



# GARCIA HAMILTON & ASSOCIATES

Presented By:

*Janna Hamilton*  
Partner

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*City of Ormond Beach General Employees'  
Pension Plan*  
August 12, 2016

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# Investment Goal

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## *Investment Goal*

Our goal is to outperform the benchmark, net of fees, over a full market cycle using a high quality strategy with less risk, lower volatility and low turnover. By setting realistic expectations, we avoid taking unnecessary risks.

Achieving our goal is centered around several core principles:

- Preserve Principal
- Maintain Liquidity
- Provide High Current Income

Key Tools:

- Sector Rotation
- Controlled Interest Rate Anticipation
- Yield Curve Positioning

# Investment Style

## *High Quality*

Portfolio Dominated by U.S. Treasuries, Agency Debentures and Agency 15-Year MBS

Corporate Securities Rated A or Better

Spread Product Exclusively in the Short to Intermediate Maturities to Reduce Volatility

## *No Big Surprises*

No Foreign Bonds/Yankees

No BBB Rated Securities

No Derivatives

No Leverage

## *Flexibility*

Actively Rotating Sectors

Actively Managing Yield Curve

Exploiting Smaller Markets

## *Risk Controls*

Percentage Sector Allocation, Duration Contribution by Sector, Yield Curve, Regular Performance Attribution, and Peer Group Performance Monitoring

# City of Ormond Beach General Employees' Pension Plan

June 30, 2016

## 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	14,034,770.02	98.8	1.5	Accrued Interest	34,905.86
CASH & EQUIVALENTS	173,712.34	1.2	0.1	Net Additions/Withdrawals	3,817,673.93
				Net Transfers	-6,459,088.35
				Realized Gains/Losses	-221,341.20
				Unrealized Gains/Losses	506,998.87
				Income Received	5,630,850.57
				Change in Accrued Interest	25,337.06
				Portfolio Value on 06-30-16	14,148,239.43
				Accrued Interest	60,242.92
<b>Total</b>	<b>14,208,482.36</b>	<b>100.0</b>	<b>1.5</b>		<b>14,208,482.36</b>

## TIME WEIGHTED RETURN

	<u>Quarter</u>	<u>Fiscal 09-30-15 YTD</u>	<u>One Year</u>	<u>Annualized Last 3 Years</u>	<u>Annualized Last 5 Years</u>	<u>Annualized Last 10 Years</u>	<u>Annualized Inception 03-31-01 To Date</u>
<b>Account</b>	<b>1.4</b>	<b>3.6</b>	<b>5.3</b>	<b>4.3</b>	<b>4.4</b>	<b>6.3</b>	<b>N/A</b>
<b>FIXED INCOME</b>	<b>1.5</b>	<b>3.7</b>	<b>5.4</b>	<b>4.4</b>	<b>4.5</b>	<b>6.4</b>	<b>5.9</b>
Barclays Capital Int Gov/Credit	1.6	3.4	4.3	3.0	2.9	4.5	4.5

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



# 2<sup>nd</sup> Quarter 2016 Fixed Income Market Commentary

June 30, 2016

- Treasuries rallied this quarter on the heels of the UK's European Union referendum and the lowering of economic forecasts by the Federal Open Market Committee. The UK's vote to leave the EU was generally considered a surprise by many and left investors wondering about the future health and direction of the European economy.
- In the U.S., the Federal Open Market Committee reduced their projections for GDP growth and the level of the fed funds rate in future years, which caused rates to generally decline across the curve.
- The 10-year treasury yield declined 29 basis points to end the quarter at 1.49%. The 2-year yield decreased 14 basis points to 0.59% while the yield of the 30-year treasury fell 31 basis points to 2.31%. These moves caused the 2-30 year yield spread to flatten to 172 basis points.
- With the decline in rates, the performance of the bond market was strong once again this quarter with a return on the Barclays Capital Aggregate Index of 2.21% and a return on the Barclays Capital Intermediate Government Credit Index of 1.59%.
- Spread product was in favor this quarter as all four spread sectors delivered positive excess return. The corporate sector and asset-backed securities sector were the best performers with 99 basis points and 50 basis points of excess return, respectively. The agency sector and the mortgage-backed securities sector followed with excess returns of 36 basis points and 3 basis points, respectively. Thus, the Barclays Capital Aggregate Index had an excess return this quarter of 31 basis points.
- With the significant decline in rates, we shortened our duration at the end of the quarter and moved to a roughly neutral duration with the benchmark index. In the near term, we expect short-to-intermediate term rates to rise leading to a flatter yield curve.

# Current Fixed Income Market Factors

June 30, 2016

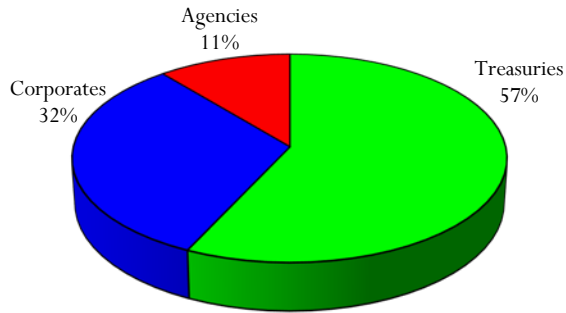
Factor		Position
<b>Sentiment</b>	Survey data indicates that the majority of asset managers have generally positioned their durations to be approximately neutral relative to their benchmarks.	<b>Neutral</b>
<b>Monetary</b>	Despite unprecedented actions by the Federal Reserve to ease monetary policy, real money supply growth remains stable near long-term trend levels.	<b>Neutral</b>
<b>Valuation</b>	After declining significantly this year, the 10-year Treasury yield is trading below our estimate of fair value.	<b>Negative</b>
<b>Economic</b>	The economy remains sluggish, but liquidity measures have shown signs of improvement. Therefore, new economic data may potentially surprise to the upside.	<b>Neutral</b>
<b>Inflation</b>	Inflation expectations remain low and stable in recent months.	<b>Neutral</b>

# Fixed Income Portfolio Characteristics

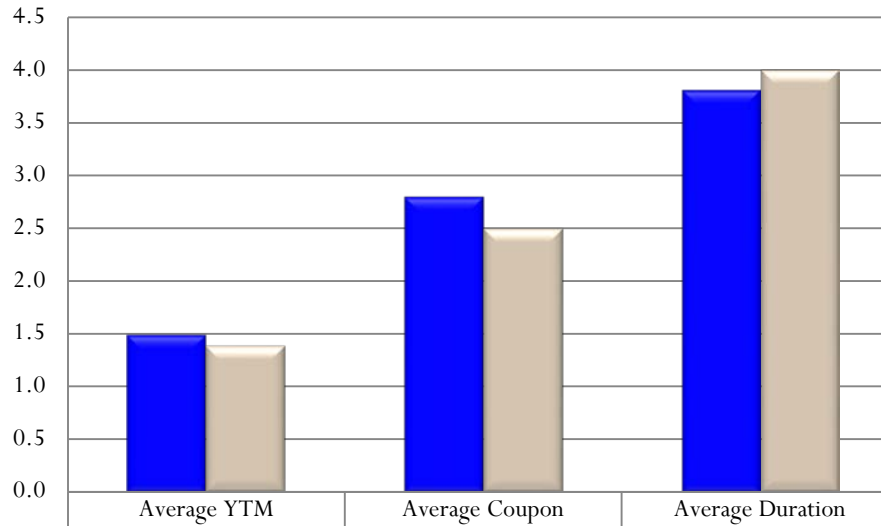
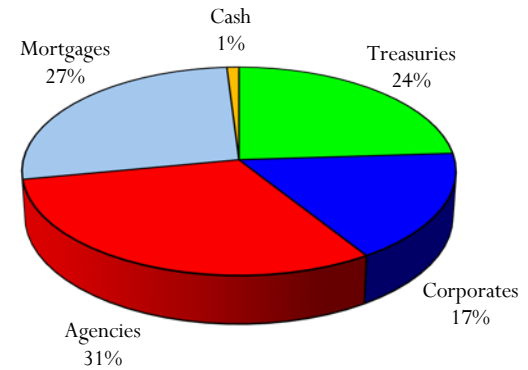
City of Ormond Beach General Employees' Pension Plan

June 30, 2016

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



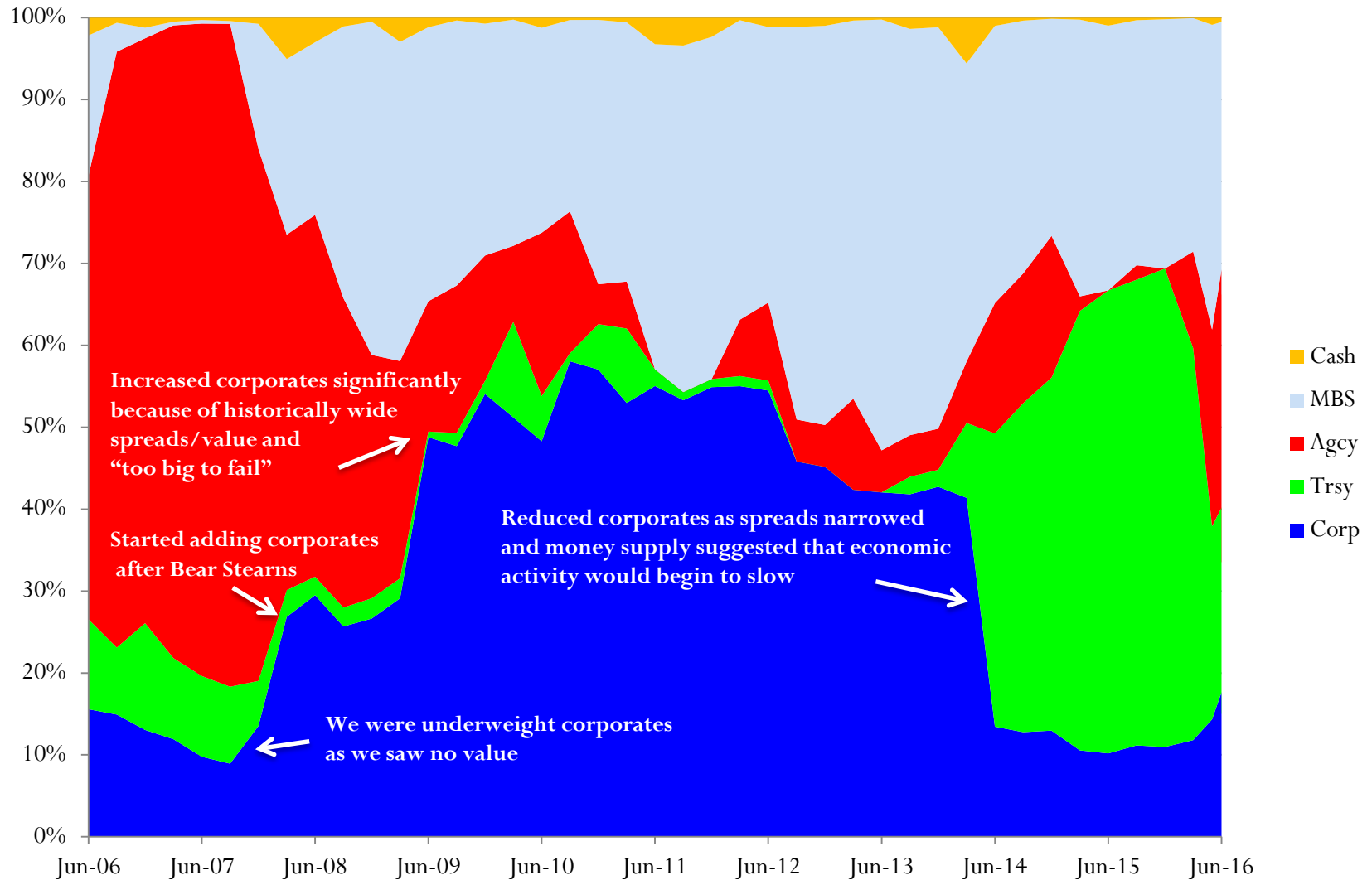
**Portfolio**



■ Portfolio	1.5	2.8	3.8
■ Barclays Capital Int. Govt./Credit	1.4	2.5	4.0

# Fixed Income Intermediate Govt./Credit Historical Sector Weightings

June 30, 2016



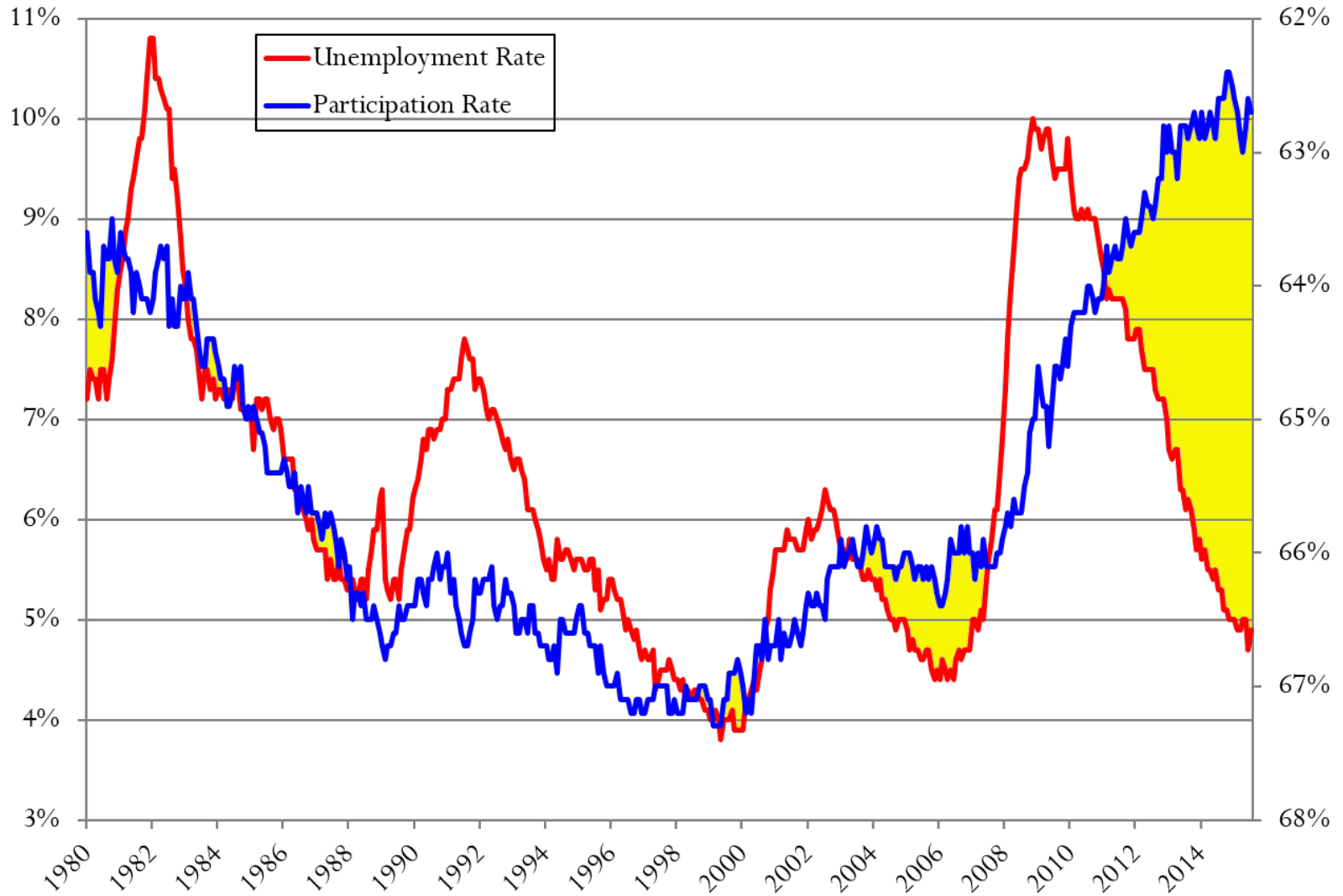
Source: GH&A Research



The percent weightings shown are those of an actual portfolio that is representative of this strategy. The percent weightings may vary depending on the dates shown as well as client-imposed restrictions, cash flows, etc.



# Participation Rate vs. Unemployment Rate



# Euro Area

EU/Euro (Euro Area)	Unemployment Rate	Population % of EA	Population	Debt as % of GDP
Greece	24.1%*	3.20%	10,866,600	167.8%
Spain	19.8%	13.69%	46,419,000	97.8%
Cyprus	12.0%	0.25%	843,500	109.7%
Portugal	11.6%	3.05%	10,333,480	128.7%
Italy	11.5%	17.90%	60,690,410	136.0%
Slovakia	10.0%	1.60%	5,425,250	54.5%
France	9.9%	19.57%	66,371,900	97.7%
Latvia	9.7%	0.58%	1,972,400	36.0%
Finland	9.0%	1.62%	5,486,700	62.4%
Belgium	8.4%	3.31%	11,240,000	109.3%
Slovenia	8.1%	0.61%	2,064,630	80.8%
Lithuania	8.0%	0.85%	2,888,580	37.6%
Ireland	7.8%	1.37%	4,656,560	102.0%
Estonia	6.4%**	0.39%	1,313,300	9.9%
Netherlands	6.3%	5.00%	16,971,000	67.1%
Luxembourg	6.2%	0.17%	573,300	21.9%
Austria	6.1%	2.55%	8,651,470	86.4
Germany	4.2%	24.15%	81,899,000	72.4%
Malta	4.1%	0.13%	432,950	68.9%
		100.00%	339,100,030	

# Portfolio Review

GARCIA HAMILTON & ASSOCIATES  
**PORTFOLIO SUMMARY**  
***CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED***  
***(3250000311)***  
*ormondgf*  
*June 30, 2016*

<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	2,378,336.84	2,442,319.58	17.2	2.7	87,681.05
GOVERNMENT BONDS					
TREASURY	3,344,141.07	3,413,949.73	24.0	1.4	69,550.00
AGENCY - NONCALLABLE	4,325,608.07	4,324,762.36	30.4	0.6	24,345.82
GOVERNMENT BONDS	<u>7,669,749.14</u>	<u>7,738,712.09</u>	<u>54.5</u>	<u>0.9</u>	<u>93,895.82</u>
MORTGAGE-BACKED SECURITIES-FNMA	2,152,866.45	2,158,319.31	15.2	1.9	103,638.41
MORTGAGE-BACKED SECURITIES-FHLMC	1,627,739.25	1,635,176.11	11.5	2.1	74,583.84
Accrued Interest		60,242.92	0.4		
	<u>13,828,691.69</u>	<u>14,034,770.02</u>	<u>98.8</u>	<u>1.5</u>	<u>359,799.12</u>
<b>CASH &amp; EQUIVALENTS</b>					
CASH & EQUIVALENTS	173,712.34	173,712.34	1.2	0.1	191.08
	<u>173,712.34</u>	<u>173,712.34</u>	<u>1.2</u>	<u>0.1</u>	<u>191.08</u>
<b>TOTAL PORTFOLIO</b>	<b>14,002,404.03</b>	<b>14,208,482.36</b>	<b>100.0</b>	<b>1.5</b>	<b>359,990.21</b>

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

GARCIA HAMILTON & ASSOCIATES  
 PORTFOLIO APPRAISAL  
 CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED (3250000311)  
 ormondgf  
 June 30, 2016

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
<b>CORPORATE BONDS</b>									
110,000	Metlife Inc. 4.368% Due 09-15-23	104.68	115,151.74	110.71	121,777.04	0.9	4.368	4,804.80	2.7
235,000	JP Morgan Chase 3.875% Due 02-01-24	107.11	251,700.90	108.03	253,875.43	1.8	3.875	9,106.25	2.7
100,000	Wyeth LLC 6.450% Due 02-01-24	124.85	124,851.00	128.45	128,453.00	0.9	6.450	6,450.00	2.3
110,000	IBM Corp 3.625% Due 02-12-24	102.92	113,213.10	109.05	119,955.22	0.8	3.625	3,987.50	2.3
395,000	Morgan Stanley 3.875% Due 04-29-24	104.67	413,446.35	107.04	422,814.71	3.0	3.875	15,306.25	2.9
120,000	Apple Inc 3.450% Due 05-06-24	100.84	121,010.40	108.69	130,422.60	0.9	3.450	4,140.00	2.2
145,000	Florida Power & Light NEE 3.250% Due 06-01-24	100.92	146,341.25	107.48	155,844.11	1.1	3.250	4,712.50	2.2
415,000	Goldman Sachs 3.850% Due 07-08-24	105.32	437,091.85	106.03	440,029.06	3.1	3.850	15,977.50	3.0
115,000	MidAmerican Energy 3.500% Due 10-15-24	106.63	122,622.20	109.47	125,885.67	0.9	3.500	4,025.00	2.2
130,000	Aflac Inc. 3.625% Due 11-15-24	102.55	133,312.40	107.10	139,233.25	1.0	3.625	4,712.50	2.7
115,000	Berkshire Hathaway Inc 3.125% Due 03-15-26	103.41	118,921.50	104.85	120,582.56	0.8	3.125	3,593.75	2.6
265,000	Wells Fargo Sub 4.100% Due 06-03-26	105.91	280,674.15	106.96	283,446.91	2.0	4.100	10,865.00	3.3
	Accrued Interest				22,685.83	0.2			
			2,378,336.84		2,465,005.41	17.3		87,681.05	2.7
<b>GOVERNMENT BONDS</b>									
<b>TREASURY</b>									
410,000	U S Treasury 2.750% Due 02-15-24	108.50	444,830.08	110.39	452,585.47	3.2	2.750	11,275.00	1.3
790,000	U S Treasury 2.250% Due 11-15-24	104.77	827,655.11	106.67	842,708.01	5.9	2.250	17,775.00	1.4
2,025,000	U S Treasury 2.000% Due 02-15-25	102.30	2,071,655.88	104.62	2,118,656.25	14.9	2.000	40,500.00	1.4
	Accrued Interest				21,566.38	0.2			
			3,344,141.07		3,435,516.11	24.2		69,550.00	1.4
<b>AGENCY - NONCALLABLE</b>									
990,000	FHLB Floater 0.580% Due 08-09-17	100.01	990,053.21	100.05	990,517.77	7.0	0.580	5,742.00	0.5
435,000	FHLB Floater 0.609% Due 08-25-17	100.03	435,119.19	100.07	435,301.02	3.1	0.609	2,649.15	0.5
280,000	FHLB Floater 0.476% Due 09-05-17	100.01	280,039.20	99.95	279,870.36	2.0	0.476	1,332.80	0.5

GARCIA HAMILTON & ASSOCIATES  
 PORTFOLIO APPRAISAL  
 CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED (3250000311)  
 ormondgf  
 June 30, 2016

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
345,000	FHLB Floater 0.535% Due 12-05-17	100.02	345,057.85	99.94	344,783.34	2.4	0.535	1,845.75	0.6
420,000	FHLB Floater 0.535% Due 12-07-17	100.01	420,037.80	99.94	419,736.24	3.0	0.535	2,247.00	0.6
555,000	FNMA Floater 0.594% Due 03-21-18	100.03	555,146.62	100.01	555,029.97	3.9	0.594	3,298.92	0.6
460,000	FFCB Floater 0.593% Due 03-26-18	100.02	460,101.20	100.03	460,158.70	3.2	0.593	2,727.80	0.6
840,000	FFCB Floater 0.536% Due 05-25-18	100.01	840,053.00	99.92	839,364.96	5.9	0.536	4,502.40	0.6
	Accrued Interest				1,633.92	0.0			
			4,325,608.07		4,326,396.28	30.4		24,345.82	0.6
	<b>GOVERNMENT BONDS Total</b>		<b>7,669,749.14</b>		<b>7,761,912.39</b>	<b>54.6</b>		<b>93,895.82</b>	<b>0.9</b>
<b>MORTGAGE-BACKED SECURITIES-FNMA</b>									
2,685,000.00	FNMA Pool #889716 5.500% Due 10-01-22	108.43	182,614.26	108.47	182,689.50	1.3	5.500	9,263.23	2.0
3,440,000.00	FNMA Pool #889390 6.000% Due 03-01-23	108.20	156,408.83	109.55	158,370.80	1.1	6.000	8,673.65	1.8
220,320.00	FNMA Pool #AL7638 5.500% Due 01-01-24	108.80	191,978.54	108.45	191,369.99	1.3	5.500	9,705.08	1.3
290,000.00	FNMA Pool #AL7883 5.000% Due 06-01-26	107.14	262,548.67	107.17	262,632.91	1.8	5.000	12,252.53	1.8
1,886,242.00	FNMA Pool #257595 5.000% Due 03-01-29	109.03	129,254.56	110.95	131,539.27	0.9	5.000	5,927.65	2.4
950,000.00	FNMA Pool #AL0289 5.000% Due 05-01-31	110.53	360,361.63	111.01	361,925.74	2.5	5.000	16,301.35	2.0
570,000.00	FNMA Pool #AL1768 5.000% Due 05-01-31	110.41	224,274.89	111.01	225,501.32	1.6	5.000	10,156.80	1.9
10,380,000.00	FNMA Pool #745418 5.500% Due 04-01-36	113.20	645,425.08	113.00	644,289.77	4.5	5.500	31,358.13	1.8
	Accrued Interest				8,348.65	0.1			
			2,152,866.45		2,166,667.96	15.2		103,638.41	1.9
<b>MORTGAGE-BACKED SECURITIES-FHLMC</b>									
4,955,000.00	FHLMC Pool #G12444 6.000% Due 10-01-21	108.78	220,329.77	108.87	220,503.69	1.6	6.000	12,152.53	1.7
320,000.00	FHLMC Pool #G15718 5.500% Due 12-01-24	108.05	297,225.28	108.12	297,434.70	2.1	5.500	15,129.91	1.6
250,000.00	FHLMC Pool #G15743 5.000% Due 06-01-26	107.19	237,465.91	106.91	236,851.13	1.7	5.000	11,077.13	1.5
1,055,000.00	FHLMC Pool #G60134 4.500% Due 06-01-36	108.41	872,718.29	109.37	880,386.60	6.2	4.500	36,224.27	2.5
	Accrued Interest				6,008.14	0.0			
			1,627,739.25		1,641,184.25	11.6		74,583.84	2.1

GARCIA HAMILTON & ASSOCIATES  
 PORTFOLIO APPRAISAL  
 CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED (3250000311)  
 ormondgf  
 June 30, 2016

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
<b>CASH &amp; EQUIVALENTS</b>									
	Regions Trust Cash Sweep		173,712.34		173,712.34	1.2	0.110	191.08	0.1
			173,712.34		173,712.34	1.2		191.08	0.1
<b>TOTAL PORTFOLIO</b>			14,002,404.03		14,208,482.36	100.0		359,990.21	1.5

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GARCIA HAMILTON & ASSOCIATES  
**PURCHASE AND SALE**  
**CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION**  
**PLAN-FIXED (3250000311)**  
*ormondgf*  
From 04-01-16 To 06-30-16

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
<b>PURCHASES</b>					
04-04-2016	04-06-2016	90,000	U S Treasury 2.750% Due 02-15-24	108.44	97,593.75
04-13-2016	04-15-2016	385,000	U S Treasury 2.750% Due 02-15-24	108.59	418,072.79
04-21-2016	04-26-2016	50,000	U S Treasury 2.750% Due 02-15-24	107.56	53,781.25
04-26-2016	04-29-2016	115,000	Berkshire Hathaway Inc 3.125% Due 03-15-26	103.41	118,921.50
05-10-2016	05-12-2016	130,000	U S Treasury 2.750% Due 02-15-24	108.58	141,151.56
05-13-2016	05-17-2016	660,000	U S Treasury 2.250% Due 11-15-24	104.91	692,392.80
05-16-2016	05-18-2016	280,000	FHLB Floater 0.476% Due 09-05-17	100.01	280,039.20
05-17-2016	05-19-2016	75,000	U S Treasury 2.250% Due 11-15-24	104.28	78,210.94
05-19-2016	05-23-2016	55,000	U S Treasury 2.250% Due 11-15-24	103.73	57,051.37
05-23-2016	05-25-2016	1,210,000	U S Treasury 2.000% Due 02-15-25	101.67	1,230,232.05
05-27-2016	06-01-2016	575,000	FFCB Floater 0.536% Due 05-25-18	100.00	575,000.00
06-01-2016	06-06-2016	160,000	Wells Fargo Sub 4.100% Due 06-03-26	105.47	168,753.60
06-03-2016	06-08-2016	265,000	FFCB Floater 0.536% Due 05-25-18	100.02	265,053.00
06-08-2016	06-10-2016	420,000	FHLB Floater 0.535% Due 12-07-17	100.01	420,037.80

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GARCIA HAMILTON & ASSOCIATES  
**PURCHASE AND SALE**  
**CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION**  
**PLAN-FIXED (3250000311)**  
*ormondgf*  
From 04-01-16 To 06-30-16

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
06-10-2016	06-14-2016	345,000	FHLB Floater 0.535% Due 12-05-17	100.02	345,057.85
06-10-2016	06-14-2016	815,000	U S Treasury 2.000% Due 02-15-25	103.24	841,423.83
06-16-2016	06-21-2016	570,147.76	FNMA Pool #745418 5.500% Due 04-01-36	113.20	645,425.08
06-20-2016	06-23-2016	555,000	FNMA Floater 0.594% Due 03-21-18	100.03	555,146.62
06-27-2016	06-30-2016	130,000	JP Morgan Chase 3.875% Due 02-01-24	108.12	140,552.10
06-27-2016	06-30-2016	135,000	Morgan Stanley 3.875% Due 04-29-24	106.53	143,815.50
06-27-2016	06-30-2016	105,000	Wells Fargo Sub 4.100% Due 06-03-26	106.59	111,920.55
06-30-2016	07-06-2016	260,000	Goldman Sachs 3.850% Due 07-08-24	106.43	276,718.00
06-30-2016	07-06-2016	105,000	Morgan Stanley 3.875% Due 04-29-24	107.33	112,693.35
					7,769,044.49
<b>SALES</b>					
04-04-2016	04-06-2016	100,000	FNMA Callable 2.000% Due 05-16-17	100.15	100,150.00
04-13-2016	04-15-2016	405,000	U S Treasury 2.000% Due 02-15-22	103.59	419,538.87
04-26-2016	04-29-2016	115,000	General Electric Cap. 4.650% Due 10-17-21	113.06	130,019.00
05-05-2016	05-09-2016	85,000	U S Treasury 1.750% Due 05-15-22	101.98	86,686.72
05-13-2016	05-17-2016	935,000	U S Treasury 2.000% Due 02-15-22	103.63	968,966.80

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**GARCIA HAMILTON & ASSOCIATES**  
**PURCHASE AND SALE**  
**CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION**  
**PLAN-FIXED (3250000311)**  
*ormondgf*  
*From 04-01-16 To 06-30-16*

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
05-16-2016	05-16-2016	90,000	FNMA Callable 2.000% Due 05-16-17	100.00	90,000.00
05-23-2016	05-25-2016	1,740,000	U S Treasury 1.750% Due 05-15-22	101.19	1,760,771.77
06-01-2016	06-06-2016	170,000	Wells Fargo Sub 3.450% Due 02-13-23	102.29	173,893.00
06-03-2016	06-07-2016	190,000	U S Treasury 6.250% Due 08-15-23	132.39	251,542.19
06-06-2016	06-08-2016	80,000	U S Treasury 6.250% Due 08-15-23	132.25	105,800.00
06-07-2016	06-09-2016	90,000	U S Treasury 6.250% Due 08-15-23	132.48	119,235.94
06-07-2016	06-09-2016	140,000	U S Treasury 6.250% Due 08-15-23	132.45	185,423.44
06-09-2016	06-13-2016	55,000	U S Treasury 6.250% Due 08-15-23	132.69	72,978.13
06-10-2016	06-14-2016	830,000	U S Treasury 6.250% Due 08-15-23	132.87	1,102,862.50
06-14-2016	06-16-2016	175,000	U S Treasury 6.250% Due 08-15-23	133.20	233,105.47
06-14-2016	06-16-2016	50,000	U S Treasury 6.250% Due 08-15-23	133.12	66,562.50
06-15-2016	06-17-2016	105,000	U S Treasury 6.250% Due 08-15-23	133.25	139,908.40
06-15-2016	06-17-2016	105,000	U S Treasury 6.250% Due 08-15-23	133.06	139,715.63
06-16-2016	06-20-2016	50,000	U S Treasury 6.250% Due 08-15-23	133.41	66,703.13
06-17-2016	06-21-2016	175,000	U S Treasury 6.250% Due 08-15-23	133.14	232,996.09

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*ormondgf*  
From 04-01-16 To 06-30-16

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
06-20-2016	06-22-2016	200,000	U S Treasury 6.250% Due 08-15-23	132.72	265,437.50
06-22-2016	06-24-2016	65,000	U S Treasury 2.750% Due 02-15-24	108.87	70,768.75
06-27-2016	06-29-2016	380,000	U S Treasury 2.750% Due 02-15-24	110.77	420,924.22
06-30-2016	07-05-2016	255,000	U S Treasury 2.750% Due 02-15-24	110.35	281,396.48
06-30-2016	07-05-2016	100,000	U S Treasury 2.750% Due 02-15-24	110.47	110,468.75
					7,595,855.28
<b>PRINCIPAL PAYDOWNS</b>					
04-01-2016	04-01-2016	1,227.13	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	1,227.13
04-01-2016	04-01-2016	5,050.46	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	5,050.46
04-01-2016	04-01-2016	9,427.36	FHLMC Pool #G15718 5.500% Due 12-01-24	100.00	9,427.36
04-01-2016	04-01-2016	7,056.75	FHLMC Pool #G15743 5.000% Due 06-01-26	100.00	7,056.75
04-01-2016	04-01-2016	12,510.30	FHLMC Pool #G60134 4.500% Due 06-01-36	100.00	12,510.30
04-01-2016	04-01-2016	2,213.49	FNMA Pool #257595 5.000% Due 03-01-29	100.00	2,213.49
04-01-2016	04-01-2016	2,435.71	FNMA Pool #889390 6.000% Due 03-01-23	100.00	2,435.71
04-01-2016	04-01-2016	2,376.54	FNMA Pool #889390 6.000% Due 03-01-23	100.00	2,376.54
04-01-2016	04-01-2016	1,213.37	FNMA Pool #889716 5.500% Due 10-01-22	100.00	1,213.37

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 From 04-01-16 To 06-30-16

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
04-01-2016	04-01-2016	4,256.97	FNMA Pool #889716 5.500% Due 10-01-22	100.00	4,256.97
04-01-2016	04-01-2016	1,626.40	FNMA Pool #AL0289 5.000% Due 05-01-31	100.00	1,626.40
04-01-2016	04-01-2016	3,099.71	FNMA Pool #AL1768 5.000% Due 05-01-31	100.00	3,099.71
04-01-2016	04-01-2016	5,582.73	FNMA Pool #AL7638 5.500% Due 01-01-24	100.00	5,582.73
04-01-2016	04-01-2016	6,420.57	FNMA Pool #AL7883 5.000% Due 06-01-26	100.00	6,420.57
05-01-2016	05-01-2016	927.84	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	927.84
05-01-2016	05-01-2016	3,818.70	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	3,818.70
05-01-2016	05-01-2016	8,855.33	FHLMC Pool #G15718 5.500% Due 12-01-24	100.00	8,855.33
05-01-2016	05-01-2016	7,020.59	FHLMC Pool #G15743 5.000% Due 06-01-26	100.00	7,020.59
05-01-2016	05-01-2016	18,184.76	FHLMC Pool #G60134 4.500% Due 06-01-36	100.00	18,184.76
05-01-2016	05-01-2016	2,397.21	FNMA Pool #257595 5.000% Due 03-01-29	100.00	2,397.21
05-01-2016	05-01-2016	2,017.40	FNMA Pool #889390 6.000% Due 03-01-23	100.00	2,017.40
05-01-2016	05-01-2016	1,968.39	FNMA Pool #889390 6.000% Due 03-01-23	100.00	1,968.39
05-01-2016	05-01-2016	1,171.64	FNMA Pool #889716 5.500% Due 10-01-22	100.00	1,171.64
05-01-2016	05-01-2016	4,110.59	FNMA Pool #889716 5.500% Due 10-01-22	100.00	4,110.59

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From 04-01-16 To 06-30-16

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
05-01-2016	05-01-2016	10,979.38	FNMA Pool #AL0289 5.000% Due 05-01-31	100.00	10,979.38
05-01-2016	05-01-2016	3,492.78	FNMA Pool #AL1768 5.000% Due 05-01-31	100.00	3,492.78
05-01-2016	05-01-2016	4,921.50	FNMA Pool #AL7638 5.500% Due 01-01-24	100.00	4,921.50
05-01-2016	05-01-2016	6,766.27	FNMA Pool #AL7883 5.000% Due 06-01-26	100.00	6,766.27
06-01-2016	06-01-2016	1,061.96	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	1,061.96
06-01-2016	06-01-2016	4,370.70	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	4,370.70
06-01-2016	06-01-2016	8,544.94	FHLMC Pool #G15718 5.500% Due 12-01-24	100.00	8,544.94
06-01-2016	06-01-2016	6,756.32	FHLMC Pool #G15743 5.000% Due 06-01-26	100.00	6,756.32
06-01-2016	06-01-2016	20,845.27	FHLMC Pool #G60134 4.500% Due 06-01-36	100.00	20,845.27
06-01-2016	06-01-2016	1,338.25	FNMA Pool #257595 5.000% Due 03-01-29	100.00	1,338.25
06-01-2016	06-01-2016	1,883.23	FNMA Pool #889390 6.000% Due 03-01-23	100.00	1,883.23
06-01-2016	06-01-2016	1,837.47	FNMA Pool #889390 6.000% Due 03-01-23	100.00	1,837.47
06-01-2016	06-01-2016	955.63	FNMA Pool #889716 5.500% Due 10-01-22	100.00	955.63
06-01-2016	06-01-2016	3,352.72	FNMA Pool #889716 5.500% Due 10-01-22	100.00	3,352.72
06-01-2016	06-01-2016	7,196.04	FNMA Pool #AL0289 5.000% Due 05-01-31	100.00	7,196.04

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*From 04-01-16 To 06-30-16*

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
06-01-2016	06-01-2016	3,948.53	FNMA Pool #AL1768 5.000% Due 05-01-31	100.00	3,948.53
06-01-2016	06-01-2016	5,836.84	FNMA Pool #AL7638 5.500% Due 01-01-24	100.00	5,836.84
06-01-2016	06-01-2016	8,379.74	FNMA Pool #AL7883 5.000% Due 06-01-26	100.00	8,379.74
					217,437.51

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# 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).