



# Quarterly Investment Highlight

4<sup>th</sup> Quarter 2015

## Letter from the Director

2016 has begun with high volatility in the US Equity markets for a variety of reasons. The first week of trading produced headlines like “Dow Jones Industrial Average (DJIA) and Standard and Poor’s (S&P) 500 had their worst first five trading days in history”. For the first week, the DJIA fell 6.19% and the S&P 500 fell 5.96%. What’s an investor to think?

Voya posted on the Arkansas Diamond participant website, Friday, January 15, 2016 a very informative commentary for investors to contemplate – after two weeks of volatile and declining markets during the upcoming holiday weekend. It is reprinted in this newsletter for any participant to read, if you have not logged onto your Arkansas Diamond account recently. Do view your account on-line periodically as there are tools and information that are useful in helping you build your retirement saving account. Note the final two sentences in the commentary and consider contacting your local AR Diamond Plan representative for an account and investment review for 2016 and beyond.

*Arkansas Employee Benefits Division*

### Special Market Update: The Market Selloff

January 15, 2016

As we head into a long weekend investors are flinching and heading for the exits. Certainly there are plenty of reasons for concern.

- The S&P’s decline in January is so far the second worse monthly decline on record (October 2008 posted the biggest decline).
- China’s slowdown in growth is being felt throughout the global economy.
- The global slowdown has manifested itself in sectors beyond energy, and the U.S. manufacturing sector has indicated contraction in the last two months.
- Corporate earnings have been in recession for two quarters and 4Q most likely will be negative compared to the same quarter a year ago.
- Oil prices continue to drop and the price of oil is now below \$30/barrel.
- Some of the major markets indices are officially in correction territory.

But there are also reasons investors should not panic.

- Strong employment and job growth indicate that the economy is not headed for imminent recession.

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Stephens Inc. serves as investment consultant and ING serves as recordkeeper and administrator.

SKU#ARK.NLTR.12.15

# Performance and Investment Highlights

All Performance Data is Historic and as of December 31, 2015

**NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE**  
**Past Performance is No Guarantee of Future Results**  
**Please Read Prospectus Carefully Before Investing<sup>»</sup>**

» **Actively Managed Funds**»

	Quarter	Annualized			
		YTD	1 Year	5 Year	10 Year
<b>Bond»</b>					
BlackRock Low Duration Blk <sup>6</sup>	-0.28	0.87	0.87	2.27	3.04
Baird Core Plus Bond I <sup>6</sup>	-0.83	0.14	0.14	4.17	5.60
Loomis Sayles Global Bond I <sup>5,6</sup>	-0.93	-4.93	-4.93	0.79	4.00
Aberdeen Global High Income I <sup>5,6</sup>	-3.50	-8.51	-8.51	3.15	6.06
<b>Equity»</b>					
Dodge & Cox Stock Fund	4.54	-4.49	-4.49	11.64	5.69
JP Morgan Mid Cap Value I <sup>1</sup>	3.62	-2.35	-2.35	12.86	8.77
Fidelity Advisor Small Cap Value I <sup>2</sup>	2.08	-1.64	-1.64	10.72	8.80
Fidelity Advisor New Insights I	5.53	2.64	2.64	11.45	8.03
Goldman Sachs Growth Opp I <sup>1</sup>	2.80	-5.24	-5.24	9.99	8.80
Oppenheimer Discovery Y <sup>2</sup>	1.47	2.22	2.22	11.93	8.91
<b>International Equity»</b>					
Dodge & Cox International <sup>3</sup>	0.83	-11.35	-11.35	2.65	3.83
Oppenheimer Dev Markets Y <sup>4</sup>	4.67	-13.84	-13.84	-2.29	6.16
<b>Index Funds</b>					
Vanguard Institutional Index Fund	7.05	1.37	1.37	12.54	7.31
Vanguard FTSE All-World ex US Index	2.63	-4.64	-4.64	1.29	0.09 *
Vanguard Total Bond Market Index	-0.60	0.41	0.41	3.15	4.50

++Performance calculations are per share net asset value (NAV) calculated by the mutual fund and assumes reinvestment of all distributions. Performance numbers are on a total-return basis without regard to sales, deferred sales, or redemption charges. Mutual funds purchased or sold within The Arkansas Diamond Deferred Compensation Plan trade at NAV without front or back end sales loads. Returns for all funds are not adjusted for the annual administrative fees of 0.189%. Employees of municipalities who are participants in the Arkansas Diamond Plan incur a \$5 quarterly charge, which is not reflected in this performance data, levied at the end of each quarter to their account. The results do not consider short-term trading fees. Many mutual fund companies impose short-term trading fees with respect to purchases and redemptions of fund shares effected within a time frame designated by the mutual fund company (such as, but not limited to, sixty (60) or ninety (90) days) and that mutual fund companies may impose other fees from time to time.

**Stephens has attempted to insure that all information provided via this presentation is accurate and error-free, however Stephens makes no warranty that such information is accurate or error-free.**

\* Since Inception Performance

» **Actively Managed Funds used in Arkansas Diamond Asset Allocation Lifestyle (Non Hybrid and Hybrid) Models.**

< **These index funds are not registered mutual funds, and do not have prospectuses. These funds' investment advisor is State Street Global Advisors, the investment management division of State Street Corporation.**

<sup>1</sup> Stocks of medium-sized companies may be more volatile and less liquid than large company stocks.

<sup>2</sup> There are additional risks associated with investments in smaller and/or newer companies because their shares tend to be less liquid than securities of larger companies. Further, shares of small and new companies are generally more sensitive to purchase and sales transactions and changes in the issuer's financial condition and, therefore, the prices of such stocks may be more volatile than those of larger company stocks.

<sup>3</sup> Investing in foreign securities presents certain risks that may not be present in domestic securities. For example, investments in foreign and emerging markets present special risks including currency fluctuation, the potential for diplomatic and political instability, regulatory and liquidity risks, foreign taxation and differences in auditing and other financial standards.

<sup>4</sup> Investing in foreign securities presents certain additional risks that may not be present in domestic securities. For example, investments in foreign and emerging markets present special risks including currency fluctuation, the potential for diplomatic and political instability, regulatory and liquidity risks, foreign taxation and differences in auditing and other financial standards. In addition to the greater exposure to the risks of foreign investing, emerging markets present considerable additional risks, including potential instability of emerging market countries and the increased susceptibility of emerging market economies to financial, economic and market events.

<sup>5</sup> Investing in foreign debt obligations entails additional risks, including those related to regulatory, market or economic developments, foreign taxation and less stringent investor protection and disclosure standards.

<sup>6</sup> Investing in debt (bond) obligations entails additional risks, including interest rate risk such that when interest rates rise, the prices of bonds and the value of bond funds shares can decrease and the investor can lose principal value.

**Investments in any of these securities have the potential for loss as well as for profit.**

See last page for additional important information.

# ARKANSAS DIAMOND

DEFERRED COMPENSATION PLAN

# Performance and Investment Highlights

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**Past Performance is No Guarantee of Future Results**

## Fixed Rate Options As of 12/31/15\*

Valic Fixed Acct Plus	3.00%
DIA Fixed	0.54%
Nationwide	3.50%

The Fixed Rate Options are not registered mutual funds, and do not have prospectuses. The Fixed Rate Options are offered by three different providers. Certain restrictions apply to transfers of balances from the Fixed Rate Options to other investment options in the Arkansas Diamond Deferred Compensation Plan. Please contact the ING call center for specific information for each Fixed Rate Option's restrictions.

\* Rates stated are annualized and are adjusted quarterly.

## Money Market Funds 7 Day Net Yield

Federated Govt Obligations!	0.00%
Federated Auto Govt Cash Reserves!	0.01%
BlackRock Treasury Trust Fund I!	0.00%

**!An investment in the Federated Auto Gov't Cash Reserves Fund, Federated Gov't Obligations and BlackRock Treasury Trust Fund I are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although these funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in these funds. Yields will vary. Yield quotations more closely reflect the current earnings of the funds than the total return.**

## Actively Managed Funds - Expense Ratios

	Gross Expense Ratio	Net Expense Ratio	
BlackRock Treasury Trust (CE)	0.21	0.20	R
Federated Auto Cash Reserves (CE)	1.03	0.59	J
<i>Federated Government Obligations Tax-Managed</i>	<i>0.64</i>	<i>0.55</i>	<i>E</i>
BlackRock Low Duration Blk (STB)	0.47	0.40	G
Baird Core Plus Bond (IB)	0.30	0.30	
Loomis Sayles Global Bond Fund I (IntB)	0.77	0.75	B
Aberdeen Global High Income I (HY)	0.75	0.75	
Dodge & Cox Stock Fund (LV)	0.52	0.52	
JP Morgan Mid Cap Value I (MV)	0.94	0.75	M
Fidelity Advisor Small Cap Value I (SV)	1.19	1.19	
Fidelity Advisor New Insights I (LG)	0.67	0.67	
Goldman Sachs Growth Opp I (MG)	1.00	0.95	Y
Oppenheimer Discovery Y	0.86	0.86	
Dodge & Cox International (IntE)	0.64	0.64	
Oppenheimer Developing Markets Y (EM)	1.06	1.05	Z

## Index Funds - Expense Ratios

Vanguard Institutional Index	0.04	0.04
Vanguard FTSE All-World ex US Index	0.12	0.12
Vanguard Total Bond Market Index	0.06	0.06

## Explanatory Information

The table (above) shows historical annual operating expenses, expressed as a percentage of assets under management, called the expense ratio, for each of the Funds in the Arkansas Diamond investment line-up. These annual operating expense ratios are based on the expenses paid by the Funds in the most recently reported year. The expenses paid by the Funds may vary from year to year. The gross (unsubsidized) expense ratio and the net (subsidized) expense ratio are also reported by each fund in the fund prospectus. The net expense ratio reflects expenses after applicable fee waivers and expense reimbursements have been realized by the fund. Similar fee waivers or expense reimbursements might not be made in future years.

## Leading Market Indices

QTD Returns as of 12/31/15	Close	Returns
Dow Jones	-	7.70
NASDAQ	-	8.71
S&P 500	-	7.04
Barclays Aggregate Bond	-	-0.57
Barclays Intermediate Bond	-	-0.51

<sup>B</sup> Loomis, Sayles & Company, L.P. ("Loomis Sayles" or the "Adviser") has given a binding contractual undertaking to the Fund to limit the amount of the Fund's total annual fund operating expenses to 0.75% of the Fund's average daily net assets for Institutional Class shares, exclusive of brokerage expenses, interest expense, taxes, acquired fund fees and expenses, organizational and extraordinary expenses, such as litigation and indemnification expenses.

<sup>G</sup> BlackRock has contractually agreed to limit the total annual fund operating expense after waiver or reimbursements (with some exceptions) to 0.41% until February 1, 2016. Agreement may be terminated upon 90 day notice.

<sup>J</sup> The Advisor and administrator, voluntarily agreed, have agreed to waive certain amounts so that the net expense ratio actually paid is 0.59% through the later of July 1, 2015 or the date of the next effective prospectus. In addition to the 0.59% shown in the prospectus, an additional 0.25% waiver is given monthly and can change regularly.

<sup>M</sup> The Fund's adviser, administrator and distributor (the Service Providers) have contractually agreed to waive fees and/or reimburse expenses to the extent Total Annual Fund Operating Expense of Institutional Class Shares exceeds 0.75% of their average daily net assets.

<sup>R</sup> The BlackRock Advisor has contractually agreed to waive fees and reimburse ordinary operating expenses to keep combined Management Fees and Other Expenses from exceeding 0.18% until February 1, 2016.

<sup>Y</sup> The Fund's "Total Annual Fund Operating Expenses After Fee Waiver and Expense Limitation" has been restated to reflect the fee waiver and expense limitations currently in effect.

<sup>Z</sup> After discussions with the Fund's Board, the Manager has contractually agreed to waive fees and/or reimburse Fund expenses in an amount equal to the indirect management fees incurred through the Fund's investments in funds managed by the Manger or its affiliates. This fee waiver and/or expense reimbursement may not be amended or withdrawn for one year from the date of this prospectus, unless approved by the Board.

**Cash & Cash Equivalents (CE)**<  
Federated Auto Government Cash Reserves<  
3 Month T-Bill+  
Money Market@

**Short-Term Bond (STB)**<  
BlackRock Low Duration Blk 6 >  
Merrill Lynch Corp & Gov 1-3 Year Index+  
Short-Term Bond@

**Intermediate Bond (IB)**<  
Baird Core Plus I 6 >  
Barclays US Universal Index+  
Intermediate Bond@

**International Bond (IntB)**<  
Loomis Sayles Global Bond I 5,6 >  
Barclays Global Aggregate Index+  
World Bond@

**High Yield Bond (HY)**<  
Aberdeen Global High Income I 5,6 >  
BofA Merrill Lynch High Yield  
Constrained Index+  
High Yield@

**Equity Large-Cap Value(LV)**<  
Dodge & Cox Stock >  
S&P 500 +  
Large Value@

**Equity Mid-Cap Value (MV)**<  
JP Morgan Mid Cap Value I 1 >  
Russell Mid-Cap® Value Index+  
Mid-Cap Value@

**Equity Small-Cap Value (SV)**<  
Fidelity Advisor Small Cap Value I 2 >  
Russell 2000 Value® +  
Small Value@

**Equity Large-Cap Growth (LG)**<  
Fidelity Advisor New Insights I >  
S&P 500+  
Large Growth@

**Equity Mid-Cap Growth (MG)**<  
Goldman Sachs Growth Opp I 1 >  
Russell Mid Cap Growth® Index+  
Mid-Cap Growth@

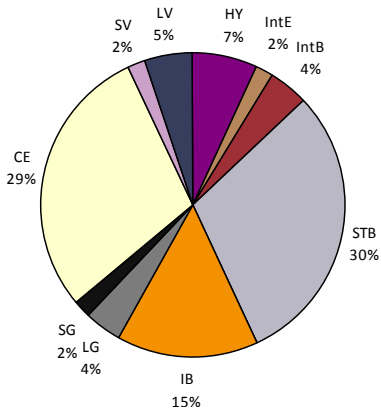
**Equity Small-Cap Growth (SG)**<  
Oppenheimer Discovery Y 2 >  
Russell 2000 Growth® +  
Small Growth@

**Equity International (IntE)**<  
Dodge & Cox International 3 >  
MSCI EAFE Index+  
Foreign Large Blend@

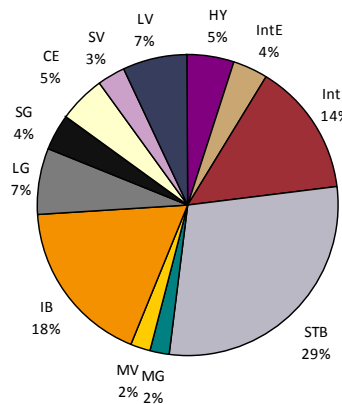
**Equity Emerging Markets (EM)**<  
Oppenheimer Developing Markets Y 4 >  
MSCI EMF Index+  
Emerging Markets@

**Key**  
<Asset Class  
>Actively Managed Fund  
+Prospectus Benchmark  
@Morningstar Category

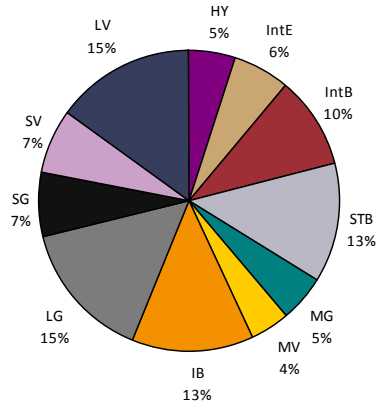
## Conservative



## Conservative Moderate



## Moderate



QTR 1YR 3YR 5YR 10YR

Model # !	QTR	1YR	3YR	5YR	10YR
Model # !	-0.03	-1.19	2.03	2.74	3.45
Benchmark «	0.58	-0.07	2.39	2.83	3.66
Category «	0.33	-0.61	2.06	2.63	3.13

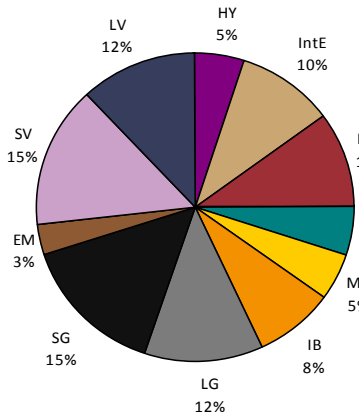
QTR 1YR 3YR 5YR 10YR

Model # !	QTR	1YR	3YR	5YR	10YR
Model # !	0.37	-1.83	3.51	4.33	4.75
Benchmark «	1.21	-0.38	4.02	4.40	4.82
Category «	0.88	-1.15	3.46	4.00	4.12

QTR 1YR 3YR 5YR 10YR

Model #	QTR	1YR	3YR	5YR	10YR
Model #	1.59	-2.33	7.21	6.99	6.06
Benchmark «	2.99	-0.59	7.93	7.34	6.10
Category «	2.31	-1.55	6.95	6.37	5.18

## Moderate Aggressive



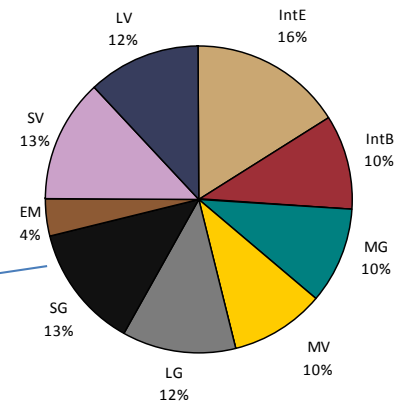
QTR 1YR 3YR 5YR 10YR

Model #	QTR	1YR	3YR	5YR	10YR
Model #	1.85	-3.28	8.44	7.77	6.80
Benchmark «	3.46	-2.05	8.89	7.89	6.45
Category «	2.62	-2.87	7.84	6.79	5.52

QTR 1YR 3YR 5YR 10YR

Model #	QTR	1YR	3YR	5YR	10YR
Model #	2.44	-4.12	9.23	8.05	6.77
Benchmark «	4.07	-2.21	9.88	8.27	6.39
Category «	3.19	-3.05	8.61	6.98	5.48

## Aggressive



See the next page for Model and fund merger information plus other additional important information.



# Arkansas Diamond Deferred Compensation Plan

## Important Performance Information

**Performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Additional information available upon request. Current performance may be lower or higher than the historical performance data quoted. You may obtain the most current month end performance data by visiting [www.myplan.ingplans.com](http://www.myplan.ingplans.com).**

**°You should consider the investment objectives, charges, risks, fees and expenses of the investment company carefully before investing. The prospectus and if available, summary prospectus, contain this and other information about the investment company. You can obtain a current prospectus by calling 1-800-905-1833. Please read the prospectus and if available, summary prospectus, carefully before investing as it contains information about the previous referenced factors and other important information.**

The Arkansas Diamond Plan utilizes an investment process that allows for the standard investment fund components to be changed by the decision of the Director of the Employee Benefits Division. Current and past performance is shown with the current investment line up of funds in this reporting period. Should a change occur in the investment line up, current and past performance numbers on the Lifestyle Models and the actively managed funds line up will change to reflect the current and past performance of the new investment components, unless otherwise noted.

\*\* The blended return calculations for the Lifestyle Asset Allocation Models are determined by using the total return performance data for the stated time period on each of the actively managed mutual funds, as reported by Morningstar, the mutual funds and/or other independent data services, and blending those returns for the stated actively managed funds in the same percentages as are stated per model for the corresponding asset class and time period. The funds' performance numbers are on a total-return basis and assume reinvestment of all distributions without regard to sales, deferred sales or redemption charges. #The returns for the Arkansas Diamond Asset Allocation Lifestyle Models' performance reflect the historic performance of the funds in each model but have been adjusted to reflect the return after the deduction of the annual administrative fee and the annual asset allocation fee of 0.439% applied on a quarterly basis. Employees of municipalities who are participants in the Arkansas Diamond Plan incur a \$5 quarterly charge, which is not reflected in this performance data, levied at the end of each quarter to their account. «The blended return calculations for the Benchmark Models and Category Models are determined by using the return performance data for the stated time period on each of the comparative index benchmarks as stated per asset class, or Morningstar category performance data for the stated time period as reported by Morningstar, the mutual funds and/or other independent data services, and blending those returns for the index or category in the same percentages as are stated per model for the corresponding asset class and time period. Index and category performance information is provided for comparison only. Indexes are unmanaged, assume reinvestment of all distributions in most cases and do not account for fees or any charges. Volatility of the index and other factors could be materially different from that of the model portfolio. It is not possible to directly invest into an index or a Morningstar Category. Actual account performance could differ materially from the results portrayed in the models.

## Money Market Fund News

As was described in the 3<sup>rd</sup> Quarter 2015 Quarterly Newsletter, the current Federated Automated Government Cash Reserves Fund (AGSXX) did merge into the Federated Government Obligations Tax-Managed Fund (GOAXX). The effective date was December 18, 2015. The two money market funds have similar investment objectives. The actual annual operating expenses (after waivers) as of December 31, 2015 are 0.59% for Federated Auto Government Cash Reserves and 0.55% for Federated Government Obligation Tax-Managed Fund. The Arkansas Diamond Plan had Federated Auto Government Cash Reserves as one of its two money market funds. Any participants invested in this fund will see a fund name change and share class change on the participant website after the merger and on their fourth quarter 2015 statement mailed in January 2016.

## Model Performance

**The Investment line up had a fund change during the quarter that affects the asset allocation Models due to the Federated money market funds merger. The replaced fund, Federated Govt. Cash Reserves fund, was owned the majority of the quarter and therefore the blended returns utilized the replaced fund for the time period 10/1/15 – 12/18/15 and the Federated Govt. Obligations for the period 12/19/15 – 12/31/15.**

### Useful Numbers:

Voya Call Center for Account  
Management  
(800) 905-1833

Investment Information:  
Voya (Arkansas)  
(866) 271-3327

Account Information via the Website  
<https://myplan.voyaplans.com>

Stephens Inc.  
(866) 275-0457

# Arkansas Diamond Deferred Compensation Plan

*Continued from the first page:*

- Strong employment and job growth indicate that the economy is not headed for imminent recession.
- Consumer spending and sentiment are holding up well.
- Earnings growth, while negative, is not plummeting as it was in 2007/2008.
- Low energy prices are good for consumers.
- The Fed will be slow and measured in raising rates. Lower inflation pressures will help the Fed justify holding off on another increase.
- Stock prices were not significantly overvalued before the recent rout and are now close to historical averages (between 15x-16x earnings).
- The S&P 500 is about 9% cheaper than the end of last year. When the dust settles, bargain hunters may have an opportunity to pick up great companies at a discount.
- Fixed income investments – including corporate credit, U.S. Treasuries and GNMA – are providing their intended risk-control function.
- Where there is turmoil there is opportunity.

Global diversification helps smooth the bumps when trying to navigate volatile markets. As with any correction, now is the time to persist with the investment plan created in calmer times and avoid any rash actions that may be inconsistent with your long-term investment goals.

## Disclaimer

This commentary has been prepared by Voya Investment Management for informational purposes. Nothing contained herein should be construed as (i) an offer to sell or solicitation of an offer to buy any security or (ii) a recommendation as to the advisability of investing in, purchasing or selling any security. Any opinions expressed herein reflect our judgement and are subject to change. Certain of the statements contained herein are of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (1) general economic conditions, (2) performance of financial markets, (3) interest rate levels, (4) increasing levels of loan defaults (5) changes in laws and regulations and (6) changes in the policies of governments and/or regulatory authorities.

**Past performance is no guarantee of future results.**

