



GARCIA HAMILTON & ASSOCIATES

Presented by:

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Partner



City of Ormond Beach
General Employees' Pension Plan
February 10, 2012

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ACTIVE
ASSET
MANAGEMENT
IMPLEMENTING A PHILOSOPHY
& STYLE FOR OVER 25 YEARS

Goal & Philosophy

Investment Goal

Our goal is to outperform our benchmarks, net of fees, over a full market cycle using a high quality strategy with less risk and low turnover.

Investment Philosophy

Superior and consistent investment results come from core principles:

- Preserve Principal
- Maintain Liquidity
- Provide High Current Income

City of Ormond Beach General Employees' Pension Plan

December 31, 2011

PORTFOLIO COMPOSITION

CHANGE IN PORTFOLIO

	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Yield</u>		
EQUITIES	0.00	0.0	0.0	Portfolio Value on 03-31-01	10,873,145.62
FIXED INCOME	9,523,778.33	98.9	3.7	Accrued Interest	34,905.86
CASH & EQUIVALENTS	110,350.83	1.1	0.0	Net Additions/Withdrawals	1,624,210.69
				Net Transfers	-6,459,088.35
				Realized Gains/Losses	-323,493.14
				Unrealized Gains/Losses	339,673.90
				Income Received	3,494,020.40
				Change in Accrued Interest	50,754.18
				Portfolio Value on 12-31-11	9,548,469.12
				Accrued Interest	85,660.04
Total	9,634,129.16	100.0	3.7		9,634,129.16

TIME WEIGHTED RETURN

	Quarter	One Year	Annualized Last 3 Years	Annualized Last 5 Years	Annualized Last 7 Years	Annualized Last 10 Years	Annualized Inception 03-31-01 To Date
Account	1.3	3.5	7.7	7.4	6.2	N/A	N/A
FIXED INCOME	1.3	3.6	7.9	7.5	6.3	6.3	6.3
Barclays Capital Int Gov/Credit	0.8	5.8	5.6	5.9	5.0	5.2	5.3

Note: Account inception 3/31/01 with balanced mandate. Effective 10/1/03 mandate changed to fixed income.



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4th Quarter 2011 Fixed Income Market Commentary

December 31, 2011

- The European debt crisis continues to weigh heavily on investors despite continuing improvement in U.S. economic data. Successful auctions in France and Spain, an announced austerity plan in Italy and a productive European summit began to ease investor fears. However, confidence faded as new fears surfaced regarding sovereign credit rating cuts in Europe.
- The U.S. economic recovery continues to progress despite European woes with notable improvements in manufacturing, employment, and housing.
- European fears drove investors to the safe haven of treasuries. Thus, the 10-year Treasury yield ended the quarter 5 basis points lower at 1.88%. The 2-year Treasury yield decreased 1 basis point to 0.24% and the 30-year Treasury yield declined 3 basis points to 2.89%. These moves caused the 2-30 year yield spread to flatten to 265 basis points.
- Overall, the bond market delivered positive performance with a return of 1.12% on the Barclays Capital Aggregate Index and a return of 0.84% on the Barclays Capital Intermediate Government/Credit Index for the quarter.
- Spread product was mixed as two out of the four major sectors provided positive excess return. Corporate bonds were the leader with 82 basis points of excess return, followed by mortgage-backed securities with 24 basis points of excess return. Asset-backed securities and agencies underperformed with -28 basis points and -9 basis points of negative excess return, respectively.
- We fully expect the recovery to continue and believe the market has overreacted to European fears, reaching extreme levels in treasury yields. Thus, we are maintaining the duration of the portfolio marginally shorter than the benchmark. Additionally, we remain overweighted in corporate bonds with an emphasis on financials. Given the current low level of rates, we believe that rates will rise from here and spreads will continue to contract to more normal levels.

Current Fixed Income Market Factors

December 31, 2011

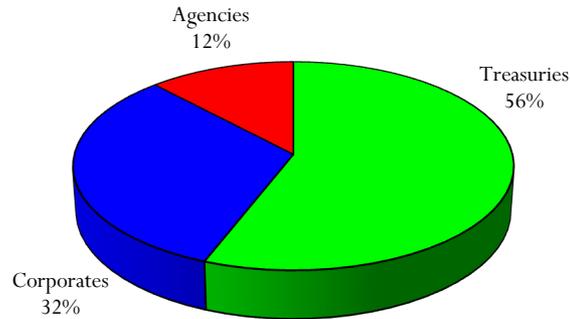
Factor		Position
Sentiment	Investors have maintained neutral position on rates.	Neutral
Monetary	Real monetary supply growth rates are near trend levels.	Neutral
Valuation	The sharp decline in yields has caused treasuries to become overvalued relative to our valuation model.	Negative
Economic	Liquidity measures remain at healthy levels.	Neutral
Inflation	Inflation expectations have stabilized at low levels.	Neutral

Fixed Income Portfolio Characteristics

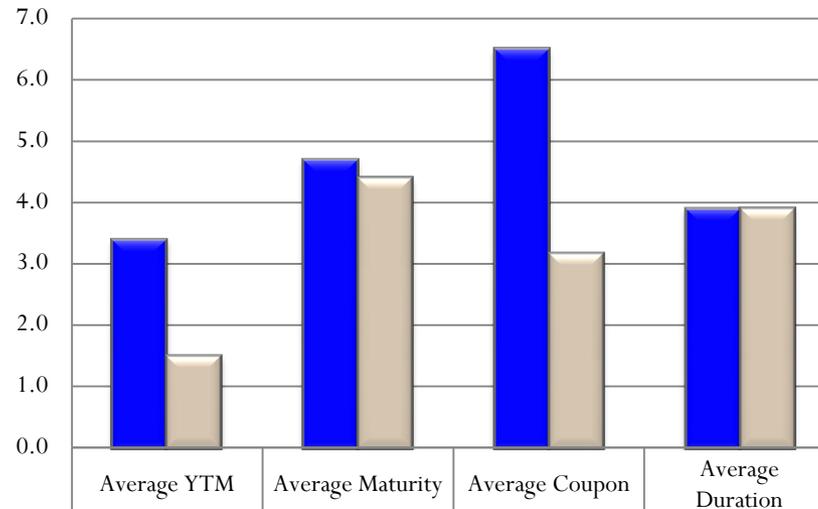
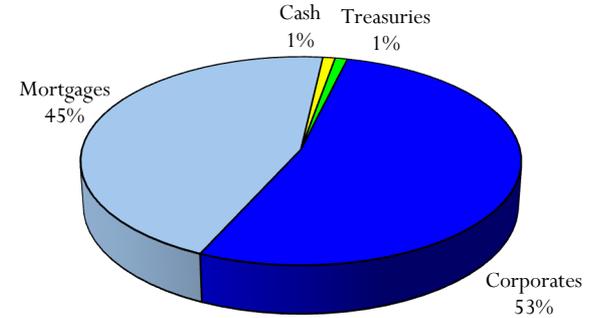
City of Ormond Beach General Employees' Pension Plan

December 31, 2011

Barclays Capital Int. Govt./Credit



Portfolio



■ Portfolio	3.4	4.7	6.5	3.9
■ Barclays Capital Int. Govt./Credit	1.5	4.4	3.2	3.9

GARCIA HAMILTON & ASSOCIATES
PORTFOLIO SUMMARY
CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED
(3250000311)
ormondgf
December 31, 2011

<u>Security Type</u>	<u>Total Cost</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Yield</u>	<u>Est. Annual Income</u>
FIXED INCOME					
CORPORATE BONDS	5,128,749.63	5,081,819.46	52.7	5.0	321,796.25
GOVERNMENT BONDS					
TREASURY	97,408.40	95,538.08	1.0	0.3	4,631.25
MORTGAGE-BACKED SECURITIES-FNMA	2,642,234.94	2,660,471.98	27.6	2.4	138,627.01
MORTGAGE-BACKED SECURITIES-FHLMC	1,591,214.88	1,600,288.77	16.6	2.2	82,112.95
Accrued Interest		85,660.04	0.9		
	<u>9,459,607.85</u>	<u>9,523,778.33</u>	<u>98.9</u>	<u>3.7</u>	<u>547,167.45</u>
CASH & EQUIVALENTS					
CASH & EQUIVALENTS	110,350.83	110,350.83	1.1	0.0	22.07
	<u>110,350.83</u>	<u>110,350.83</u>	<u>1.1</u>	<u>0.0</u>	<u>22.07</u>
TOTAL PORTFOLIO	9,569,958.68	9,634,129.16	100.0	3.7	547,189.52

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GARCIA HAMILTON & ASSOCIATES
 PORTFOLIO APPRAISAL
CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED (3250000311)
 ormondgf
 December 31, 2011

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
CORPORATE BONDS									
370,000	UBS Stamford 5.875% Due 12-20-17	96.42	356,746.95	104.10	385,188.13	4.0	5.875	21,737.50	5.1
395,000	Goldman Sachs 7.500% Due 02-15-19	118.99	469,993.15	110.44	436,241.55	4.5	7.500	29,625.00	5.7
375,000	Metlife Inc. 7.717% Due 02-15-19	122.90	460,862.10	125.39	470,229.75	4.9	7.717	28,938.75	3.6
385,000	J.P. Morgan Chase 6.300% Due 04-23-19	112.59	433,463.80	113.26	436,064.86	4.5	6.300	24,255.00	4.2
450,000	Morgan Stanley 7.300% Due 05-13-19	111.67	502,503.50	101.84	458,302.05	4.8	7.300	32,850.00	7.0
355,000	AFLAC Inc. 8.500% Due 05-15-19	115.70	410,749.55	122.55	435,070.25	4.5	8.500	30,175.00	4.8
370,000	Allstate Corp. 7.450% Due 05-16-19	122.60	453,616.13	121.58	449,858.58	4.7	7.450	27,565.00	4.0
220,000	American Express 8.125% Due 05-20-19	125.03	275,057.20	129.29	284,431.62	3.0	8.125	17,875.00	3.6
395,000	Citigroup 8.500% Due 05-22-19	117.13	462,679.30	117.71	464,948.97	4.8	8.500	33,575.00	5.5
430,000	Bank of America 7.625% Due 06-01-19	117.39	504,759.30	103.42	444,713.31	4.6	7.625	32,787.50	7.0
405,000	General Electric 6.000% Due 08-07-19	109.91	445,151.70	114.86	465,194.34	4.8	6.000	24,300.00	3.7
345,000	Pitney Bowes Inc. Call/Put 5.250% Due 01-15-37 Accrued Interest	102.37	353,166.95	101.91	351,576.04	3.6	5.250	18,112.50	5.1
			5,128,749.63		5,147,347.79	53.4		321,796.25	5.0

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 December 31, 2011

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
GOVERNMENT BONDS									
TREASURY									
95,000	U S Treasury 4.875% Due 02-15-12 Accrued Interest	102.54	97,408.40	100.57	95,538.08	1.0	4.875	4,631.25	0.3
					1,736.72	0.0			
			97,408.40		97,274.80	1.0		4,631.25	0.3
	GOVERNMENT BONDS Total		97,408.40		97,274.80	1.0		4,631.25	0.3
MORTGAGE-BACKED SECURITIES-FNMA									
700,000.00	FNMA Pool #756146 7.000% Due 01-01-13	102.94	37,014.32	103.62	37,260.45	0.4	7.000	2,517.06	3.9
710,000.00	FNMA Pool #938721 5.500% Due 05-01-22	108.19	99,302.15	108.58	99,664.26	1.0	5.500	5,048.29	2.3
745,000.00	FNMA Pool #890042 5.500% Due 07-01-22	106.93	225,193.64	108.63	228,789.10	2.4	5.500	11,583.30	2.7
1,162,457.00	FNMA Pool #928613 6.000% Due 08-01-22	105.35	241,118.06	108.34	247,970.88	2.6	6.000	13,732.93	3.1
580,000.00	FNMA Pool #889716 5.500% Due 10-01-22	108.06	192,149.90	108.58	193,075.08	2.0	5.500	9,779.82	1.8
2,555,000.00	FNMA Pool #956125 5.500% Due 10-01-22	108.62	436,572.30	108.58	436,436.09	4.5	5.500	22,106.78	2.3
1,720,000.00	FNMA Pool #889390 6.000% Due 03-01-23	106.83	434,317.55	108.40	440,707.21	4.6	6.000	24,392.71	2.9
1,390,000.00	FNMA Pool #995461 5.500% Due 12-01-23	108.26	419,722.90	108.58	420,953.58	4.4	5.500	21,322.55	2.1
1,630,000.00	FNMA Pool #AA0822 5.500% Due 12-01-23	108.83	343,508.67	108.58	342,731.80	3.6	5.500	17,360.38	2.2
465,000.00	FNMA Pool #AD0662 5.500% Due 01-01-25	108.81	213,335.45	108.58	212,883.53	2.2	5.500	10,783.18	2.2

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CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED (3250000311)
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 December 31, 2011

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
	Accrued Interest		2,642,234.94		11,552.25	0.1		138,627.01	2.4
					2,672,024.23	27.7			
MORTGAGE-BACKED SECURITIES-FHLMC									
535,000.00	FHLMC Pool #G11953 5.500% Due 06-01-20	105.41	152,152.30	108.63	156,808.68	1.6	5.500	7,939.02	2.3
1,270,000.00	FHLMC Pool #J05894 5.500% Due 02-01-21	105.51	167,526.54	108.32	171,989.62	1.8	5.500	8,732.69	2.8
855,000.00	FHLMC Pool #J05928 5.500% Due 03-01-21	105.59	156,377.96	108.32	160,421.66	1.7	5.500	8,145.34	2.8
935,000.00	FHLMC Pool #G12444 6.000% Due 10-01-21	108.22	197,622.24	108.95	198,955.78	2.1	6.000	10,956.82	2.3
505,000.00	FHLMC Pool #G12743 5.500% Due 08-01-22	108.41	116,656.33	108.26	116,497.88	1.2	5.500	5,918.57	1.9
1,070,000.00	FHLMC Pool #G14014 5.500% Due 12-01-24	108.98	800,879.52	108.26	795,615.15	8.3	5.500	40,420.50	1.9
	Accrued Interest		1,591,214.88		6,842.75	0.1		82,112.95	2.2
					1,607,131.52	16.7			
CASH & EQUIVALENTS									
	Regions Trust Deposit Account		110,350.83		110,350.83	1.1	0.020	22.07	0.0
			110,350.83		110,350.83	1.1		22.07	0.0
TOTAL PORTFOLIO			9,569,958.68		9,634,129.16	100.0		547,189.52	3.7

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GARCIA HAMILTON & ASSOCIATES
PURCHASE AND SALE
CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED
(3250000311)
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From 10-01-11 To 12-31-11

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
10-14-11	10-27-11	112,613.18	FHLMC Pool #G14014 5.500% Due 12-01-24	108.22	121,868.57
11-15-11	11-17-11	104,499.40	FNMA Pool #956125 5.500% Due 10-01-22	108.50	113,381.85
12-02-11	12-07-11	395,000	Citigroup 8.500% Due 05-22-19	117.13	462,679.30
12-02-11	12-27-11	125,797.86	FNMA Pool #890042 5.500% Due 07-01-22	108.53	136,529.98
12-16-11	12-21-11	45,000	Bank of America 7.625% Due 06-01-19	102.39	46,074.15
12-16-11	12-21-11	35,000	Morgan Stanley 7.300% Due 05-13-19	101.36	35,475.65
					916,009.50
SALES					
10-31-11	11-03-11	10,000	Citigroup 5.500% Due 02-15-17	104.07	10,406.70
12-02-11	12-07-11	455,000	Citigroup 5.500% Due 02-15-17	100.09	455,404.95
12-05-11	12-08-11	15,000	General Electric 6.000% Due 08-07-19	112.72	16,908.60
					482,720.25
PRINCIPAL PAYDOWNS					
10-01-11	10-01-11	2,415.96	FHLMC Pool #G11953 5.500% Due 06-01-20	100.00	2,415.96
10-01-11	10-01-11	4,176.31	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	4,176.31

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From 10-01-11 To 12-31-11

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
10-01-11	10-01-11	3,499.16	FHLMC Pool #G12743 5.500% Due 08-01-22	100.00	3,499.16
10-01-11	10-01-11	18,311.20	FHLMC Pool #G14014 5.500% Due 12-01-24	100.00	18,311.20
10-01-11	10-01-11	2,901.35	FHLMC Pool #J05894 5.500% Due 02-01-21	100.00	2,901.35
10-01-11	10-01-11	4,348.60	FHLMC Pool #J05928 5.500% Due 03-01-21	100.00	4,348.60
10-01-11	10-01-11	206.73	FNMA Pool #756146 7.000% Due 01-01-13	100.00	206.73
10-01-11	10-01-11	12,790.66	FNMA Pool #889390 6.000% Due 03-01-23	100.00	12,790.66
10-01-11	10-01-11	6,166.88	FNMA Pool #889716 5.500% Due 10-01-22	100.00	6,166.88
10-01-11	10-01-11	2,614.93	FNMA Pool #890042 5.500% Due 07-01-22	100.00	2,614.93
10-01-11	10-01-11	6,608.54	FNMA Pool #928613 6.000% Due 08-01-22	100.00	6,608.54
10-01-11	10-01-11	3,317.82	FNMA Pool #938721 5.500% Due 05-01-22	100.00	3,317.82
10-01-11	10-01-11	2,003.94	FNMA Pool #956125 5.500% Due 10-01-22	100.00	2,003.94
10-01-11	10-01-11	12,690.44	FNMA Pool #995461 5.500% Due 12-01-23	100.00	12,690.44
10-01-11	10-01-11	35,145.67	FNMA Pool #AA0822 5.500% Due 12-01-23	100.00	35,145.67
10-01-11	10-01-11	6,619.90	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	6,619.90
11-01-11	11-01-11	2,554.52	FHLMC Pool #G11953 5.500% Due 06-01-20	100.00	2,554.52

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PURCHASE AND SALE
CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED
(3250000311)
ormondgf
From 10-01-11 To 12-31-11

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
11-01-11	11-01-11	5,593.48	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	5,593.48
11-01-11	11-01-11	3,401.41	FHLMC Pool #G12743 5.500% Due 08-01-22	100.00	3,401.41
11-01-11	11-01-11	21,001.87	FHLMC Pool #G14014 5.500% Due 12-01-24	100.00	21,001.87
11-01-11	11-01-11	8,896.71	FHLMC Pool #J05894 5.500% Due 02-01-21	100.00	8,896.71
11-01-11	11-01-11	8,114.76	FHLMC Pool #J05928 5.500% Due 03-01-21	100.00	8,114.76
11-01-11	11-01-11	208.17	FNMA Pool #756146 7.000% Due 01-01-13	100.00	208.17
11-01-11	11-01-11	11,733.53	FNMA Pool #889390 6.000% Due 03-01-23	100.00	11,733.53
11-01-11	11-01-11	5,616.12	FNMA Pool #889716 5.500% Due 10-01-22	100.00	5,616.12
11-01-11	11-01-11	3,002.17	FNMA Pool #890042 5.500% Due 07-01-22	100.00	3,002.17
11-01-11	11-01-11	19,709.92	FNMA Pool #928613 6.000% Due 08-01-22	100.00	19,709.92
11-01-11	11-01-11	3,191.90	FNMA Pool #938721 5.500% Due 05-01-22	100.00	3,191.90
11-01-11	11-01-11	2,133.32	FNMA Pool #956125 5.500% Due 10-01-22	100.00	2,133.32
11-01-11	11-01-11	17,528.25	FNMA Pool #995461 5.500% Due 12-01-23	100.00	17,528.25
11-01-11	11-01-11	21,623.07	FNMA Pool #AA0822 5.500% Due 12-01-23	100.00	21,623.08
11-01-11	11-01-11	6,767.40	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	6,767.40

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(3250000311)
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From 10-01-11 To 12-31-11

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
12-01-11	12-01-11	5,022.18	FHLMC Pool #G11953 5.500% Due 06-01-20	100.00	5,022.18
12-01-11	12-01-11	5,870.11	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	5,870.11
12-01-11	12-01-11	3,798.16	FHLMC Pool #G12743 5.500% Due 08-01-22	100.00	3,798.16
12-01-11	12-01-11	21,474.08	FHLMC Pool #G14014 5.500% Due 12-01-24	100.00	21,474.08
12-01-11	12-01-11	8,750.29	FHLMC Pool #J05894 5.500% Due 02-01-21	100.00	8,750.29
12-01-11	12-01-11	8,321.18	FHLMC Pool #J05928 5.500% Due 03-01-21	100.00	8,321.18
12-01-11	12-01-11	209.63	FNMA Pool #756146 7.000% Due 01-01-13	100.00	209.63
12-01-11	12-01-11	12,372.77	FNMA Pool #889390 6.000% Due 03-01-23	100.00	12,372.77
12-01-11	12-01-11	4,602.78	FNMA Pool #889716 5.500% Due 10-01-22	100.00	4,602.78
12-01-11	12-01-11	3,045.70	FNMA Pool #890042 5.500% Due 07-01-22	100.00	3,045.70
12-01-11	12-01-11	14,307.04	FNMA Pool #928613 6.000% Due 08-01-22	100.00	14,307.04
12-01-11	12-01-11	7,657.61	FNMA Pool #938721 5.500% Due 05-01-22	100.00	7,657.61
12-01-11	12-01-11	1,926.80	FNMA Pool #956125 5.500% Due 10-01-22	100.00	1,926.80
12-01-11	12-01-11	671.07	FNMA Pool #956125 5.500% Due 10-01-22	100.00	671.07
12-01-11	12-01-11	13,825.11	FNMA Pool #995461 5.500% Due 12-01-23	100.00	13,825.11

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(3250000311)
ormondgf
From 10-01-11 To 12-31-11

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
12-01-11	12-01-11	2,499.64	FNMA Pool #AA0822 5.500% Due 12-01-23	100.00	2,499.64
12-01-11	12-01-11	6,609.22	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	6,609.22
					385,858.07

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