1,300 points from August 18 to 21st and on Monday August 24th the world stock markets were down substantially, wiping out all the gains made in 2015.
2018 Cryptocurrency Crash	9/20/18	Bitcoin prices peaked on December 17, 2017 and within a week fell 45%. The DJIA fell 188% during roughly the same period. The S&P 500 index also suffered significant losses.
COVID-19 Stock Market Crash	2/24/20	This crash was part of a worldwide recession caused by the COVID-19 lockdowns.
2022 Stock Market Decline	1/3/22	A global decline caused the S&P 500 to drop 20% year-to-date by June 30, 2022. The price of Bitcoin dropped significantly during the same period. The DJIA also suffered significant losses.

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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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