



# GARCIA HAMILTON & ASSOCIATES

Presented by:

*Janna Hamilton*  
Partner

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*City of Ormond Beach General Employees'*

*Pension Plan*

August 9, 2013

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[www.GarciaHamiltonAssociates.com](http://www.GarciaHamiltonAssociates.com)

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

# Fixed Income Goal & Philosophy

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## *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

June 30, 2013

## PORTFOLIO COMPOSITION

	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Yield</u>
EQUITIES	0.00	0.0	0.0
FIXED INCOME	10,330,878.65	99.6	2.5
CASH & EQUIVALENTS	39,822.10	0.4	0.0
<b>Total</b>	<b>10,370,700.75</b>	<b>100.0</b>	<b>2.5</b>

## CHANGE IN PORTFOLIO

Portfolio Value on 03-31-01	10,873,145.62
Accrued Interest	34,905.86
Net Additions/Withdrawals	1,581,072.60
Net Transfers	-6,459,088.35
Realized Gains/Losses	-248,768.17
Unrealized Gains/Losses	318,373.79
Income Received	4,228,362.46
Change in Accrued Interest	42,696.94
Portfolio Value on 06-30-13	10,293,097.95
Accrued Interest	77,602.80

## TIME WEIGHTED RETURN

	<u>Quarter</u>	<u>Fiscal YTD</u>	<u>One Year</u>	<u>Annualized Last 3 Years</u>	<u>Annualized Last 5 Years</u>	<u>Annualized Inception 03-31-01 To Date</u>
<b>Account</b>	<b>-2.0</b>	<b>-0.3</b>	<b>3.2</b>	<b>4.8</b>	<b>6.9</b>	<b>N/A</b>
<b>FIXED INCOME</b>	<b>-2.0</b>	<b>-0.2</b>	<b>3.3</b>	<b>4.9</b>	<b>7.0</b>	<b>6.2</b>
Barclays Capital Int Gov/Credit	-1.7	-1.1	0.3	3.1	4.6	4.9

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



We urge you to compare account statements that you receive from us with the account statements that you receive from your custodian. Past performance is no guarantee of future results. See disclosures for other relevant information. Client Use Only.

# 2nd Quarter 2013 Fixed Income Market Commentary

June 30, 2013

- The Fed took center stage this quarter as the question of tapering the quantitative easing (QE) program dominated the market. Fed Chairman Ben Bernanke stated that policy makers would “moderate” their \$85 billion purchases later this year and end them in mid-2014 if growth is consistent with forecasts. This caused investors to flee the U.S. treasury market.
- Meanwhile, fears of QE moderation, along with disappointing manufacturing numbers and higher money market rates in China, sent stocks plunging. Later, when first quarter GDP growth was reported lower than expected at 1.8%, stocks and treasuries rebounded as QE tapering fears started to subside.
- After touching a high of 2.59%, the 10-year Treasury yield ended the quarter at 2.48%, an increase of 64 basis points. The 2-year Treasury yield increased 11 basis points to 0.35% while the 30-year Treasury yield advanced 41 basis points to 3.50%. These moves caused the 2-30 year yield spread to widen to 315 basis points.
- With the increase in rates, the bond market delivered negative performance for the quarter with a return on the Barclays Capital Aggregate Index of -2.32% and a return on the Barclays Capital Intermediate Government Credit Index of -1.70%.
- Spread product underperformed as all sectors posted a negative excess return. Hardest hit were the agency and corporate sectors with negative excess returns of -56 basis points and -54 basis points, respectively. Mortgage-backed securities had a negative excess return of -38 basis points, while asset-backed securities delivered a slightly negative excess return of -3 basis points.
- We have taken advantage of the recent rate increase to close our duration gap to be more in line with the index. We remain overweight in corporate bonds with an emphasis on financials, and we have been extending some of our credits to take advantage of the steep yield curve. Given the recent increase in rates, we believe rates will trade in a range with a bias lower in the short term.

# Current Fixed Income Market Factors

June 30, 2013

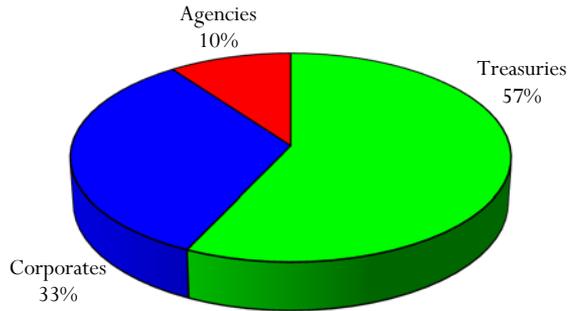
Factor		Position
<b>Sentiment</b>	On average, portfolio managers have portfolio durations meaningfully below the benchmark.	<b>Positive</b>
<b>Monetary</b>	Real money supply growth remains stable near long-term trend levels	<b>Neutral</b>
<b>Valuation</b>	The recent rise in interest rates has Treasuries priced at fair value according to our model.	<b>Neutral</b>
<b>Economic</b>	Liquidity measures have begun to accelerate and suggest stronger growth over the next three to six months	<b>Negative</b>
<b>Inflation</b>	Inflation expectations remain stable	<b>Neutral</b>

# Fixed Income Portfolio Characteristics

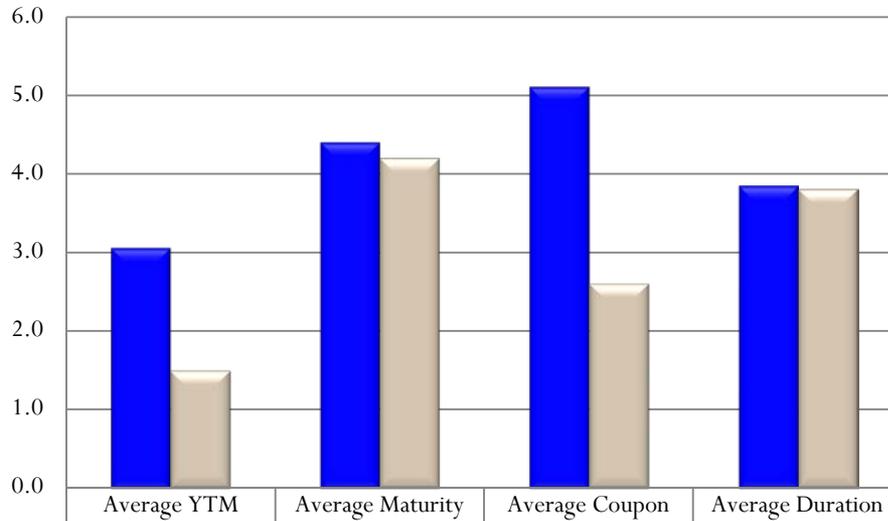
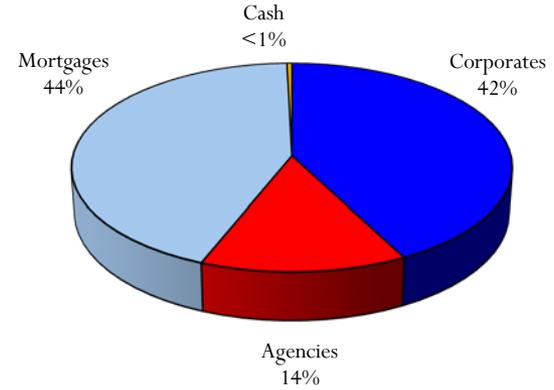
City of Ormond Beach General Employees' Pension Plan

June 30, 2013

**Barclays Capital Int. Govt./Credit**



**Portfolio**



	Average YTM	Average Maturity	Average Coupon	Average Duration
■ Portfolio	3.1	4.4	5.1	3.9
■ Barclays Capital Int. Govt./Credit	1.5	4.2	2.6	3.8

GARCIA HAMILTON & ASSOCIATES  
**PORTFOLIO SUMMARY**  
***CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED***  
***(3250000311)***  
*ormondgf*  
*June 30, 2013*

<u>Security Type</u>	<u>Total Cost</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Yield</u>	<u>Est. Annual Income</u>
<b>FIXED INCOME</b>					
CORPORATE BONDS	4,344,689.94	4,337,897.88	41.8	3.7	226,641.85
GOVERNMENT BONDS					
AGENCY - NONCALLABLE	186,814.19	181,616.96	1.8	1.1	9,200.00
AGENCY - CALLABLE	1,263,167.50	1,236,746.47	11.9	1.4	13,802.50
GOVERNMENT BONDS	1,449,981.69	1,418,363.43	13.7	1.4	23,002.50
MORTGAGE-BACKED SECURITIES-FNMA	2,854,271.90	2,847,744.09	27.5	1.7	141,839.30
MORTGAGE-BACKED SECURITIES-FHLMC	1,647,121.98	1,649,270.44	15.9	1.8	81,262.17
Accrued Interest		77,602.80	0.7		
	10,296,065.52	10,330,878.65	99.6	2.5	472,745.82
<b>CASH &amp; EQUIVALENTS</b>					
CASH & EQUIVALENTS	39,822.10	39,822.10	0.4	0.0	3.98
	39,822.10	39,822.10	0.4	0.0	3.98
<b>TOTAL PORTFOLIO</b>	<b>10,335,887.62</b>	<b>10,370,700.75</b>	<b>100.0</b>	<b>2.5</b>	<b>472,749.80</b>

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GARCIA HAMILTON & ASSOCIATES  
 PORTFOLIO APPRAISAL  
**CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED (3250000311)**  
**ormondgf**  
 June 30, 2013

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
<b>CORPORATE BONDS</b>									
425,000	UBS Stamford 5.875% Due 12-20-17	98.18	417,251.90	115.03	488,857.10	4.7	5.875	24,968.75	2.3
180,000	Metlife Inc. 7.717% Due 02-15-19	122.90	221,213.81	125.61	226,093.68	2.2	7.717	13,890.60	2.8
405,000	Morgan Stanley 7.300% Due 05-13-19	111.67	452,253.15	116.16	470,453.67	4.5	7.300	29,565.00	4.2
250,000	AFLAC Inc. 8.500% Due 05-15-19	121.67	304,172.30	127.81	319,535.00	3.1	8.500	21,250.00	3.3
370,000	Citigroup 8.500% Due 05-22-19	123.25	456,031.78	126.00	466,209.99	4.5	8.500	31,450.00	3.6
450,000	Goldman Sachs 5.250% Due 07-27-21	113.86	512,363.70	106.99	481,454.55	4.6	5.250	23,625.00	4.2
435,000	General Electric Cap. 4.650% Due 10-17-21	113.02	491,623.80	106.08	461,431.47	4.4	4.650	20,227.50	3.8
410,000	Bank of America 5.700% Due 01-24-22	115.97	475,497.50	111.00	455,118.45	4.4	5.700	23,370.00	4.2
460,000	JP Morgan 4.500% Due 01-24-22	109.31	502,807.60	104.71	481,676.12	4.6	4.500	20,700.00	3.8
510,000	Wells Fargo Sub 3.450% Due 02-13-23	100.29	511,474.40	95.50	487,067.85	4.7	3.450	17,595.00	4.0
	Accrued Interest				55,673.59	0.5			
			4,344,689.94		4,393,571.47	42.4		226,641.85	3.7
<b>GOVERNMENT BONDS</b>									
AGENCY - NONCALLABLE									
160,000	FHLMC Sub 5.750% Due 06-27-16	116.76	186,814.19	113.51	181,616.96	1.8	5.750	9,200.00	1.1
	Accrued Interest				76.67	0.0			
			186,814.19		181,693.63	1.8		9,200.00	1.1
AGENCY - CALLABLE									
120,000	FHLMC Callable 0.950% Due 02-10-16	100.72	120,862.80	100.38	120,455.76	1.2	0.950	1,140.00	0.8
785,000	FNMA Callable 1.000% Due 09-20-17	100.22	786,704.70	97.74	767,234.66	7.4	1.000	7,850.00	1.6

GARCIA HAMILTON & ASSOCIATES  
 PORTFOLIO APPRAISAL

**CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED (3250000311)**

**ormondgf**  
 June 30, 2013

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
350,000	FNMA Callable 1.375% Due 09-26-17 Accrued Interest	101.60	355,600.00	99.73	349,056.05	3.4	1.375	4,812.50	1.4
					3,880.49	0.0			
			1,263,167.50		1,240,626.96	12.0		13,802.50	1.4
	<b>GOVERNMENT BONDS Total</b>		1,449,981.69		1,422,320.59	13.7		23,002.50	1.4
<b>MORTGAGE-BACKED SECURITIES-FNMA</b>									
745,000.00	FNMA Pool #890042 5.500% Due 07-01-22	106.93	118,892.87	107.88	119,948.30	1.2	5.500	6,115.50	1.4
1,162,457.00	FNMA Pool #928613 6.000% Due 08-01-22	105.35	141,086.59	109.25	146,312.47	1.4	6.000	8,035.61	2.4
405,000.00	FNMA Pool #932467 5.500% Due 08-01-22	108.94	107,037.77	105.60	103,755.53	1.0	5.500	5,404.09	1.4
1,925,000.00	FNMA Pool #889716 5.500% Due 10-01-22	107.95	332,419.33	107.85	332,104.99	3.2	5.500	16,936.12	1.6
2,555,000.00	FNMA Pool #956125 5.500% Due 10-01-22	108.62	181,744.27	107.93	180,599.94	1.7	5.500	9,203.01	1.6
1,720,000.00	FNMA Pool #889390 6.000% Due 03-01-23	106.83	222,679.87	110.06	229,401.45	2.2	6.000	12,506.44	2.2
945,000.00	FNMA Pool #889280 5.000% Due 04-01-23	108.47	145,318.07	107.10	143,480.30	1.4	5.000	6,698.61	1.6
1,100,000.00	FNMA Pool #889291 5.000% Due 04-01-23	108.03	153,837.86	107.11	152,527.41	1.5	5.000	7,120.06	1.8
1,390,000.00	FNMA Pool #995461 5.500% Due 12-01-23	108.26	212,167.13	107.83	211,309.65	2.0	5.500	10,778.40	1.6
1,630,000.00	FNMA Pool #AA0822 5.500% Due 12-01-23	108.83	149,344.61	107.92	148,103.88	1.4	5.500	7,547.64	1.7
900,000.00	FNMA Pool #AL0302 5.000% Due 04-01-24	108.28	403,667.27	107.17	399,513.40	3.9	5.000	18,639.76	1.5
130,000.00	FNMA Pool #AL1586 6.000% Due 09-01-24	110.11	82,150.93	109.61	81,776.12	0.8	6.000	4,476.51	2.0
605,000.00	FNMA Pool #AD0662 5.500% Due 01-01-25	108.81	140,307.68	107.86	139,083.35	1.3	5.500	7,091.94	1.6
500,000.00	FNMA Pool #AE0286 5.000% Due 04-01-25	108.66	129,053.01	107.14	127,248.58	1.2	5.000	5,938.59	1.4

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**CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED (3250000311)**  
**ormondgf**  
 June 30, 2013

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
1,785,000.00	FNMA Pool #257595 5.000% Due 03-01-29 Accrued Interest	109.00	334,564.63	108.35	332,578.73	3.2	5.000	15,347.00	1.9
					11,425.94	0.1			
			2,854,271.90		2,859,170.04	27.6		141,839.30	1.7
<b>MORTGAGE-BACKED SECURITIES-FHLMC</b>									
535,000.00	FHLMC Pool #G11953 5.500% Due 06-01-20	105.41	92,979.23	107.85	95,136.69	0.9	5.500	4,851.48	1.2
2,570,000.00	FHLMC Pool #J05894 5.500% Due 02-01-21	106.98	159,576.90	108.27	161,509.32	1.6	5.500	8,204.42	1.7
1,624,915.00	FHLMC Pool #J05928 5.500% Due 03-01-21	106.88	159,917.93	108.27	161,998.00	1.6	5.500	8,229.25	1.7
935,000.00	FHLMC Pool #G12444 6.000% Due 10-01-21	108.22	116,380.17	109.39	117,645.13	1.1	6.000	6,452.50	2.3
1,295,000.00	FHLMC Pool #G13122 5.000% Due 04-01-23	108.06	119,178.21	107.10	118,114.50	1.1	5.000	5,514.32	1.6
1,445,000.00	FHLMC Pool #G13174 5.000% Due 06-01-23	108.66	252,704.53	108.22	251,701.56	2.4	5.000	11,628.62	1.6
1,070,000.00	FHLMC Pool #G14014 5.500% Due 12-01-24	108.98	441,864.96	108.75	440,939.18	4.3	5.500	22,300.99	1.9
300,000.00	FHLMC Pool #G14273 5.000% Due 07-01-25	108.09	144,866.22	107.57	144,161.61	1.4	5.000	6,700.95	1.9
445,000.00	FHLMC Pool # G14094 5.000% Due 07-01-25 Accrued Interest	108.17	159,653.83	107.09	158,064.44	1.5	5.000	7,379.64	1.7
					6,546.12	0.1			
			1,647,121.98		1,655,816.56	16.0		81,262.17	1.8
<b>CASH &amp; EQUIVALENTS</b>									
	Regions Trust Cash Sweep		39,822.10		39,822.10	0.4	0.010	3.98	0.0
			39,822.10		39,822.10	0.4		3.98	0.0
<b>TOTAL PORTFOLIO</b>			10,335,887.62		10,370,700.75	100.0		472,749.80	2.5

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GARCIA HAMILTON & ASSOCIATES  
*PURCHASE AND SALE*  
**CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED**  
**(3250000311)**  
**ormondgf**  
From 04-01-13 To 06-30-13

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
<b>PURCHASES</b>					
04-23-2013	05-13-2013	322,029.69	FNMA Pool #257595 5.000% Due 03-01-29	109.00	351,012.36
05-07-2013	05-29-2013	390,123.68	FNMA Pool #AL0302 5.000% Due 04-01-24	108.28	422,430.80
05-09-2013	05-16-2013	243,650.84	FHLMC Pool #G13174 5.000% Due 06-01-23	108.66	264,741.87
05-16-2013	05-21-2013	130,000	Citigroup 8.500% Due 05-22-19	134.55	174,910.18
05-20-2013	05-23-2013	245,000	Wells Fargo Sub 3.450% Due 02-13-23	100.37	245,896.70
05-21-2013	05-24-2013	265,000	Wells Fargo Sub 3.450% Due 02-13-23	100.22	265,577.70
05-30-2013	06-04-2013	410,000	Bank of America 5.700% Due 01-24-22	115.97	475,497.50
05-30-2013	06-04-2013	460,000	JP Morgan 4.500% Due 01-24-22	109.31	502,807.60
06-10-2013	06-27-2013	215,150.72	FNMA Pool #889716 5.500% Due 10-01-22	107.91	232,161.07
06-11-2013	06-14-2013	95,000	AFLAC Inc. 8.500% Due 05-15-19	131.40	124,830.95
					3,059,866.73
<b>SALES</b>					
04-23-2013	04-25-2013	180,000	FHLB Callable 1.650% Due 02-28-17	101.72	183,097.80
05-09-2013	05-10-2013	265,000	FHLMC Callable 0.750% Due 11-23-15	100.01	265,026.50
05-16-2013	05-21-2013	175,000	Citigroup Floater 2.203% Due 05-15-18	104.22	182,393.75

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*PURCHASE AND SALE*  
**CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED**  
**(3250000311)**  
**ormondgf**  
From 04-01-13 To 06-30-13

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
05-20-2013	05-23-2013	255,000	Wachovia Sub Floater 0.937% Due 10-15-16	98.66	251,572.80
05-21-2013	05-24-2013	270,000	Wachovia Sub Floater 0.937% Due 10-15-16	98.73	266,573.70
05-22-2013	05-28-2013	90,000	Allstate Corp. 7.450% Due 05-16-19	132.55	119,298.60
05-23-2013	05-23-2013	340,000	FHLMC Callable 0.750% Due 11-23-15	100.00	340,000.00
05-30-2013	06-04-2013	340,000	Bank of America 7.625% Due 06-01-19	126.29	429,399.60
05-30-2013	06-04-2013	45,000	Bank of America 7.625% Due 06-01-19	126.29	56,832.30
05-30-2013	06-04-2013	255,000	J.P. Morgan Chase 6.300% Due 04-23-19	120.82	308,080.80
06-11-2013	06-13-2013	105,000	FHLMC Callable 0.950% Due 02-10-16	100.32	105,341.25
					2,507,617.10
<b>PRINCIPAL PAYDOWNS</b>					
04-01-2013	04-01-2013	8,140.22	FHLMC Pool # G14094 5.000% Due 07-01-25	100.00	8,140.22
04-01-2013	04-01-2013	3,107.15	FHLMC Pool #G11953 5.500% Due 06-01-20	100.00	3,107.15
04-01-2013	04-01-2013	2,993.74	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	2,993.74
04-01-2013	04-01-2013	10,071.68	FHLMC Pool #G13122 5.000% Due 04-01-23	100.00	10,071.68
04-01-2013	04-01-2013	22,383.83	FHLMC Pool #G14014 5.500% Due 12-01-24	100.00	22,383.83
04-01-2013	04-01-2013	6,222.53	FHLMC Pool #G14273 5.000% Due 07-01-25	100.00	6,222.53

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*PURCHASE AND SALE*  
**CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED**  
**(3250000311)**  
**ormondgf**  
From 04-01-13 To 06-30-13

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
04-01-2013	04-01-2013	795.15	FHLMC Pool #J05894 5.500% Due 02-01-21	100.00	795.15
04-01-2013	04-01-2013	813.93	FHLMC Pool #J05894 5.500% Due 02-01-21	100.00	813.93
04-01-2013	04-01-2013	906.60	FHLMC Pool #J05928 5.500% Due 03-01-21	100.00	906.60
04-01-2013	04-01-2013	771.37	FHLMC Pool #J05928 5.500% Due 03-01-21	100.00	771.37
04-01-2013	04-01-2013	4,941.07	FNMA Pool #889280 5.000% Due 04-01-23	100.00	4,941.07
04-01-2013	04-01-2013	5,967.59	FNMA Pool #889291 5.000% Due 04-01-23	100.00	5,967.59
04-01-2013	04-01-2013	9,190.85	FNMA Pool #889390 6.000% Due 03-01-23	100.00	9,190.85
04-01-2013	04-01-2013	4,254.29	FNMA Pool #889716 5.500% Due 10-01-22	100.00	4,254.29
04-01-2013	04-01-2013	2,291.83	FNMA Pool #890042 5.500% Due 07-01-22	100.00	2,291.83
04-01-2013	04-01-2013	3,399.55	FNMA Pool #890042 5.500% Due 07-01-22	100.00	3,399.55
04-01-2013	04-01-2013	6,717.36	FNMA Pool #928613 6.000% Due 08-01-22	100.00	6,717.36
04-01-2013	04-01-2013	16,320.38	FNMA Pool #932467 5.500% Due 08-01-22	100.00	16,320.38
04-01-2013	04-01-2013	983.22	FNMA Pool #956125 5.500% Due 10-01-22	100.00	983.22
04-01-2013	04-01-2013	342.44	FNMA Pool #956125 5.500% Due 10-01-22	100.00	342.44
04-01-2013	04-01-2013	11,198.55	FNMA Pool #995461 5.500% Due 12-01-23	100.00	11,198.55
04-01-2013	04-01-2013	1,125.25	FNMA Pool #AA0822 5.500% Due 12-01-23	100.00	1,125.25

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**CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED**  
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**ormondgf**  
From 04-01-13 To 06-30-13

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
04-01-2013	04-01-2013	4,456.73	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	4,456.73
04-01-2013	04-01-2013	1,341.81	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	1,341.81
04-01-2013	04-01-2013	5,828.90	FNMA Pool #AE0286 5.000% Due 04-01-25	100.00	5,828.90
04-01-2013	04-01-2013	2,878.58	FNMA Pool #AL1586 6.000% Due 09-01-24	100.00	2,878.58
05-01-2013	05-01-2013	7,271.57	FHLMC Pool # G14094 5.000% Due 07-01-25	100.00	7,271.57
05-01-2013	05-01-2013	5,807.38	FHLMC Pool #G11953 5.500% Due 06-01-20	100.00	5,807.38
05-01-2013	05-01-2013	4,410.13	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	4,410.13
05-01-2013	05-01-2013	5,582.93	FHLMC Pool #G13122 5.000% Due 04-01-23	100.00	5,582.93
05-01-2013	05-01-2013	16,513.93	FHLMC Pool #G14014 5.500% Due 12-01-24	100.00	16,513.93
05-01-2013	05-01-2013	6,597.19	FHLMC Pool #G14273 5.000% Due 07-01-25	100.00	6,597.19
05-01-2013	05-01-2013	7,146.99	FHLMC Pool #J05894 5.500% Due 02-01-21	100.00	7,146.99
05-01-2013	05-01-2013	7,315.81	FHLMC Pool #J05894 5.500% Due 02-01-21	100.00	7,315.81
05-01-2013	05-01-2013	1,349.78	FHLMC Pool #J05928 5.500% Due 03-01-21	100.00	1,349.78
05-01-2013	05-01-2013	1,148.43	FHLMC Pool #J05928 5.500% Due 03-01-21	100.00	1,148.43
05-01-2013	05-01-2013	5,003.65	FNMA Pool #889280 5.000% Due 04-01-23	100.00	5,003.65
05-01-2013	05-01-2013	6,362.12	FNMA Pool #889291 5.000% Due 04-01-23	100.00	6,362.12

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From 04-01-13 To 06-30-13

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
05-01-2013	05-01-2013	9,920.84	FNMA Pool #889390 6.000% Due 03-01-23	100.00	9,920.84
05-01-2013	05-01-2013	4,346.76	FNMA Pool #889716 5.500% Due 10-01-22	100.00	4,346.76
05-01-2013	05-01-2013	2,394.52	FNMA Pool #890042 5.500% Due 07-01-22	100.00	2,394.52
05-01-2013	05-01-2013	3,551.87	FNMA Pool #890042 5.500% Due 07-01-22	100.00	3,551.87
05-01-2013	05-01-2013	11,281.23	FNMA Pool #928613 6.000% Due 08-01-22	100.00	11,281.23
05-01-2013	05-01-2013	1,387.67	FNMA Pool #932467 5.500% Due 08-01-22	100.00	1,387.67
05-01-2013	05-01-2013	990.82	FNMA Pool #956125 5.500% Due 10-01-22	100.00	990.82
05-01-2013	05-01-2013	345.09	FNMA Pool #956125 5.500% Due 10-01-22	100.00	345.09
05-01-2013	05-01-2013	11,766.39	FNMA Pool #995461 5.500% Due 12-01-23	100.00	11,766.39
05-01-2013	05-01-2013	5,960.67	FNMA Pool #AA0822 5.500% Due 12-01-23	100.00	5,960.67
05-01-2013	05-01-2013	4,480.38	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	4,480.38
05-01-2013	05-01-2013	1,348.93	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	1,348.93
05-01-2013	05-01-2013	6,121.31	FNMA Pool #AE0286 5.000% Due 04-01-25	100.00	6,121.32
05-01-2013	05-01-2013	3,751.42	FNMA Pool #AL1586 6.000% Due 09-01-24	100.00	3,751.42
06-01-2013	06-01-2013	7,616.84	FHLMC Pool # G14094 5.000% Due 07-01-25	100.00	7,616.84
06-01-2013	06-01-2013	3,076.13	FHLMC Pool #G11953 5.500% Due 06-01-20	100.00	3,076.13

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From 04-01-13 To 06-30-13

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
06-01-2013	06-01-2013	3,565.05	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	3,565.05
06-01-2013	06-01-2013	8,674.70	FHLMC Pool #G13122 5.000% Due 04-01-23	100.00	8,674.70
06-01-2013	06-01-2013	11,078.37	FHLMC Pool #G13174 5.000% Due 06-01-23	100.00	11,078.37
06-01-2013	06-01-2013	15,639.95	FHLMC Pool #G14014 5.500% Due 12-01-24	100.00	15,639.96
06-01-2013	06-01-2013	5,899.36	FHLMC Pool #G14273 5.000% Due 07-01-25	100.00	5,899.37
06-01-2013	06-01-2013	685.70	FHLMC Pool #J05894 5.500% Due 02-01-21	100.00	685.70
06-01-2013	06-01-2013	701.89	FHLMC Pool #J05894 5.500% Due 02-01-21	100.00	701.89
06-01-2013	06-01-2013	4,256.81	FHLMC Pool #J05928 5.500% Due 03-01-21	100.00	4,256.81
06-01-2013	06-01-2013	3,621.83	FHLMC Pool #J05928 5.500% Due 03-01-21	100.00	3,621.83
06-01-2013	06-01-2013	15,089.66	FNMA Pool #257595 5.000% Due 03-01-29	100.00	15,089.66
06-01-2013	06-01-2013	7,419.87	FNMA Pool #889280 5.000% Due 04-01-23	100.00	7,419.87
06-01-2013	06-01-2013	7,575.80	FNMA Pool #889291 5.000% Due 04-01-23	100.00	7,575.80
06-01-2013	06-01-2013	9,885.49	FNMA Pool #889390 6.000% Due 03-01-23	100.00	9,885.49
06-01-2013	06-01-2013	3,999.59	FNMA Pool #889716 5.500% Due 10-01-22	100.00	3,999.59
06-01-2013	06-01-2013	1,741.82	FNMA Pool #890042 5.500% Due 07-01-22	100.00	1,741.82
06-01-2013	06-01-2013	2,583.71	FNMA Pool #890042 5.500% Due 07-01-22	100.00	2,583.71

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From 04-01-13 To 06-30-13

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
06-01-2013	06-01-2013	4,386.50	FNMA Pool #928613 6.000% Due 08-01-22	100.00	4,386.50
06-01-2013	06-01-2013	8,166.70	FNMA Pool #932467 5.500% Due 08-01-22	100.00	8,166.70
06-01-2013	06-01-2013	993.51	FNMA Pool #956125 5.500% Due 10-01-22	100.00	993.51
06-01-2013	06-01-2013	346.03	FNMA Pool #956125 5.500% Due 10-01-22	100.00	346.03
06-01-2013	06-01-2013	8,783.56	FNMA Pool #995461 5.500% Due 12-01-23	100.00	8,783.56
06-01-2013	06-01-2013	3,820.51	FNMA Pool #AA0822 5.500% Due 12-01-23	100.00	3,820.51
06-01-2013	06-01-2013	3,947.19	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	3,947.19
06-01-2013	06-01-2013	1,188.40	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	1,188.40
06-01-2013	06-01-2013	6,075.69	FNMA Pool #AE0286 5.000% Due 04-01-25	100.00	6,075.69
06-01-2013	06-01-2013	17,328.51	FNMA Pool #AL0302 5.000% Due 04-01-24	100.00	17,328.51
06-01-2013	06-01-2013	3,129.91	FNMA Pool #AL1586 6.000% Due 09-01-24	100.00	3,129.91
					450,881.52

We urge you to compare account statements that you receive from us with the account statements that you receive from your custodian.

# Client Report Disclosures

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## **PERFORMANCE DATA**

Performance data represents historically achieved results for a client's portfolio(s), and is no guarantee of future performance. The market or economic conditions during this period may or may not be repeated. There may be differences between the performance shown and the performance results achieved by any other client retaining Garcia Hamilton for the same investment strategy. Benchmark results are shown for comparison purposes only. The benchmark represents an unmanaged portfolio with characteristics which are similar to the portfolio(s). The returns of the benchmark do not include any transaction costs, management fees or other costs. The holdings in the client's portfolio(s) may differ significantly from the securities that comprise the benchmark shown. The benchmark has been selected by the client as an appropriate benchmark with which to compare the performance of the portfolio(s).