DAP
A lifelong retirement plan

Heads Up

Community America CREDIT UNION

Directed Account Plan 401(k) Plan Quarterly Review July 2019

"Watch the Donut, Not the Hole"... Burl Ives

All too often investors look at the total dollar gain or loss when analyzing performance. Instead, take a big picture look at your investments.

Look at a fund's investment return compared to its benchmark. A benchmark is an unmanaged group of securities which are considered as a 'benchmark' or standard against which the performance of a fund or investment manager can be measured.

Check the investment performance returns for the DAP funds at **www.dapretirement.com** under the resources & planning tab. This information is also posted monthly under the performance section at **www.dap401k.com**.

You will see that the DAP funds usually outperform their benchmarks, whether the market is up or down. The table below shows an example of the popular Moderate Fund's performance compared to its benchmark over one year.

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, stock and bonds have grown in value over time. The largest companies stocks (S&P 500 Index) have a 15.3% ten year average annual return and bonds (Bloomberg Barclays U.S Universal Bond Index) have averaged 4.3% as of April 30, 2019.

Analyzing Performance

Many investors contemplate changing their investments when the market goes down. If you are 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. The next article will address market timing.

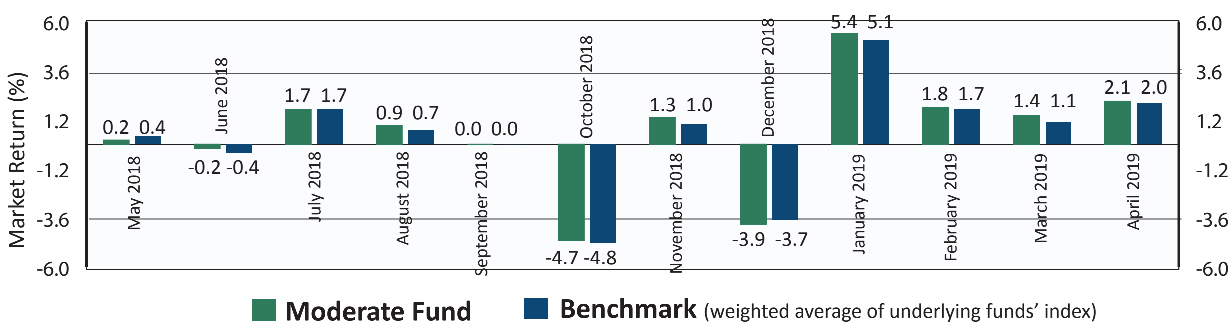
Look at the accompanying bar chart comparing the performance of the Moderate Fund from May 2018 through April 2019. As you can see, there are many monthly performance fluctuations. Regardless, the Moderate Fund earned 5.6%, while the benchmark increased only 4.5% over this one year time period. Therefore, if you had $300,000 invested in the Moderate Fund, you would have earned nearly $3,300 more than if you had invested in the benchmark.

The Moderate Fund and Its Benchmark Over Time

Time Period	Moderate Fund	Benchmark*	Outperfomance
Year to Date	11.0%	10.2%	0.8%
One Year*	5.6%	4.5%	1.1%
Three Year*	8.5%	7.5%	1.0%
Five Year*	6.3%	5.2%	1.1%
Ten Year*	9.7%	8.3%	1.4%

* Three, Five and Ten Year Average Annual Returns,
Benchmark is weighted average of underlying funds' index

The Moderate Fund and Its Benchmark Over One Year



"Slow and Steady Wins The Race"... Aesop, The Tortoise and The Hare

Many investors use one of two investing techniques in an effort to increase their assets: *buy-and-hold* or *market timing*. Of the two, buy-and-hold has proved more reliable for people with long investment time horizons, such as those saving for retirement. The article and table on page two demonstrates how being out of the market at the wrong time is risky.

continued on page two

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"Slow and Steady Wins The Race"... continued from page one

Buy-and-hold... your first choice is often best

The buy-and-hold strategy emphasizes giving time, compounding, and the market the power to do the earning on your retirement account. Buy and hold is a passive investment strategy in which an investor selects investments but has no concern for short-term price movements and technical indicators.

Market timing: know when to get out and when to get back in

Market timers try to anticipate when the value of different investments will go up or down. They endeavor to time their transactions to move money out of one investment at its peak and into another about to make a new climb, or into the safety of a fixed income fund. The results can be dazzling or disappointing, depending on how they guess. Large market movements come and go in a matter of days, and no one knows in advance exactly when those movements will occur or how long they will last.

Unfortunately, because of the unpredictability of the market, most market timers act too late and end up buying high and selling low - the opposite of what they are trying to do. Very few are consistently successful with a market timing strategy.

Which strategy works best for you?

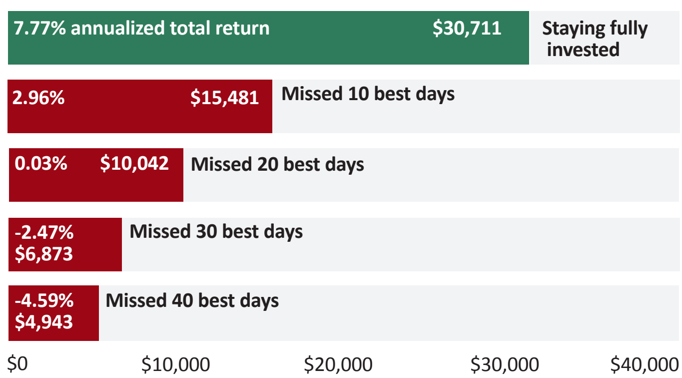
A buy-and-hold strategy is probably the best course for meeting performance objectives for your retirement savings. Additionally, in the accumulation phase, this strategy makes the market's fluctuations work for you because of regular contributions and the tax-deferred nature of the DAP. When you invest regular contributions over time, you are using a technique known as dollar cost averaging. The contributions buy more when the market is down, and these shares are worth more as the market gains value over time.

Why not market time with the DAP?

Statistically, most of your return comes from asset allocation and less comes from market timing. As well, keeping the majority of your assets in fixed income, over a long period of time, costs you more than riding out the inevitable stock market corrections. Additionally, being out of the market at the wrong time is risky (see table). The **DAP Tier I Asset Allocation** funds offer a convenient, low-cost way to access a sophisticated diversification strategy, professional money management and periodic rebalancing. These funds have served our participants who subscribe to the buy-and-hold strategy well over the DAP's twenty five years.

$10,000 invested in the S&P 500
(12/31/03 - 12/31/18)

Stay invested so you don't miss the market's best days



Data is historical. Past performance is not a guarantee of future results. The best time to invest assumes shares are bought when the market prices are low.

source: https://www.putnam.com/literature/pdf/II508.pdf

Contact Information

The DAP's recordkeeper, Empower Retirement has a dedicated team of customer service representatives available to you at (844)-861-4327 Monday - Friday between 7 a.m. - 9 p.m. Central time, and Saturdays between 8 a.m. - 4:30 p.m. Central time. It is important to say "representative" clearly and slowly two times after you hear the DAP greeting. You will be transferred to a friendly person that can help you with most of your questions and requests. For required minimum distributions (RMDs), payment changes or questions or concerns about your DAP account, please contact Michelle at (314) 739-7373.

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