

# Heads Up



## “Watch the Donut, Not the Hole” ...Burl Ives

**H**as recent stock market performance made you shudder? Many investors would say yes. Should you worry about your DAP/401(k) investments? Not necessarily.

Instead, take a closer look. Forget about the *dollar* gain or loss when analyzing performance. Rather, look at the fund's performance compared to its benchmark.

Convert the dollar value of your investment's gain or loss to percentages. Check the charts in this newsletter to compare performance—fund to market, market to market, fund to fund. The arrows and percentages show how these funds performed for the past month and year. The bars show how each fund's market has performed for the month, past year, and past three years. Usually, DAP/401(k) funds outperform their benchmarks, whether the market is up or down (see table below). Let the comparative performance of the funds and markets help you decide where to invest your DAP/401(k) contributions.

### Time Is On Your Side

It's important to compare performance over more than one quarter. Like the

economy, markets are cyclical. While past results can't guarantee future performance, stocks and bonds have grown in value over the long term. The largest company stocks (S&P 500) have averaged 9.7% every five years since 1900, and bonds have averaged 5%.

### Analyzing Performance

Many investors contemplate changing their investments when the market goes down. However, most DAP/401(k) plan investments have earned money over time. If you're investing for the long term, you may do much better standing pat regardless of how the market performs. Remember: it's not *timing* the market, but *time in* the market that works for you.

Look at the accompanying chart comparing the performance of the Moderate Portfolio and its benchmark from July 1993 through June 1994. As you can see, there were many performance fluctuations. Regardless, the Moderate Portfolio earned 3.62%, while the benchmark increased only 2.02%. If you invested \$300,000 in the Moderate Portfolio fund, you would have earned nearly \$5,000 more than if you had invested it in the broad market during this one year time frame. **HU**

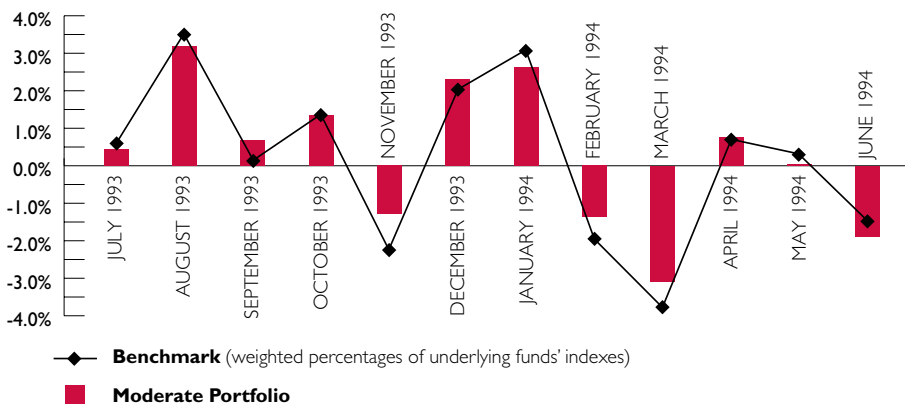
### Benefits Express Telephone System Use Exceeds Budget

Excessive use of the Benefits Express 800 number cost the TWA Pilots' DAP/401(k) Plan \$186,316 *over budget* in the first year of operation. The budget was based on the normal usage of a Plan with 25,000 participants and daily activity. Our 4,000 participants used the service 4,000 hours *more* than originally anticipated or budgeted.

The 800 line provides easy access to your account. However, we must control excess use to keep our Plan cost effective. The line costs the Plan \$0.60 per minute for the Voice Response System (VRS, no operator) and \$1.45 per minute for the Benefits Center (BC, live operator). Unless the usage is brought under control, the MEC and the Investment Committee must consider separate charges for those who are abusing the system.

Much of the information is available from less expensive sources. FIP/52 and FIP/54 provide current Plan information and the daily Net Asset Values (NAV) for each investment option. ALPA Compuserve Forum also provides Plan information. A new, faster 800 number has been set up to access NAVs. Call 1-800-892-2017. Information on this line will be updated evenings after the Market closes. The DAP/401(k) office in St. Louis will also answer questions or help with DAP/401(k) problems—telephone (314) 739-7373 or fax (314) 739-7978. Take advantage of these alternative resources. Save Benefits Express for transfers and other DAP/401(k) business. **HU**

Performance of the Moderate Portfolio and Its Benchmark Over One Year



Save This Card

### Important #s for TWA Pilots DAP/401(k)

#### Benefits Express Daily NAV:

- 1-800-TWA-2017
- 1-800-892-2017

#### Benefits Express:

- 1-800-828-8100
- 1-708-883-0471

- Enter Company ID 6662, then #
  - Enter your Personal Identification Number (PIN)
- Hours of operation 8 a.m. to 5 p.m., CST, weekdays



# Performance



See printed newsletter for performance

**How To Read Performance:** The graphic display above shows fund performance as arrows and market performance, represented by the benchmarks, as bars. One year performance on these charts began July 1, 1993 when all six funds and three model portfolios became available to participants. Component weighting within each fund are listed below. You'll also find a table with the value of the funds.

## What Does the DAP/401(k) Cost?

### 1993 - 1994 DAP/401(k) Operating Statement Summary July 1, 1993 through June 30, 1994

Administration**	\$ 434,348
Manager Fees* (Separate Accounts)	1,308,063
Trust Fees	548,593
Recordkeeping	385,246
TVR/TSC (Telephone)	186,316
Mutual Fund Offsets	(495,252)

Service fees that certain mutual funds provide to help offset recordkeeping/trust fees.

\*\*Includes: Salaries, benefits, rent, outside member retainer fees, auditing costs, consulting fees, supplies, communications program, etc.

Total Expenses:	\$ 2,367,314
Average DAP/401(k) Value	
July 93 - June 94	\$875,363,678
	$2,367,314 / 875,363,678 = .0027$
	27/100 of one percent

#### \*Mutual Fund Expenses

This doesn't include Mutual Fund Manager Fees. Mutual Funds report a daily net asset value to our Plan *after* the investment management and adminis-

trative expenses of that mutual fund are deducted. Mutual fund management fees and other expenses are in the fund's prospectus, available from the fund or Benefits Express. Check your DAP/401(k) notebook for telephone numbers.

All sales charges have been waived for the TWA Pilots DAP/401(k). All performance numbers on Benefits Express and your monthly statements are reported net of expenses.

The DAP/401(k) expenses are 27/100th of one percent of the average market value of the Directed Account Plan and the 401(k) Plan for the last 12 months. Retirees should compare this cost with outside investment management firms charging 1-2% or higher. **HU**

The intent of this communication is to provide useful information, not investment advice. Each participant in the TWA Pilots' DAP/401(k) Plan is ultimately responsible to make his or her own investment decisions, and may wish to consult with a financial planner.

**More Information and Interacting with the Plan:** To get account balance information, or to make transfers, call 1-800-828-8100 between 8 am and 5 pm, CST Monday through Friday. 1-708-883-0471 (not toll free) from rotary telephone or outside the U.S. Use company I.D. 6662 followed by the # sign.

Additional comments and suggestions may be sent to:

TWA Pilots' DAP 401(k) Investment Committee  
3221 McKelvey Road, Suite 105  
Bridgeton, MO 63044-2551



## FUND COMPONENT WEIGHTING

These tables represent component weighting for individual investment funds as of July 31, 1994.

<b>Fixed Income Fund</b>	<i>Weighting</i>
Wellington	Liq 10%/Core 40%
PRIMCO GIC	45%
Cash	5%

<b>Conservative Equity Fund</b>	
Federated Stock Trust	8%
Morgan Core	23%
Neuberger/Berman Guardian	23%
USAA Mutual Income Stock	23%
Wells Fargo TAA	23%

<b>Equity Index Fund</b>	
Wells Fargo US Equity	100%

<b>Growth Stock Fund</b>	
Fidelity Contrafund	30%
Janus Fund	30%
20th Century Growth	30%
Vanguard World US Growth	10%

<b>International Stock Fund</b>	
EuroPacific Growth	38%
Templeton Foreign	38%
20th Century Intl Equity	10%
Morgan Stanley Instl Asian	7%
Morgan Stanley Instl Emerg Mkts	7%

<b>Aggressive Growth Stock Fund</b>	
AIM Constellation	18%
Fidelity OTC	18%
Fidelity Select	18%
Monetta	10%
Thompson Oppty "A"	18%
20th Century Vista	18%

<b>Net Value of Funds (Millions)</b>	<b>401(k)</b>	<b>DAP</b>
<b>(July 31, 1994)</b>		
Fixed Income Fund	\$22.0	\$111.7
Conservative Equity Fund	19.4	26.2
Equity Index Funds	0.6	7.1
Growth Stock Fund	2.2	18.3
International Stock Fund	16.3	86.2
Aggressive Growth Stock Fund	19.5	39.0
Conservative Portfolio	0.5	10.8
Moderate Portfolio	5.8	482.1
Aggressive Portfolio	2.1	15.4

### TWA Pilots DAP/401(k) Investment Committee

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Telephone: (314) 739-7373  
Fax: (314) 739-7978

Check FIP/52 and FIP/54 for daily Plan and fund information.