

GHA

GARCIA HAMILTON & ASSOCIATES, L.P.

May 2, 2017

Ms. Lois Towey
The City of Ormond Beach
22 South Beach Street
Ormond Beach, FL 32174

5 HOUSTON CENTER
1401 MCKINNEY, SUITE 1600
HOUSTON, TX 77010-4035
TEL: (713) 853-2322
FAX: (713) 853-2300
WWW.GARCIAHAMILTONASSOCIATES.COM

Dear Ms. Towey:

We have enclosed performance for the City of Ormond Beach Police Officers' Pension Trust Fund for the period ending March 31, 2017. Relevant indices have been included for comparison purposes.

At the March FOMC meeting, the Committee voted to raise the fed funds rate range by 25 basis points from 0.50%-0.75% to 0.75%-1.00%. The Fed was pleased with the gains in the labor market and inflation we have seen this year as the change in Nonfarm payrolls was above expectations and measures of inflation have moved toward their 2% target. The rate hike was widely expected, but the markets were relieved the FOMC statement and projections of future hikes were not as bearish as some had feared. Additionally, the markets regarded the new administration's inability to repeal and replace the Affordable Care Act as a sign the President's economic agenda may be more difficult to enact than previously believed, which caused yields to move off of the peaks they had reached earlier in March.

The 10-year Treasury yield started the year at 2.44%, reached an intra-day peak of 2.63% prior to the March FOMC rate decision, but it declined from there and finished the quarter at 2.39%. The 2-year yield increased 6 basis points to 1.25% while the yield of the 30-year Treasury declined 5 basis points to 3.02%. These moves caused the 2-30 year yield spread to flatten to 177 basis points.

With the modest decline in longer term rates, the bond market experienced a positive return of 0.82% for the Bloomberg Barclays Aggregate Index and a return on the Bloomberg Barclays Intermediate Government Credit Index of 0.78% this quarter. Spread product was generally a positive contributor this quarter as three of the four spread sectors delivered positive excess return. The agency sector was the leader this quarter with 60 basis points of excess return. The corporate sector and asset-backed securities sector followed with 38 basis points and 22 basis points of excess return, respectively. The mortgage-backed securities sector was the laggard with -17 basis points of excess return. Thus, the Bloomberg Barclays Aggregate Index had 11 basis points of excess return this quarter.

We shortened our duration and are now only marginally longer than the benchmark index. However, we maintained our "barbell" positioning in anticipation of a flatter yield curve.

Please do not hesitate to contact us if you have any questions or comments.

Sincerely,



Janna Hamilton
Partner

JH/bmc
Enclosure



GARCIA HAMILTON & ASSOCIATES

Portfolio Review
**CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST FUND-FIXED
(3250000393) ormondpf**

March 31, 2017

Client Use Only

See disclosures for other relevant information.

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
CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST FUND-FIXED
(3250000393) ormondpf
 March 31, 2017

PORTFOLIO COMPOSITION	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Yield</u>	CHANGE IN PORTFOLIO	
EQUITIES	0.00	0.0	0.0	Portfolio Value on 03-31-01	7,533,666.42
FIXED INCOME	8,971,732.62	98.7	1.9	Accrued Interest	24,119.59
CASH & EQUIVALENTS	116,487.62	1.3	0.1	Net Additions/Withdrawals	2,205,235.06
				Net Transfers	-4,750,890.94
				Realized Gains/Losses	-219,191.38
				Unrealized Gains/Losses	193,283.70
				Income Received	4,092,815.99
				Change in Accrued Interest	9,181.80
				Portfolio Value on 03-31-17	9,054,918.85
				Accrued Interest	33,301.39
Total	9,088,220.24	100.0	1.9		9,088,220.24

TIME WEIGHTED RETURN - GROSS OF FEES

	<u>Quarter</u>	<u>Fiscal 09-30-16 YTD</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>
Account	0.8	-0.8	2.9	3.5	5.5	N/A
FIXED INCOME	0.8	-0.8	2.9	3.5	5.6	5.5
Bloomberg Barclays Int Gov/Credit	0.8	-1.3	2.0	1.9	3.8	4.2

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

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

Past performance is no guarantee of future results.



GARCIA HAMILTON & ASSOCIATES
PORTFOLIO SUMMARY
CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST FUND-FIXED
(3250000393) ormondpf
March 31, 2017

Security Type	Total Cost	Market Value	Pct. Assets	Yield	Est. Annual Income
FIXED INCOME					
CORPORATE BONDS	1,665,221.87	1,633,126.80	18.0	2.6	47,590.80
GOVERNMENT BONDS					
TREASURY	3,584,553.03	3,554,521.76	39.1	2.3	69,112.50
AGENCY - NONCALLABLE	2,179,336.95	2,183,970.05	24.0	0.8	21,789.49
GOVERNMENT BONDS	5,763,889.98	5,738,491.81	63.1	1.8	90,901.99
MORTGAGE-BACKED SECURITIES-FNMA	569,571.22	561,050.98	6.2	1.8	27,798.06
MORTGAGE-BACKED SECURITIES-FHLMC	1,017,740.79	1,005,761.64	11.1	1.8	48,054.36
Accrued Interest		33,301.39	0.4		
	9,016,423.86	8,971,732.62	98.7	1.9	214,345.21
CASH & EQUIVALENTS					
CASH & EQUIVALENTS	116,487.62	116,487.62	1.3	0.1	139.79
	116,487.62	116,487.62	1.3	0.1	139.79
TOTAL PORTFOLIO	9,132,911.48	9,088,220.24	100.0	1.9	214,485.00

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 POLICE OFFICERS' PENSION TRUST FUND-FIXED
 (3250000393) ormondpf
 March 31, 2017

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
CORPORATE BONDS									
225,000	Apple Inc. Floater 1.174% Due 08-02-19	100.01	225,022.95	100.10	225,235.80	2.5	1.174	2,640.87	1.1
90,000	State Street Floater 1.952% Due 08-18-20	102.05	91,848.60	101.90	91,711.26	1.0	1.952	1,757.10	1.4
355,000	American Express Floater 2.171% Due 09-14-20	101.93	361,848.00	101.60	360,691.00	4.0	2.171	7,707.83	1.7
105,000	JP Morgan 3.875% Due 02-01-24	108.33	113,750.27	103.95	109,144.14	1.2	3.875	4,068.75	3.2
120,000	Morgan Stanley 3.875% Due 04-29-24	105.45	126,536.08	102.91	123,496.32	1.4	3.875	4,650.00	3.4
260,000	Aflac Inc. 3.625% Due 11-15-24	107.13	278,535.20	103.03	267,891.00	2.9	3.625	9,425.00	3.2
65,000	Berkshire Hathaway 3.125% Due 03-15-26	103.41	67,216.50	99.90	64,937.79	0.7	3.125	2,031.25	3.1
195,000	Wells Fargo Sub 4.100% Due 06-03-26	106.79	208,241.27	102.10	199,092.85	2.2	4.100	7,995.00	3.8
190,000	Goldman Sachs 3.850% Due 01-26-27	101.17	192,223.00	100.49	190,926.63	2.1	3.850	7,315.00	3.8
	Accrued Interest				11,276.83	0.1			
			1,665,221.87		1,644,403.63	18.1		47,590.80	2.6
GOVERNMENT BONDS									
TREASURY									
800,000	U S Treasury 2.000% Due 02-15-25	102.32	818,548.71	97.79	782,344.00	8.6	2.000	16,000.00	2.3
1,230,000	U S Treasury 2.125% Due 05-15-25	99.64	1,225,594.16	98.49	1,211,454.06	13.3	2.125	26,137.50	2.3
1,660,000	U S Treasury 1.625% Due 02-15-26	92.80	1,540,410.16	94.02	1,560,723.70	17.2	1.625	26,975.00	2.4
	Accrued Interest				15,043.09	0.2			
			3,584,553.03		3,569,564.85	39.3		69,112.50	2.3
AGENCY - NONCALLABLE									
165,000	FHLB Floater 0.904% Due 12-07-17	100.01	165,014.85	100.18	165,290.89	1.8	0.904	1,491.60	0.6
305,000	FFCB Floater 0.867% Due 01-08-18	99.81	304,418.85	100.16	305,477.32	3.4	0.867	2,643.34	0.7
350,000	FNMA Floater 1.102% Due 03-21-18	100.03	350,092.46	100.20	350,705.95	3.9	1.102	3,856.23	0.9
175,000	FFCB Floater 1.142% Due 03-26-18	100.02	175,038.50	100.33	175,569.80	1.9	1.142	1,997.92	0.8
470,000	FFCB Floater 0.963% Due 05-17-18	99.95	469,745.29	100.19	470,879.84	5.2	0.963	4,525.07	0.8
455,000	FFCB Floater 1.072% Due 05-25-18	100.01	455,027.00	100.27	456,226.68	5.0	1.072	4,876.10	0.8
260,000	FFCB Floater 0.923% Due 04-03-19	100.00	260,000.00	99.93	259,819.56	2.9	0.923	2,399.23	1.0

GARCIA HAMILTON & ASSOCIATES
 PORTFOLIO APPRAISAL
 CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST FUND-FIXED
 (3250000393) ormondpf
 March 31, 2017

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
	Accrued Interest				660.43	0.0			
			2,179,336.95		2,184,630.48	24.0		21,789.49	0.8
	GOVERNMENT BONDS Total		5,763,889.98		5,754,195.33	63.3		90,901.99	1.8
MORTGAGE-BACKED SECURITIES-FNMA									
1,490,000.00	FNMA Pool #944122 5.500% Due 07-01-22	108.37	127,224.91	106.77	125,342.77	1.4	5.500	6,456.67	2.0
163,090.00	FNMA Pool #AL7638 5.500% Due 01-01-24	108.80	109,300.57	106.29	106,785.10	1.2	5.500	5,525.46	1.3
555,000.00	FNMA Pool #MA0472 5.000% Due 07-01-30	110.60	108,132.03	109.40	106,964.02	1.2	5.000	4,888.44	1.9
4,475,000.00	FNMA Pool #745418 5.500% Due 04-01-36	113.20	224,913.72	111.72	221,959.08	2.4	5.500	10,927.49	1.8
	Accrued Interest				2,316.51	0.0			
			569,571.22		563,367.48	6.2		27,798.06	1.8
MORTGAGE-BACKED SECURITIES-FHLMC									
395,000.00	FHLMC Pool #G15718 5.500% Due 12-01-24	108.05	275,259.86	105.94	269,897.49	3.0	5.500	14,011.78	1.6
510,000.00	FHLMC Pool #G15743 5.000% Due 06-01-26	107.01	358,279.32	105.88	354,491.85	3.9	5.000	16,740.11	1.5
200,000.00	FHLMC Pool #G30892 5.500% Due 04-01-30	111.56	172,864.11	110.77	171,637.69	1.9	5.500	8,522.15	2.0
330,000.00	FHLMC Pool #G60134 4.500% Due 06-01-36	108.31	211,337.50	107.49	209,734.60	2.3	4.500	8,780.32	2.5
	Accrued Interest				4,004.53	0.0			
			1,017,740.79		1,009,766.17	11.1		48,054.36	1.8
CASH & EQUIVALENTS									
	Regions Trust Cash Sweep		116,487.62		116,487.62	1.3	0.120	139.79	0.1
			116,487.62		116,487.62	1.3		139.79	0.1
TOTAL PORTFOLIO			9,132,911.48		9,088,220.24	100.0		214,485.00	1.9

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
PURCHASE AND SALE
CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST
FUND-FIXED
(3250000393) ormondpf
From 01-01-17 To 03-31-17

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
02-13-2017	02-16-2017	45,000	Apple Inc. Floater 1.174% Due 08-02-19	100.11	45,049.95
03-29-2017	04-03-2017	260,000	FFCB Floater 0.923% Due 04-03-19	100.00	260,000.00
02-28-2017	03-03-2017	225,000	Goldman Sachs 3.850% Due 01-26-27	101.17	227,632.50
03-07-2017	03-10-2017	90,000	State Street Floater 1.952% Due 08-18-20	102.05	91,848.60
01-03-2017	01-05-2017	80,000	U S Treasury 1.625% Due 02-15-26	93.17	74,537.50
01-18-2017	01-20-2017	50,000	U S Treasury 1.625% Due 02-15-26	94.08	47,039.06
01-31-2017	02-03-2017	60,000	U S Treasury 1.625% Due 02-15-26	93.50	56,100.00
02-28-2017	03-02-2017	30,000	U S Treasury 1.625% Due 02-15-26	94.17	28,251.56
03-01-2017	03-06-2017	90,000	U S Treasury 1.625% Due 02-15-26	93.34	84,009.38
03-02-2017	03-07-2017	160,000	U S Treasury 1.625% Due 02-15-26	93.11	148,975.00
03-03-2017	03-08-2017	65,000	U S Treasury 1.625% Due 02-15-26	93.17	60,561.72
03-07-2017	03-09-2017	60,000	U S Treasury 1.625% Due 02-15-26	93.02	55,809.38
03-07-2017	03-10-2017	70,000	U S Treasury 1.625% Due 02-15-26	92.97	65,078.13
					1,244,892.78
SALES					
03-03-2017	03-08-2017	70,000	Aflac Inc. 3.625% Due 11-15-24	102.74	71,919.40
01-03-2017	01-05-2017	55,000	FHLB Floater 0.904% Due 12-07-17	100.10	55,054.45

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
PURCHASE AND SALE
CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST
FUND-FIXED
(3250000393) ormondpf
From 01-01-17 To 03-31-17

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
01-31-2017	02-02-2017	35,000	FNMA Floater 1.102% Due 03-21-18	100.38	35,131.94
02-28-2017	03-03-2017	220,000	Goldman Sachs 3.850% Due 07-08-24	102.85	226,278.80
03-30-2017	04-04-2017	35,000	Goldman Sachs 3.850% Due 01-26-27	100.13	35,045.15
03-07-2017	03-10-2017	85,000	JP Morgan 3.875% Due 02-01-24	103.52	87,993.70
03-02-2017	03-07-2017	235,000	Metlife Inc. 4.368% Due 09-15-23	107.06	251,600.40
03-01-2017	03-06-2017	120,000	Morgan Stanley 3.875% Due 04-29-24	103.04	123,646.80
03-27-2017	03-29-2017	65,000	U S Treasury 2.000% Due 02-15-25	97.91	63,644.14
03-29-2017	03-31-2017	120,000	U S Treasury 2.000% Due 02-15-25	97.75	117,300.00
03-31-2017	04-04-2017	70,000	U S Treasury 1.625% Due 02-15-26	93.84	65,690.63
					1,133,305.41
PRINCIPAL PAYDOWNS					
01-01-2017	01-01-2017	9,085.96	FHLMC Pool #G15718 5.500% Due 12-01-24	100.00	9,085.96
02-01-2017	02-01-2017	8,961.43	FHLMC Pool #G15718 5.500% Due 12-01-24	100.00	8,961.43
03-01-2017	03-01-2017	7,897.73	FHLMC Pool #G15718 5.500% Due 12-01-24	100.00	7,897.73
01-01-2017	01-01-2017	12,833.80	FHLMC Pool #G15743 5.000% Due 06-01-26	100.00	12,833.80
02-01-2017	02-01-2017	11,735.64	FHLMC Pool #G15743 5.000% Due 06-01-26	100.00	11,735.64
03-01-2017	03-01-2017	11,936.67	FHLMC Pool #G15743 5.000% Due 06-01-26	100.00	11,936.67

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
PURCHASE AND SALE
CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST
FUND-FIXED
(3250000393) ormondpf
From 01-01-17 To 03-31-17

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
01-01-2017	01-01-2017	3,931.57	FHLMC Pool #G30892 5.500% Due 04-01-30	100.00	3,931.57
02-01-2017	02-01-2017	3,487.22	FHLMC Pool #G30892 5.500% Due 04-01-30	100.00	3,487.22
03-01-2017	03-01-2017	3,012.92	FHLMC Pool #G30892 5.500% Due 04-01-30	100.00	3,012.92
01-01-2017	01-01-2017	6,925.29	FHLMC Pool #G60134 4.500% Due 06-01-36	100.00	6,925.29
02-01-2017	02-01-2017	5,691.18	FHLMC Pool #G60134 4.500% Due 06-01-36	100.00	5,691.18
03-01-2017	03-01-2017	5,120.51	FHLMC Pool #G60134 4.500% Due 06-01-36	100.00	5,120.51
01-01-2017	01-01-2017	5,744.60	FNMA Pool #745418 5.500% Due 04-01-36	100.00	5,744.60
02-01-2017	02-01-2017	5,556.16	FNMA Pool #745418 5.500% Due 04-01-36	100.00	5,556.16
03-01-2017	03-01-2017	3,736.54	FNMA Pool #745418 5.500% Due 04-01-36	100.00	3,736.54
01-01-2017	01-01-2017	1,313.56	FNMA Pool #944122 5.500% Due 07-01-22	100.00	1,313.56
01-01-2017	01-01-2017	703.04	FNMA Pool #944122 5.500% Due 07-01-22	100.00	703.04
02-01-2017	02-01-2017	1,453.93	FNMA Pool #944122 5.500% Due 07-01-22	100.00	1,453.93
02-01-2017	02-01-2017	778.16	FNMA Pool #944122 5.500% Due 07-01-22	100.00	778.16
03-01-2017	03-01-2017	1,292.76	FNMA Pool #944122 5.500% Due 07-01-22	100.00	1,292.76
03-01-2017	03-01-2017	691.91	FNMA Pool #944122 5.500% Due 07-01-22	100.00	691.91
01-01-2017	01-01-2017	3,233.47	FNMA Pool #AL7638 5.500% Due 01-01-24	100.00	3,233.47
02-01-2017	02-01-2017	3,020.21	FNMA Pool #AL7638 5.500% Due 01-01-24	100.00	3,020.21

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
PURCHASE AND SALE
CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST
FUND-FIXED
(3250000393) ormondpf
From 01-01-17 To 03-31-17

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
03-01-2017	03-01-2017	3,507.32	FNMA Pool #AL7638 5.500% Due 01-01-24	100.00	3,507.32
01-01-2017	01-01-2017	2,639.91	FNMA Pool #MA0472 5.000% Due 07-01-30	100.00	2,639.91
02-01-2017	02-01-2017	4,379.54	FNMA Pool #MA0472 5.000% Due 07-01-30	100.00	4,379.54
03-01-2017	03-01-2017	854.78	FNMA Pool #MA0472 5.000% Due 07-01-30	100.00	854.78
					129,525.81

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

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).