



# GARCIA HAMILTON & ASSOCIATES

Presented by:

*Janna Hamilton*  
Partner

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## *City of Ormond Beach General Employees' Pension Plan*

August 8, 2014

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**Institutional  
Investor Awards**  
/////// 2014 /////  
**FIXED INCOME  
INVESTMENT GRADE  
MANAGER OF THE YEAR**

# Fixed Income 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

June 30, 2014

## PORTFOLIO COMPOSITION

	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Yield</u>
EQUITIES	0.00	0.0	0.0
FIXED INCOME	11,926,322.26	98.7	2.0
CASH & EQUIVALENTS	154,493.68	1.3	0.2
<b>Total</b>	<b>12,080,815.94</b>	<b>100.0</b>	<b>2.0</b>

## CHANGE IN PORTFOLIO

Portfolio Value on 03-31-01	10,873,145.62
Accrued Interest	34,905.86
Net Additions/Withdrawals	2,693,502.94
Net Transfers	-6,459,088.35
Realized Gains/Losses	-204,467.22
Unrealized Gains/Losses	423,837.31
Income Received	4,668,354.29
Change in Accrued Interest	50,625.49
Portfolio Value on 06-30-14	11,995,284.60
Accrued Interest	85,531.35

<b>Total</b>	<b>12,080,815.94</b>
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## 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 Last 10 Years</u>	<u>Annualized Inception 03-31-01 To Date</u>
<b>Account</b>	<b>1.6</b>	<b>4.4</b>	<b>5.6</b>	<b>4.8</b>	<b>6.5</b>	<b>6.1</b>	<b>N/A</b>
<b>FIXED INCOME</b>	<b>1.6</b>	<b>4.5</b>	<b>5.7</b>	<b>4.9</b>	<b>6.6</b>	<b>6.2</b>	<b>6.2</b>
Barclays Capital Int Gov/Credit	1.2	2.2	2.9	2.8	4.1	4.3	4.7

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.

# 2<sup>nd</sup> Quarter 2014 Fixed Income Market Commentary

June 30, 2014

- U.S. GDP shrank at a 2.9% annualized rate in the first quarter, the worst since first quarter 2009. Despite the low print, which was largely blamed on weather, the Federal Reserve continues to taper monthly asset purchases by \$10 billion per month. Additionally, the Fed as well as many market participants are shrugging off this figure with more optimistic estimates for the rest of the year.
- However, turmoil in Iraq and subsequent rising oil prices could hamper growth. U.S. Treasury markets continue to be range bound while equity indices hit new highs.
- After touching a low of 2.44%, the 10-year Treasury yield ended the quarter at 2.51%, a decrease of 21 basis points. The 2-year yield increased 3 basis points to 0.45%, while the 30-year Treasury yield dropped 22 basis points to 3.34%. These moves caused the 2-30 year yield spread to flatten to 288 basis points.
- With the overall decline in rates, the bond market delivered positive performance for the quarter with a return on the Barclays Capital Aggregate Index of 2.04% and a return on the Barclays Capital Intermediate Government Credit Index of 1.23%.
- Spread product performed well as all four sectors delivered positive excess return for the quarter. Mortgage-backed securities were the leader with 90 basis points of excess return, followed by corporate bonds with an excess return of 72 basis points. Agencies and asset-backed securities provided excess returns of 50 basis points and 30 basis points, respectively.
- Our duration remains marginally longer than the benchmark index. We have significantly reduced our exposure to corporate bonds, given the recent spread tightening, and are now underweight versus the index. In the short term, we believe rates will remain range bound with a bias lower.

# Current Fixed Income Market Factors

June 30, 2014

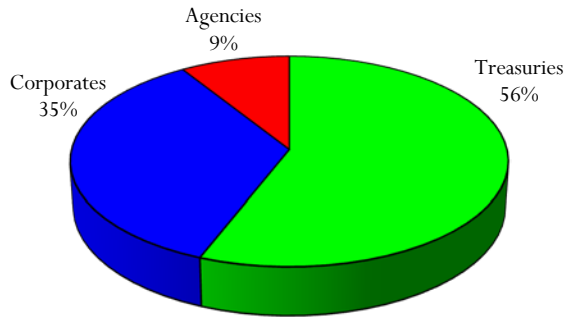
Factor		Position
<b>Sentiment</b>	After an extended period of excessive bearishness, managers have finally turned neutral as a result of the recent decline in yields.	<b>Neutral</b>
<b>Monetary</b>	Despite the Federal Reserve's continued policy of quantitative easing, real money supply growth remains stable near long-term trend levels.	<b>Neutral</b>
<b>Valuation</b>	Based on our valuation model interest rates remain above (prices below) fair value. Based on current fundamentals, our model places fair value for the 10-year Treasury at 2.10%.	<b>Positive</b>
<b>Economic</b>	Liquidity measures are beginning to decelerate, suggesting growth will slow over the next three to six months.	<b>Neutral</b>
<b>Inflation</b>	Inflation expectations remain extraordinarily stable at relatively low levels.	<b>Neutral</b>

# Fixed Income Portfolio Characteristics

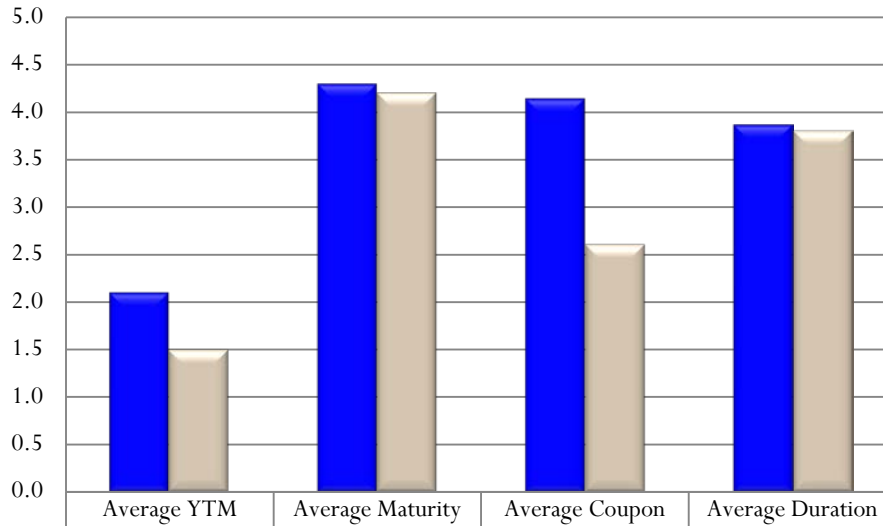
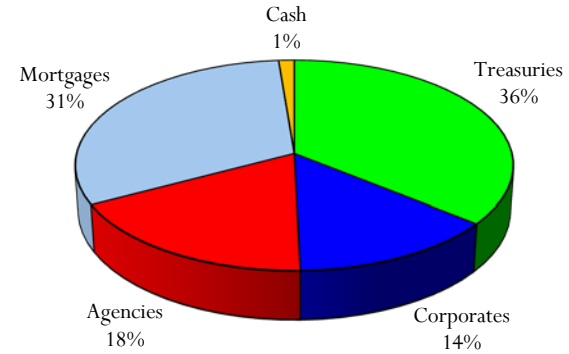
City of Ormond Beach General Employees' Pension Plan

June 30, 2014

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



**Portfolio**



■ Portfolio	2.1	4.3	4.1	3.9
■ Barclays Capital Int. Govt./Credit	1.5	4.2	2.6	3.8

# Portfolio Review

GARCIA HAMILTON & ASSOCIATES  
**PORTFOLIO SUMMARY**  
***CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED***  
***(3250000311)***  
*ormondgf*  
*June 30, 2014*

<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	1,617,370.20	1,643,881.34	13.6	3.1	71,532.30
GOVERNMENT BONDS					
TREASURY	4,257,598.68	4,285,139.01	35.5	1.8	140,281.25
AGENCY - NONCALLABLE	1,298,094.39	1,278,904.75	10.6	0.9	31,475.00
AGENCY - CALLABLE	851,284.00	846,037.36	7.0	1.3	12,775.00
GOVERNMENT BONDS	<u>6,406,977.07</u>	<u>6,410,081.12</u>	<u>53.1</u>	<u>1.6</u>	<u>184,531.25</u>
MORTGAGE-BACKED SECURITIES-FNMA	2,405,033.79	2,428,663.48	20.1	2.3	117,113.30
MORTGAGE-BACKED SECURITIES-FHLMC	1,348,736.00	1,358,164.97	11.2	2.1	67,581.28
Accrued Interest		85,531.35	0.7		
	<u>11,778,117.06</u>	<u>11,926,322.26</u>	<u>98.7</u>	<u>2.0</u>	<u>440,758.13</u>
<b>CASH &amp; EQUIVALENTS</b>					
CASH & EQUIVALENTS	154,493.68	154,493.68	1.3	0.2	386.23
	<u>154,493.68</u>	<u>154,493.68</u>	<u>1.3</u>	<u>0.2</u>	<u>386.23</u>
<b>TOTAL PORTFOLIO</b>	<b>11,932,610.74</b>	<b>12,080,815.94</b>	<b>100.0</b>	<b>2.0</b>	<b>441,144.37</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, 2014

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
<b>CORPORATE BONDS</b>									
105,000	AFLAC Inc. 8.500% Due 05-15-19	125.38	131,646.31	128.94	135,385.21	1.1	8.500	8,925.00	2.2
195,000	Morgan Stanley 5.750% Due 01-25-21	110.23	214,949.37	116.16	226,516.87	1.9	5.750	11,212.50	3.0
155,000	Goldman Sachs 5.250% Due 07-27-21	113.46	175,868.45	112.29	174,054.61	1.4	5.250	8,137.50	3.3
115,000	General Electric Cap. 4.650% Due 10-17-21	112.02	128,817.36	111.20	127,884.60	1.1	4.650	5,347.50	2.9
135,000	Citigroup 4.500% Due 01-14-22	105.44	142,342.65	108.70	146,745.27	1.2	4.500	6,075.00	3.2
110,000	Bank of America 5.700% Due 01-24-22	115.21	126,733.99	116.04	127,642.13	1.1	5.700	6,270.00	3.3
105,000	JP Morgan 4.500% Due 01-24-22	109.04	114,496.03	109.57	115,052.59	1.0	4.500	4,725.00	3.1
120,000	PNC Funding Corp 3.300% Due 03-08-22	97.68	117,220.80	101.98	122,377.08	1.0	3.300	3,960.00	3.0
230,000	Wells Fargo Sub 3.450% Due 02-13-23	99.62	229,133.11	99.51	228,874.61	1.9	3.450	7,935.00	3.5
110,000	Metlife Inc. 4.368% Due 09-15-23	104.68	115,151.74	107.28	118,011.19	1.0	4.368	4,804.80	3.5
120,000	Apple Inc 3.450% Due 05-06-24	100.84	121,010.40	101.11	121,337.16	1.0	3.450	4,140.00	3.3
	Accrued Interest				23,124.68	0.2			
			1,617,370.20		1,667,006.02	13.8		71,532.30	3.1
<b>GOVERNMENT BONDS</b>									
<b>TREASURY</b>									
1,130,000	U S Treasury 4.750% Due 08-15-17	112.13	1,267,085.75	111.77	1,263,039.42	10.5	4.750	53,675.00	0.9
525,000	U S Treasury 8.125% Due 08-15-21	139.91	734,542.70	140.16	735,820.05	6.1	8.125	42,656.25	2.0
1,165,000	U S Treasury 2.000% Due 11-15-21	98.20	1,144,003.92	98.75	1,150,437.50	9.5	2.000	23,300.00	2.2
1,180,000	U S Treasury 1.750% Due 05-15-22	94.23	1,111,966.31	96.26	1,135,842.04	9.4	1.750	20,650.00	2.3
	Accrued Interest				41,418.39	0.3			
			4,257,598.68		4,326,557.40	35.8		140,281.25	1.8

GARCIA HAMILTON & ASSOCIATES  
 PORTFOLIO APPRAISAL  
**CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED (3250000311)**  
**ormondgf**  
 June 30, 2014

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
<b>AGENCY - NONCALLABLE</b>									
130,000	FHLB Sub 5.625% Due 06-13-16	111.54	145,003.30	109.88	142,846.99	1.2	5.625	7,312.50	0.5
275,000	FHLMC Sub 5.750% Due 06-27-16	115.12	316,577.89	110.28	303,273.85	2.5	5.750	15,812.50	0.6
835,000	FNMA 1.000% Due 09-20-17	100.18	836,513.20	99.73	832,783.91	6.9	1.000	8,350.00	1.1
	Accrued Interest				2,796.53	0.0			
			1,298,094.39		1,281,701.28	10.6		31,475.00	0.9
<b>AGENCY - CALLABLE</b>									
490,000	FHLB Callable 1.625% Due 03-27-17	101.16	495,684.00	101.05	495,137.16	4.1	1.625	7,962.50	1.2
350,000	FNMA Callable 1.375% Due 09-26-17	101.60	355,600.00	100.26	350,900.20	2.9	1.375	4,812.50	1.3
	Accrued Interest				3,313.58	0.0			
			851,284.00		849,350.94	7.0		12,775.00	1.3
	<b>GOVERNMENT BONDS Total</b>		6,406,977.07		6,457,609.61	53.5		184,531.25	1.6
<b>MORTGAGE-BACKED SECURITIES-FNMA</b>									
745,000.00	FNMA Pool #890042 5.500% Due 07-01-22	106.93	80,513.39	109.59	82,520.22	0.7	5.500	4,141.37	2.0
405,000.00	FNMA Pool #932467 5.500% Due 08-01-22	108.94	63,913.59	106.29	62,363.23	0.5	5.500	3,226.85	3.4
1,925,000.00	FNMA Pool #889716 5.500% Due 10-01-22	107.95	238,407.87	109.77	242,429.26	2.0	5.500	12,146.42	2.0
2,555,000.00	FNMA Pool #956125 5.500% Due 10-01-22	108.62	82,888.36	109.41	83,498.19	0.7	5.500	4,197.23	3.3
1,720,000.00	FNMA Pool #889390 6.000% Due 03-01-23	106.83	149,487.52	109.75	153,571.62	1.3	6.000	8,395.71	1.8
1,550,000.00	FNMA Pool #962367 5.000% Due 03-01-23	107.32	237,278.96	108.92	240,824.70	2.0	5.000	11,055.12	2.3
945,000.00	FNMA Pool #889280 5.000% Due 04-01-23	108.47	101,860.14	108.15	101,557.05	0.8	5.000	4,695.37	2.1
1,100,000.00	FNMA Pool #889291 5.000% Due 04-01-23	108.03	103,203.05	108.07	103,243.89	0.9	5.000	4,776.54	2.2
1,543,000.00	FNMA Pool #257502 5.500% Due 12-01-23	107.90	142,404.84	106.31	140,301.96	1.2	5.500	7,258.52	2.3
1,390,000.00	FNMA Pool #995461 5.500% Due 12-01-23	108.26	138,893.85	109.59	140,599.41	1.2	5.500	7,056.01	2.2

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**CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED (3250000311)**  
**ormondgf**  
 June 30, 2014

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
1,630,000.00	FNMA Pool #AA0822 5.500% Due 12-01-23	108.83	118,495.70	109.85	119,613.79	1.0	5.500	5,988.58	2.3
900,000.00	FNMA Pool #AL0302 5.000% Due 04-01-24	108.28	267,703.27	108.82	269,040.16	2.2	5.000	12,361.48	2.3
605,000.00	FNMA Pool #AD0662 5.500% Due 01-01-25	108.81	96,830.00	109.83	97,732.78	0.8	5.500	4,894.34	2.2
595,000.00	FNMA Pool #932463 5.000% Due 02-01-25	107.63	214,391.02	109.06	217,251.55	1.8	5.000	9,960.09	2.7
795,000.00	FNMA Pool #AE0286 5.000% Due 04-01-25	108.25	138,420.82	108.86	139,205.45	1.2	5.000	6,393.55	2.3
1,785,000.00	FNMA Pool #257595 5.000% Due 03-01-29	109.00	230,341.40	111.16	234,910.20	1.9	5.000	10,566.12	2.4
	Accrued Interest				9,434.13	0.1			
			2,405,033.79		2,438,097.61	20.2		117,113.30	2.3
<b>MORTGAGE-BACKED SECURITIES-FHLMC</b>									
535,000.00	FHLMC Pool #G11953 5.500% Due 06-01-20	105.41	64,869.58	108.35	66,683.11	0.6	5.500	3,384.77	2.0
2,570,000.00	FHLMC Pool #J05894 5.500% Due 02-01-21	106.98	127,034.15	109.15	129,618.69	1.1	5.500	6,531.28	2.0
1,624,915.00	FHLMC Pool #J05928 5.500% Due 03-01-21	106.88	117,991.73	108.37	119,634.65	1.0	5.500	6,071.76	1.9
1,985,000.00	FHLMC Pool #G12392 5.500% Due 09-01-21	109.12	197,821.41	109.19	197,942.88	1.6	5.500	9,970.38	2.0
1,860,000.00	FHLMC Pool #G12444 6.000% Due 10-01-21	108.73	165,982.36	109.32	166,874.46	1.4	6.000	9,159.20	1.7
1,445,000.00	FHLMC Pool #G13174 5.000% Due 06-01-23	108.66	166,120.78	108.91	166,507.20	1.4	5.000	7,644.33	2.1
1,070,000.00	FHLMC Pool #G14014 5.500% Due 12-01-24	108.98	304,365.00	109.44	305,657.25	2.5	5.500	15,361.34	2.5
300,000.00	FHLMC Pool #G14273 5.000% Due 07-01-25	108.09	98,885.08	108.08	98,872.50	0.8	5.000	4,574.04	2.0
445,000.00	FHLMC Pool #G14094 5.000% Due 07-01-25	108.17	105,665.91	108.90	106,374.24	0.9	5.000	4,884.17	2.0
	Accrued Interest				5,444.05	0.0			
			1,348,736.00		1,363,609.02	11.3		67,581.28	2.1
<b>CASH &amp; EQUIVALENTS</b>									
	Regions Trust Cash Sweep Insitutional IV		154,493.68		154,493.68	1.3	0.250	386.23	0.2
			154,493.68		154,493.68	1.3		386.23	0.2

GARCIA HAMILTON & ASSOCIATES  
*PORTFOLIO APPRAISAL*  
**CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED (3250000311)**  
**ormondgf**  
 June 30, 2014

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
TOTAL PORTFOLIO			11,932,610.74		12,080,815.94	100.0		441,144.37	2.0

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GARCIA HAMILTON & ASSOCIATES  
*PURCHASE AND SALE*  
**CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED**  
**(3250000311)**  
**ormondgf**  
From 04-01-14 To 06-30-14

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
<b>PURCHASES</b>					
04-08-2014	04-10-2014	125,000	U S Treasury 1.750% Due 05-15-22	94.66	118,320.31
04-22-2014	04-25-2014	125,000	U S Treasury 1.750% Due 05-15-22	94.42	118,027.34
04-23-2014	04-28-2014	60,000	U S Treasury 1.750% Due 05-15-22	94.73	56,840.63
04-28-2014	05-01-2014	125,000	U S Treasury 1.750% Due 05-15-22	94.66	118,320.31
04-30-2014	05-05-2014	125,000	U S Treasury 1.750% Due 05-15-22	94.97	118,710.94
05-02-2014	05-07-2014	180,000	U S Treasury 2.000% Due 11-15-21	97.97	176,343.75
05-05-2014	05-08-2014	60,000	U S Treasury 2.000% Due 11-15-21	97.84	58,706.25
05-06-2014	05-09-2014	185,000	U S Treasury 2.000% Due 11-15-21	97.91	181,126.56
05-07-2014	05-12-2014	180,000	Apple Inc 3.450% Due 05-06-24	100.84	181,515.60
05-07-2014	05-12-2014	185,000	U S Treasury 2.000% Due 11-15-21	98.03	181,357.81
05-13-2014	05-16-2014	455,000	U S Treasury 4.750% Due 08-15-17	112.18	510,399.80
05-14-2014	05-19-2014	145,000	U S Treasury 2.000% Due 11-15-21	98.64	143,028.91
05-15-2014	05-20-2014	90,000	U S Treasury 2.000% Due 11-15-21	99.03	89,128.13
05-16-2014	05-21-2014	60,000	U S Treasury 2.000% Due 11-15-21	98.83	59,296.88
05-20-2014	05-22-2014	320,000	U S Treasury 4.750% Due 08-15-17	112.45	359,825.00

GARCIA HAMILTON & ASSOCIATES  
*PURCHASE AND SALE*  
**CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED**  
**(3250000311)**  
**ormondgf**  
From 04-01-14 To 06-30-14

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
06-02-2014	06-17-2014	10,092.57	FNMA Pool #257502 5.500% Due 12-01-23	106.75	10,773.82
06-04-2014	06-06-2014	105,000	U S Treasury 4.750% Due 08-15-17	112.08	117,682.03
06-12-2014	06-16-2014	40,000	U S Treasury 4.750% Due 08-15-17	111.88	44,753.13
06-16-2014	06-18-2014	170,000	U S Treasury 2.000% Due 11-15-21	98.09	166,759.38
06-18-2014	06-20-2014	115,000	U S Treasury 4.750% Due 08-15-17	111.62	128,359.77
06-20-2014	06-25-2014	90,000	U S Treasury 2.000% Due 11-15-21	98.06	88,256.25
06-20-2014	06-24-2014	125,000	U S Treasury 8.125% Due 08-15-21	139.55	174,443.36
06-23-2014	06-26-2014	75,000	U S Treasury 8.125% Due 08-15-21	139.50	104,625.00
06-24-2014	06-27-2014	95,000	U S Treasury 4.750% Due 08-15-17	111.65	106,066.02
06-26-2014	07-01-2014	150,000	U S Treasury 8.125% Due 08-15-21	140.27	210,398.44
06-27-2014	07-02-2014	175,000	U S Treasury 8.125% Due 08-15-21	140.04	245,075.90
					3,868,141.32
<b>SALES</b>					
04-08-2014	04-10-2014	105,000	FHLB Sub 5.625% Due 06-13-16	110.84	116,378.85
04-22-2014	04-24-2014	60,000	PNC Funding Corp 3.300% Due 03-08-22	100.93	60,558.60
04-28-2014	04-30-2014	110,000	JP Morgan 4.500% Due 01-24-22	107.81	118,593.20

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*PURCHASE AND SALE*  
**CITY OF ORMOND BEACH GENERAL EMPLOYEES' PENSION PLAN-FIXED**  
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**ormondgf**  
From 04-01-14 To 06-30-14

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
04-30-2014	05-02-2014	105,000	Bank of America 5.700% Due 01-24-22	114.47	120,196.65
05-02-2014	05-07-2014	160,000	General Electric Cap. 4.650% Due 10-17-21	111.12	177,798.40
05-05-2014	05-08-2014	55,000	JP Morgan 4.500% Due 01-24-22	108.50	59,673.35
05-06-2014	05-08-2014	105,000	Goldman Sachs 5.250% Due 07-27-21	111.44	117,014.10
05-06-2014	05-08-2014	60,000	PNC Funding Corp 3.300% Due 03-08-22	101.70	61,018.80
05-07-2014	05-09-2014	50,000	Bank of America 5.700% Due 01-24-22	115.02	57,511.00
05-07-2014	05-12-2014	55,000	Goldman Sachs 5.250% Due 07-27-21	111.18	61,149.00
05-07-2014	05-12-2014	105,000	Morgan Stanley 5.750% Due 01-25-21	114.74	120,472.80
05-07-2014	05-09-2014	120,000	Wells Fargo Sub 3.450% Due 02-13-23	98.61	118,334.40
05-08-2014	05-13-2014	90,000	Wells Fargo Sub 3.450% Due 02-13-23	98.66	88,791.30
05-09-2014	05-14-2014	55,000	Goldman Sachs 5.250% Due 07-27-21	111.30	61,215.00
05-09-2014	05-14-2014	105,000	Morgan Stanley 5.750% Due 01-25-21	114.83	120,570.45
05-12-2014	05-15-2014	60,000	AT&T Inc. 3.000% Due 02-15-22	98.13	58,876.80
05-12-2014	05-15-2014	110,000	Citigroup 4.500% Due 01-14-22	107.19	117,906.80
05-12-2014	05-15-2014	60,000	PNC Funding Corp 3.300% Due 03-08-22	101.36	60,813.60
05-13-2014	05-15-2014	50,000	Bank of America 5.700% Due 01-24-22	115.14	57,570.00

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From 04-01-14 To 06-30-14

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
05-13-2014	05-15-2014	50,000	Morgan Stanley 5.750% Due 01-25-21	115.04	57,522.00
05-14-2014	05-16-2014	120,000	AT&T Inc. 3.000% Due 02-15-22	99.13	118,954.80
05-16-2014	05-20-2014	175,000	AT&T Inc. 3.000% Due 02-15-22	99.18	173,561.50
05-19-2014	05-21-2014	50,000	Bank of America 5.700% Due 01-24-22	115.25	57,624.50
05-19-2014	05-21-2014	110,000	JP Morgan 4.500% Due 01-24-22	108.61	119,471.00
05-29-2014	06-03-2014	55,000	Citigroup 4.500% Due 01-14-22	108.49	59,667.85
06-02-2014	06-05-2014	40,000	PNC Funding Corp 3.300% Due 03-08-22	102.24	40,896.00
06-12-2014	06-17-2014	75,000	Bank of America 5.700% Due 01-24-22	115.88	86,909.25
06-12-2014	06-17-2014	80,000	PNC Funding Corp 3.300% Due 03-08-22	101.48	81,184.80
06-17-2014	06-20-2014	70,000	AFLAC Inc. 8.500% Due 05-15-19	128.36	89,853.40
06-18-2014	06-23-2014	55,000	General Electric Cap. 4.650% Due 10-17-21	110.63	60,847.60
06-19-2014	06-24-2014	115,000	Metlife Inc. 4.368% Due 09-15-23	106.88	122,915.45
06-20-2014	06-24-2014	90,000	Wells Fargo Sub 3.450% Due 02-13-23	99.15	89,234.10
06-23-2014	06-25-2014	95,000	General Electric Cap. 4.650% Due 10-17-21	110.86	105,317.00
06-24-2014	06-27-2014	50,000	Goldman Sachs 5.250% Due 07-27-21	112.41	56,206.50
06-25-2014	06-27-2014	105,000	Goldman Sachs 5.250% Due 07-27-21	112.73	118,365.45



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From 04-01-14 To 06-30-14

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
06-25-2014	06-27-2014	50,000	Morgan Stanley 5.750% Due 01-25-21	116.67	58,336.50
06-26-2014	06-30-2014	55,000	Citigroup 4.500% Due 01-14-22	108.87	59,877.95
06-26-2014	06-30-2014	60,000	Wells Fargo Sub 3.450% Due 02-13-23	99.66	59,794.20
06-27-2014	07-01-2014	110,000	Citigroup 4.500% Due 01-14-22	108.75	119,630.50
06-30-2014	07-03-2014	60,000	Apple Inc 3.450% Due 05-06-24	101.25	60,748.80
06-30-2014	07-03-2014	45,000	JP Morgan 4.500% Due 01-24-22	109.30	49,183.65
					3,600,545.90

**PRINCIPAL PAYDOWNS**

04-01-2014	04-01-2014	2,702.95	FHLMC Pool #G11953 5.500% Due 06-01-20	100.00	2,702.95
04-01-2014	04-01-2014	5,422.66	FHLMC Pool #G12392 5.500% Due 09-01-21	100.00	5,422.66
04-01-2014	04-01-2014	2,317.01	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	2,317.01
04-01-2014	04-01-2014	2,218.17	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	2,218.17
04-01-2014	04-01-2014	5,178.68	FHLMC Pool #G13174 5.000% Due 06-01-23	100.00	5,178.68
04-01-2014	04-01-2014	9,828.80	FHLMC Pool #G14014 5.500% Due 12-01-24	100.00	9,828.80
04-01-2014	04-01-2014	2,815.26	FHLMC Pool #G14094 5.000% Due 07-01-25	100.00	2,815.26
04-01-2014	04-01-2014	2,766.86	FHLMC Pool #G14273 5.000% Due 07-01-25	100.00	2,766.86

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From 04-01-14 To 06-30-14

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
04-01-2014	04-01-2014	649.80	FHLMC Pool #J05894 5.500% Due 02-01-21	100.00	649.80
04-01-2014	04-01-2014	665.14	FHLMC Pool #J05894 5.500% Due 02-01-21	100.00	665.14
04-01-2014	04-01-2014	782.52	FHLMC Pool #J05928 5.500% Due 03-01-21	100.00	782.52
04-01-2014	04-01-2014	665.80	FHLMC Pool #J05928 5.500% Due 03-01-21	100.00	665.80
04-01-2014	04-01-2014	10,321.13	FNMA Pool #257502 5.500% Due 12-01-23	100.00	10,321.13
04-01-2014	04-01-2014	1,061.68	FNMA Pool #257595 5.000% Due 03-01-29	100.00	1,061.68
04-01-2014	04-01-2014	2,474.64	FNMA Pool #889280 5.000% Due 04-01-23	100.00	2,474.64
04-01-2014	04-01-2014	2,726.22	FNMA Pool #889291 5.000% Due 04-01-23	100.00	2,726.22
04-01-2014	04-01-2014	4,507.47	FNMA Pool #889390 6.000% Due 03-01-23	100.00	4,507.47
04-01-2014	04-01-2014	1,515.83	FNMA Pool #889716 5.500% Due 10-01-22	100.00	1,515.83
04-01-2014	04-01-2014	3,515.16	FNMA Pool #889716 5.500% Due 10-01-22	100.00	3,515.16
04-01-2014	04-01-2014	860.09	FNMA Pool #890042 5.500% Due 07-01-22	100.00	860.09
04-01-2014	04-01-2014	1,275.80	FNMA Pool #890042 5.500% Due 07-01-22	100.00	1,275.80
04-01-2014	04-01-2014	12,201.63	FNMA Pool #932463 5.000% Due 02-01-25	100.00	12,201.63
04-01-2014	04-01-2014	744.63	FNMA Pool #932467 5.500% Due 08-01-22	100.00	744.63
04-01-2014	04-01-2014	471.81	FNMA Pool #956125 5.500% Due 10-01-22	100.01	471.85

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From 04-01-14 To 06-30-14

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
04-01-2014	04-01-2014	162.54	FNMA Pool #956125 5.500% Due 10-01-22	100.01	162.56
04-01-2014	04-01-2014	220.94	FNMA Pool #956125 5.500% Due 10-01-22	100.00	220.94
04-01-2014	04-01-2014	7,165.53	FNMA Pool #962367 5.000% Due 03-01-23	100.00	7,165.53
04-01-2014	04-01-2014	6,864.96	FNMA Pool #995461 5.500% Due 12-01-23	100.00	6,864.96
04-01-2014	04-01-2014	875.42	FNMA Pool #AA0822 5.500% Due 12-01-23	100.00	875.42
04-01-2014	04-01-2014	1,844.35	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	1,844.35
04-01-2014	04-01-2014	555.29	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	555.29
04-01-2014	04-01-2014	3,512.26	FNMA Pool #AE0286 5.000% Due 04-01-25	100.00	3,512.26
04-01-2014	04-01-2014	5,930.46	FNMA Pool #AL0302 5.000% Due 04-01-24	100.00	5,930.46
05-01-2014	05-01-2014	1,309.01	FHLMC Pool #G11953 5.500% Due 06-01-20	100.00	1,309.01
05-01-2014	05-01-2014	4,474.85	FHLMC Pool #G12392 5.500% Due 09-01-21	100.00	4,474.85
05-01-2014	05-01-2014	2,545.86	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	2,545.86
05-01-2014	05-01-2014	2,437.25	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	2,437.25
05-01-2014	05-01-2014	4,782.08	FHLMC Pool #G13174 5.000% Due 06-01-23	100.00	4,782.08
05-01-2014	05-01-2014	5,997.30	FHLMC Pool #G14014 5.500% Due 12-01-24	100.00	5,997.30
05-01-2014	05-01-2014	3,116.85	FHLMC Pool #G14094 5.000% Due 07-01-25	100.00	3,116.85

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PURCHASE AND SALE

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

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From 04-01-14 To 06-30-14

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
05-01-2014	05-01-2014	2,588.28	FHLMC Pool #G14273 5.000% Due 07-01-25	100.00	2,588.28
05-01-2014	05-01-2014	651.20	FHLMC Pool #J05894 5.500% Due 02-01-21	100.00	651.20
05-01-2014	05-01-2014	666.59	FHLMC Pool #J05894 5.500% Due 02-01-21	100.00	666.59
05-01-2014	05-01-2014	760.44	FHLMC Pool #J05928 5.500% Due 03-01-21	100.00	760.44
05-01-2014	05-01-2014	647.00	FHLMC Pool #J05928 5.500% Due 03-01-21	100.00	647.00
05-01-2014	05-01-2014	7,569.66	FNMA Pool #257502 5.500% Due 12-01-23	100.00	7,569.66
05-01-2014	05-01-2014	971.29	FNMA Pool #257595 5.000% Due 03-01-29	100.00	971.29
05-01-2014	05-01-2014	2,648.42	FNMA Pool #889280 5.000% Due 04-01-23	100.00	2,648.42
05-01-2014	05-01-2014	3,780.68	FNMA Pool #889291 5.000% Due 04-01-23	100.00	3,780.68
05-01-2014	05-01-2014	4,170.78	FNMA Pool #889390 6.000% Due 03-01-23	100.00	4,170.78
05-01-2014	05-01-2014	1,706.24	FNMA Pool #889716 5.500% Due 10-01-22	100.00	1,706.24
05-01-2014	05-01-2014	3,956.72	FNMA Pool #889716 5.500% Due 10-01-22	100.00	3,956.72
05-01-2014	05-01-2014	1,187.13	FNMA Pool #890042 5.500% Due 07-01-22	100.00	1,187.13
05-01-2014	05-01-2014	1,760.91	FNMA Pool #890042 5.500% Due 07-01-22	100.00	1,760.91
05-01-2014	05-01-2014	1,947.89	FNMA Pool #932463 5.000% Due 02-01-25	100.00	1,947.89
05-01-2014	05-01-2014	3,761.47	FNMA Pool #932467 5.500% Due 08-01-22	100.00	3,761.47

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From 04-01-14 To 06-30-14

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
05-01-2014	05-01-2014	599.88	FNMA Pool #956125 5.500% Due 10-01-22	100.00	599.88
05-01-2014	05-01-2014	208.93	FNMA Pool #956125 5.500% Due 10-01-22	100.00	208.93
05-01-2014	05-01-2014	10,653.80	FNMA Pool #962367 5.000% Due 03-01-23	100.00	10,653.80
05-01-2014	05-01-2014	2,994.70	FNMA Pool #995461 5.500% Due 12-01-23	100.00	2,994.70
05-01-2014	05-01-2014	3,192.60	FNMA Pool #AA0822 5.500% Due 12-01-23	100.00	3,192.60
05-01-2014	05-01-2014	1,789.40	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	1,789.40
05-01-2014	05-01-2014	538.74	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	538.74
05-01-2014	05-01-2014	3,640.81	FNMA Pool #AE0286 5.000% Due 04-01-25	100.00	3,640.81
05-01-2014	05-01-2014	7,759.69	FNMA Pool #AL0302 5.000% Due 04-01-24	100.00	7,759.69
06-01-2014	06-01-2014	2,016.74	FHLMC Pool #G11953 5.500% Due 06-01-20	100.00	2,016.74
06-01-2014	06-01-2014	3,832.72	FHLMC Pool #G12392 5.500% Due 09-01-21	100.00	3,832.72
06-01-2014	06-01-2014	1,512.47	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	1,512.47
06-01-2014	06-01-2014	1,447.96	FHLMC Pool #G12444 6.000% Due 10-01-21	100.00	1,447.96
06-01-2014	06-01-2014	4,871.79	FHLMC Pool #G13174 5.000% Due 06-01-23	100.00	4,871.79
06-01-2014	06-01-2014	10,199.17	FHLMC Pool #G14014 5.500% Due 12-01-24	100.00	10,199.17
06-01-2014	06-01-2014	2,953.51	FHLMC Pool #G14094 5.000% Due 07-01-25	100.00	2,953.51

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From 04-01-14 To 06-30-14

<b>Trade Date</b>	<b>Settle Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Unit Price</b>	<b>Amount</b>
06-01-2014	06-01-2014	2,400.49	FHLMC Pool #G14273 5.000% Due 07-01-25	100.00	2,400.49
06-01-2014	06-01-2014	676.10	FHLMC Pool #J05894 5.500% Due 02-01-21	100.00	676.10
06-01-2014	06-01-2014	692.07	FHLMC Pool #J05894 5.500% Due 02-01-21	100.00	692.07
06-01-2014	06-01-2014	842.64	FHLMC Pool #J05928 5.500% Due 03-01-21	100.00	842.64
06-01-2014	06-01-2014	716.95	FHLMC Pool #J05928 5.500% Due 03-01-21	100.00	716.95
06-01-2014	06-01-2014	11,013.11	FNMA Pool #257502 5.500% Due 12-01-23	100.00	11,013.11
06-01-2014	06-01-2014	9,616.69	FNMA Pool #257595 5.000% Due 03-01-29	100.00	9,616.69
06-01-2014	06-01-2014	2,639.55	FNMA Pool #889280 5.000% Due 04-01-23	100.00	2,639.55
06-01-2014	06-01-2014	1,974.37	FNMA Pool #889291 5.000% Due 04-01-23	100.00	1,974.37
06-01-2014	06-01-2014	4,777.09	FNMA Pool #889390 6.000% Due 03-01-23	100.00	4,777.09
06-01-2014	06-01-2014	1,708.45	FNMA Pool #889716 5.500% Due 10-01-22	100.00	1,708.45
06-01-2014	06-01-2014	3,961.83	FNMA Pool #889716 5.500% Due 10-01-22	100.00	3,961.83
06-01-2014	06-01-2014	838.69	FNMA Pool #890042 5.500% Due 07-01-22	100.00	838.69
06-01-2014	06-01-2014	1,244.05	FNMA Pool #890042 5.500% Due 07-01-22	100.00	1,244.05
06-01-2014	06-01-2014	1,930.11	FNMA Pool #932463 5.000% Due 02-01-25	100.00	1,930.11
06-01-2014	06-01-2014	8,957.32	FNMA Pool #932467 5.500% Due 08-01-22	100.00	8,957.32

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Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
06-01-2014	06-01-2014	612.53	FNMA Pool #956125 5.500% Due 10-01-22	100.00	612.53
06-01-2014	06-01-2014	211.00	FNMA Pool #956125 5.500% Due 10-01-22	100.00	211.00
06-01-2014	06-01-2014	1,921.19	FNMA Pool #962367 5.000% Due 03-01-23	100.00	1,921.19
06-01-2014	06-01-2014	3,368.69	FNMA Pool #995461 5.500% Due 12-01-23	100.00	3,368.69
06-01-2014	06-01-2014	4,045.97	FNMA Pool #AA0822 5.500% Due 12-01-23	100.00	4,045.97
06-01-2014	06-01-2014	1,810.31	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	1,810.31
06-01-2014	06-01-2014	545.04	FNMA Pool #AD0662 5.500% Due 01-01-25	100.00	545.04
06-01-2014	06-01-2014	3,969.74	FNMA Pool #AE0286 5.000% Due 04-01-25	100.00	3,969.74
06-01-2014	06-01-2014	9,076.03	FNMA Pool #AL0302 5.000% Due 04-01-24	100.00	9,076.03
					306,022.37

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).