

# MONTHLY REPORT

Investment Core Fund Report



City of Albuquerque  
Investment Portfolio Report

Prepared By:



GOVERNMENT  
PORTFOLIO  
ADVISORS



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## MONTH END COMMENTARY

## MAY 2015

Treasury yields increased slightly in May. Economic indicators were mixed throughout the month and the Fed indicated that while they are poised for an interest rate increase, they will be patient and not increase the Fed Funds rate until stronger economic data warrants an increase.

**FOMC:** The minutes of the late April FOMC meeting indicated that most Fed officials believed the weakness in 1<sup>st</sup> quarter economic activity was “partly or even largely transitory”. Many officials “thought it unlikely that the data available in June would provide sufficient confirmation” of a rebound to begin raising rates at the next FOMC meeting. This was expected as most economists expect the Fed to wait until September or December. Fed officials indicated concern about even a small rate hike causing too much volatility and uncertainty in both domestic and global bond markets. The FOMC remains committed to monitoring economic strength before making a move. Specifically, the FOMC will be watching wage growth and core price inflation before reaching any interest rate move decisions.

**Non-farm Payrolls/Unemployment:** Total nonfarm payroll employment increased by 223,000 new jobs in April, up from a downwardly revised 58,000 (from 126,000) in March. Expectations were for an increase of 218,000. The consensus expected nonfarm payrolls to increase by 215,000. Private payrolls increased by 213,000 jobs in April after adding a downwardly revised 94,000 (from 129,000) in March. The consensus expected private payrolls to increase by 215,000. The average hourly wage increased .1% in April after increasing a downwardly revised .2% in March. As expected, the unemployment rate fell to 5.4% in April from 5.5% in March.

**Other Economic Data:** Consumer prices rose more than forecast in April. Industrial output dropped .3%, worse than the forecasted increase of .1%. U.S. Consumer sentiment fell more than expected in May and was at the lowest level since October. Economists cut their forecasts for U.S. economic growth in the 2<sup>nd</sup> quarter and lowered expectations for U.S. labor market gains. GDP was revised down from a positive .2% increase to a negative .7%.

**Asset Class Performance:** The U.S. Dollar and U.S. Stocks were the big winners in May, returning 2.4% and 1.35% respectively. Crude oil returned 1.2% for the month and has increased 12.7% year to date. Emerging markets stocks were the worst performers, returning negative 4%.

### Treasury Yield Curve Total Returns over the last 12 months:\*

3month bill	.025
1 year note	.30
2 year note	.79
3 year note	1.19
5 year note	2.44

### TREASURY BENCHMARK TOTAL RETURNS IN MONTH

Benchmark	Period Return	Duration
BAML 0-3 Year Treasury	.05%	1.45
BAML 0-5 Year Treasury	.07%	2.20

\*Source: Bloomberg

### Changes in the Treasury Market (absolute yield levels):\*

	05/31/14	04/30/15	05/31/15	Change in May	Change from Prior Year
<b>3month bill</b>	.03	.005	.005	unch	-.025
<b>6month bill</b>	.05	.04	.07	+.03	+.02
<b>2 year note</b>	.38	.57	.61	+.04	+.23
<b>3 year note</b>	.77	.90	.93	+.03	+.16
<b>5 year note</b>	1.54	1.43	1.49	+.06	-.05
<b>10 year</b>	2.48	2.03	2.12	+.09	-.36

\* Source: Bloomberg

# Portfolio Summary

May 31, 2015

Portfolio Name	Par Amount	Total Original Cost	Total Adjusted Cost	Market Value	Unrealized Gain/Loss	Yield At Cost	Mod Dur	Eff Dur	Bench Dur	Benchmark
City of Albuquerque Liquidity	83,100,542	83,100,542.10	83,100,542.10	83,100,542.10	0.00	0.29	0.07	0.01	0.10	Cash
City of Albuquerque Core Fund	501,441,668	504,610,345.20	503,593,656.41	504,710,469.14	1,116,812.73	0.96	2.09	2.01	2.40	Custom Benchmark
<b>TOTAL PORTFOLIO</b>	<b>584,542,210</b>	<b>587,710,887.30</b>	<b>586,694,198.51</b>	<b>587,811,011.24</b>	<b>1,116,812.73</b>	<b>0.87</b>	<b>1.80</b>	<b>1.73</b>	<b>2.07</b>	

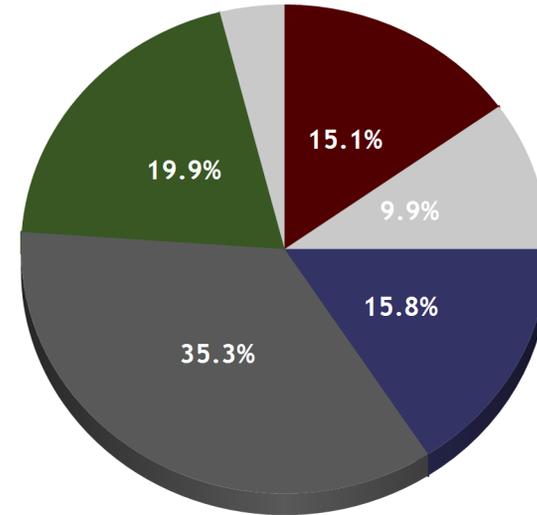


## Total Return for Period

Since 4/30/2015

<b>Beginning Principal Value</b>	<b>504,818,955.80</b>
Beginning Accrued Interest	1,608,636.47
Net Contributions/Withdrawals	-20,719,443.42
Market Value Change	-237,932.96
Interest Earnings	549,223.78
<b>Ending Principal Value</b>	<b>484,703,849.14</b>
Ending Accrued Interest	1,315,590.54
<b>Net Total Return</b>	<b>305,040.82</b>
Management Fees Paid By Client	-6,250.00

## Portfolio Allocation



FI Asset Class	Market Value	% Assets	Book Yield
Corporate Bonds	76,189,432.12	15.1	1.5
Municipal Bonds	49,965,552.02	9.9	0.9
Agency Callable	79,961,185.00	15.8	0.6
Agency Bullet	178,029,060.00	35.3	0.9
Treasuries	100,565,240.00	19.9	1.1
Money Market Fund	20,000,000.00	4.0	0.0
<b>Total</b>	<b>504,710,469.14</b>	<b>100.0</b>	<b>1.0</b>



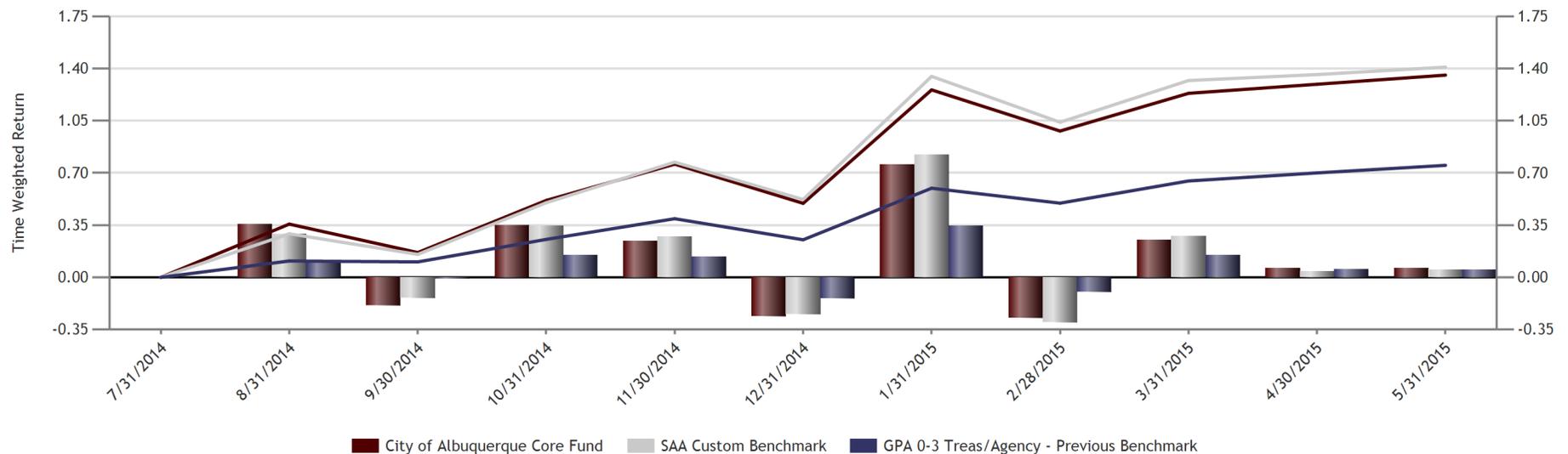
## Performance History Inception (7/31/2014) to Date

FI Asset Class	Month To Date	Quarter To Date	Inception To Date
Corporate Bonds	0.01	0.17	1.72
Not Applicable			
Municipal Bonds	-0.17	-0.22	0.29
Agency Callable	0.06	0.19	0.91
Agency Bullet	0.12	0.14	1.34
Treasuries	0.11	0.11	2.12
Money Market Fund	0.00	0.00	0.00
<b>Account</b>	<b>0.06</b>	<b>0.12</b>	<b>1.36</b>

## Index

SAA Custom Benchmark	0.05	0.09	1.41
GPA 0-3 Treas/Agency - Previous Benchmark	0.05	0.10	0.75

## Time Weighted Return Inception (7/31/2014) to Date





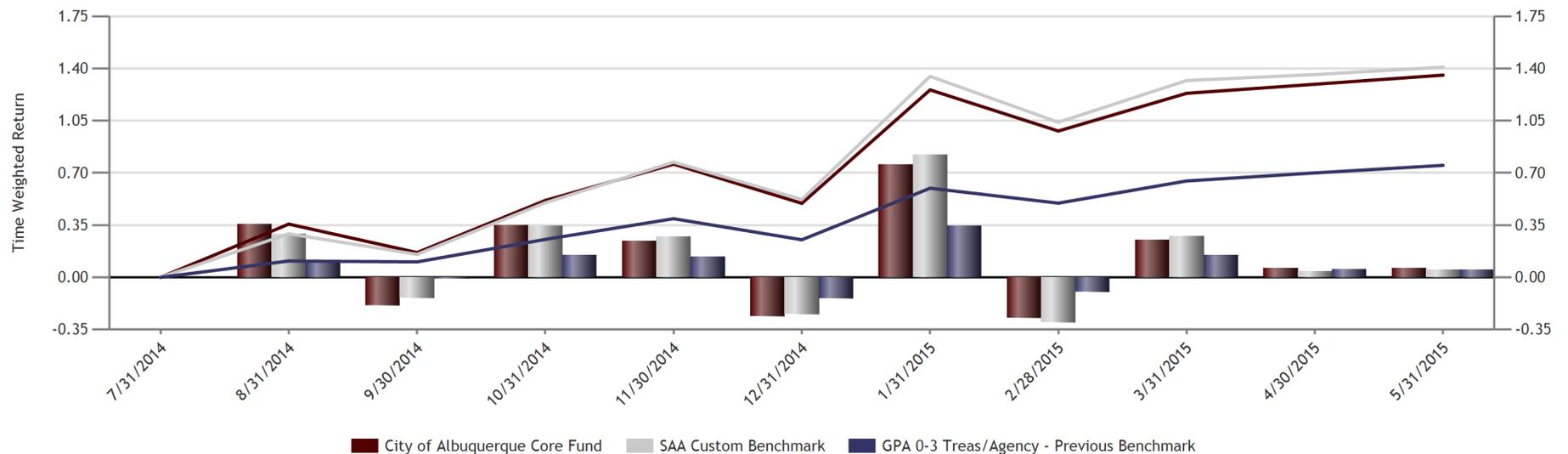
## Performance History Inception (7/31/2014) to Date

FI Asset Class	Annualized Month To Date	Annualized Quarter To Date	Annualized Year To Date	Annualized Inception To Date
Corporate Bonds	0.12	1.02	3.33	2.07
Not Applicable				
Municipal Bonds	-2.02	-1.32	0.69	0.35
Agency Callable	0.66	1.17	1.49	1.10
Agency Bullet	1.42	0.86	1.86	1.62
Treasuries	1.32	0.68	2.89	2.56
Money Market Fund	-0.01	-0.01	0.00	0.00
<b>Account</b>	<b>0.71</b>	<b>0.72</b>	<b>2.08</b>	<b>1.63</b>

## Index

SAA Custom Benchmark	0.58	0.53	2.15	1.69
GPA 0-3 Treas/Agency - Previous Benchmark	0.59	0.62	1.21	0.90

## Time Weighted Return Inception (7/31/2014) to Date





# Yield Curve Distribution

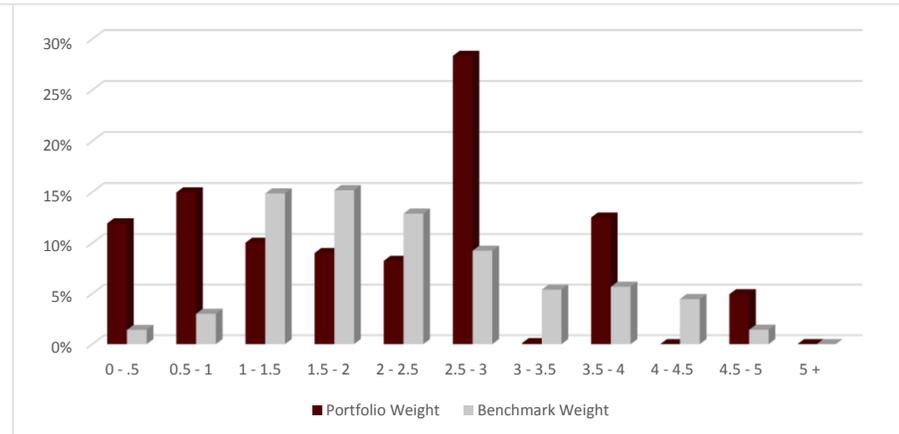
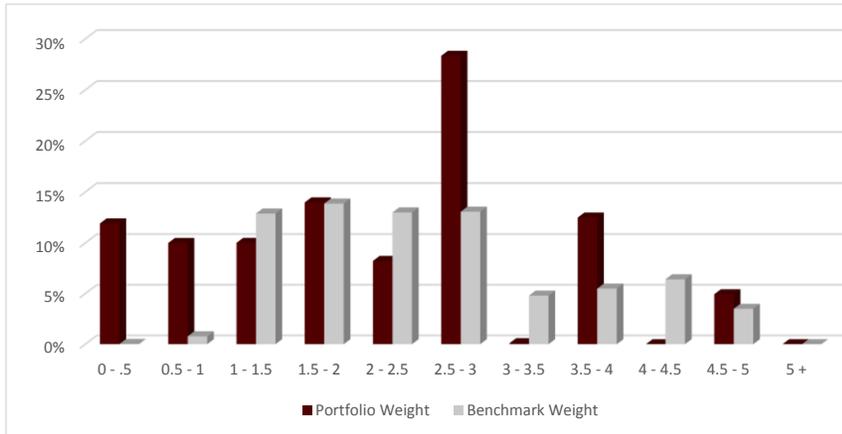
vs. SAA Custom Benchmark

05/31/2015

	Effective Duration	Modified Duration
Portfolio	2.01	2.09
Benchmark	2.32	2.54
Difference	-0.31	-0.45

Modified Duration	Market Value	Portfolio Weight	Benchmark Weight	Overweight/Underweight
	\$ 503,672,898			
0 - .5	\$ 60,023,700	12%	0%	12%
0.5 - 1	\$ 50,365,504	10%	1%	9%
1 - 1.5	\$ 50,417,750	10%	13%	-3%
1.5 - 2	\$ 70,371,767	14%	14%	0%
2 - 2.5	\$ 41,458,381	8%	13%	-5%
2.5 - 3	\$ 142,761,471	28%	13%	15%
3 - 3.5	\$ 502,479	0%	5%	-5%
3.5 - 4	\$ 62,915,596	12%	5%	7%
4 - 4.5	\$ -	0%	6%	-6%
4.5 - 5	\$ 24,856,250	5%	3%	1%
5 +	\$ -	0%	0%	0%

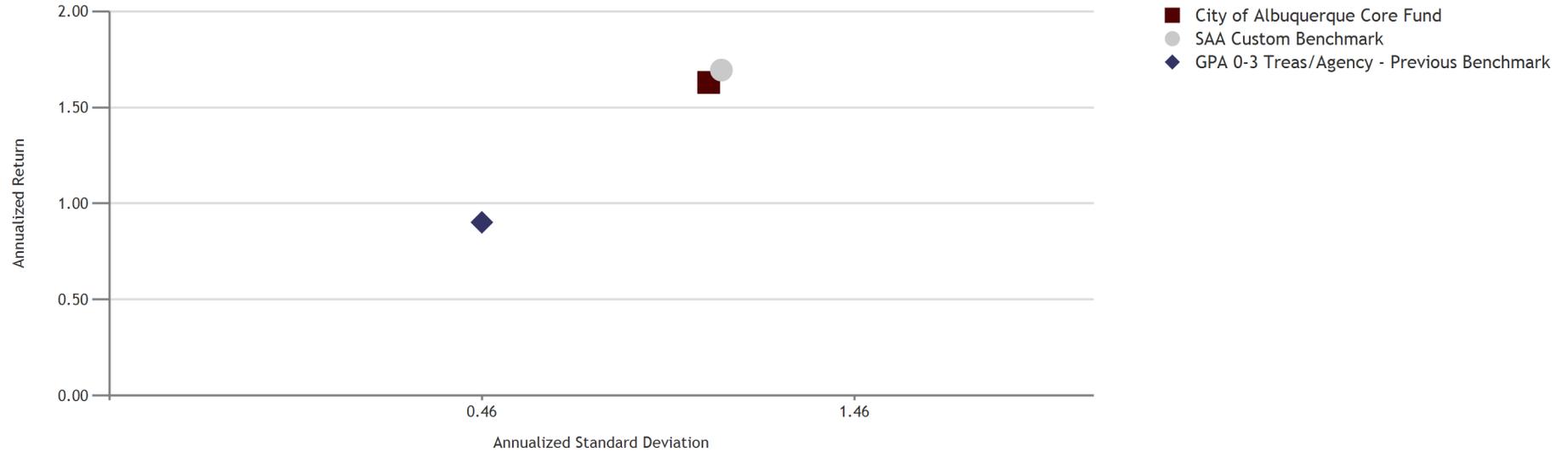
Effective Duration	Market Value	Portfolio Weight	Benchmark Weight	Overweight/Underweight
	\$ 503,672,898			
0 - .5	\$ 60,023,700	12%	1%	11%
0.5 - 1	\$ 75,317,754	15%	3%	12%
1 - 1.5	\$ 50,462,500	10%	15%	-5%
1.5 - 2	\$ 45,374,767	9%	15%	-6%
2 - 2.5	\$ 41,458,381	8%	13%	-5%
2.5 - 3	\$ 142,761,471	28%	9%	19%
3 - 3.5	\$ 502,479	0%	5%	-5%
3.5 - 4	\$ 62,915,596	12%	6%	7%
4 - 4.5	\$ -	0%	4%	-4%
4.5 - 5	\$ 24,856,250	5%	1%	4%
5 +	\$ -	0%	0%	0%



\*Please review the last page of this report for our disclaimer



## Annualized Return vs. Standard Deviation



## Risk Statistics

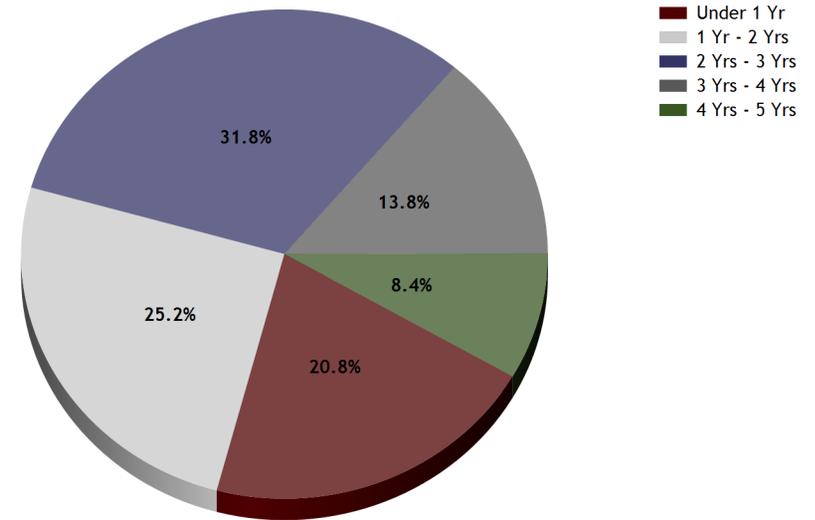
	Annualized Standard Deviation	Annualized Return
City of Albuquerque Core Fund	1.07	1.63
SAA Custom Benchmark	1.10	1.69
GPA 0-3 Treas/Agency - Previous Benchmark	0.46	0.90



## Distribution by Maturity

Maturity	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
Under 1 Yr	5	105,029,725.00	20.8	0.2	0.329%	0.4
1 Yr - 2 Yrs	8	127,393,835.20	25.2	0.6	1.077%	1.4
2 Yrs - 3 Yrs	5	160,403,471.49	31.8	1.5	1.089%	2.6
3 Yrs - 4 Yrs	5	69,537,316.25	13.8	1.2	2.595%	3.4
4 Yrs - 5 Yrs	4	42,346,121.20	8.4	1.4	1.546%	4.3

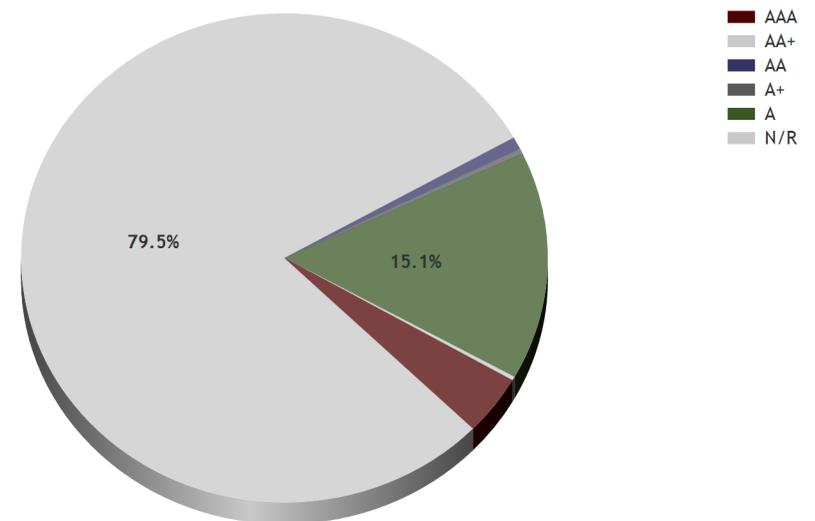
## Distribution by Maturity



## Distribution by S&P Rating

S&P Rating	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
AAA	1	20,000,000.00	4.0	0.0	0.010%	0.1
AA+	18	401,317,014.37	79.5	0.8	1.163%	2.1
AA	4	4,131,010.40	0.8	1.1	2.924%	2.9
A+	2	1,788,012.25	0.4	1.8	2.056%	3.1
A	1	76,189,432.12	15.1	2.1	1.430%	2.7
N/R	1	1,285,000.00	0.3	0.6	0.598%	1.2

## Distribution by S&P Rating



# Portfolio Holdings

## City of Albuquerque Core Fund

May 31, 2015

Cusip	Quantity	Security	Call Date	Trade Date	Amor Price	Book Yield	Market Price	Market Yield	Market Value	Accrued Interest	Total Value	Unrealized Gain/Loss	Pct. Assets	Dur Mat	Eff Dur
<b>US Treasury</b>															
912828SC5	25,000,000	UNITED STATES TREAS NTS 0.875% Due 01-31-17		06-05-14	100.32	0.68	100.5781	0.53	25,144,525.00	72,513.81	25,217,038.81	63,671.04	5.0	1.65	1.65
912828TB6	20,000,000	UNITED STATES TREAS NTS 0.750% Due 06-30-17		06-05-14	99.75	0.87	100.2266	0.64	20,045,320.00	62,569.06	20,107,889.06	96,156.91	4.0	2.06	2.06
912828TW0	20,000,000	UNITED STATES TREAS NTS 0.750% Due 10-31-17		06-24-14	99.12	1.12	99.9844	0.76	19,996,880.00	12,635.87	20,009,515.87	173,623.25	4.0	2.39	2.40
912828B33	20,000,000	UNITED STATES TREAS NTS 1.500% Due 01-31-19		06-24-14	99.63	1.60	101.1953	1.17	20,239,060.00	99,447.51	20,338,507.51	312,478.36	4.0	3.55	3.57
912828WL0	15,000,000	UNITED STATES TREAS NTS 1.500% Due 05-31-19		06-23-14	99.26	1.69	100.9297	1.26	15,139,455.00	0.00	15,139,455.00	250,472.69	3.0	3.87	3.90
	100,000,000					1.15		0.83	100,565,240.00	247,166.26	100,812,406.26	896,402.25	19.9	2.59	2.61
<b>US Agency Bullet</b>															
3135G0NV1	10,000,000	FEDERAL NATL MTG ASSN 0.500% Due 09-28-15		06-27-14	100.09	0.22	100.1245	0.12	10,012,450.00	8,750.00	10,021,200.00	3,399.67	2.0	0.33	0.32
3135G0SB0	25,000,000	FEDERAL NATL MTG ASSN 0.375% Due 12-21-15		06-26-14	100.03	0.32	100.0911	0.21	25,022,775.00	41,666.67	25,064,441.67	15,204.71	5.0	0.56	0.55
3133EDMC3	25,000,000	FEDERAL FARM CR BKS 0.250% Due 02-26-16		06-30-14	99.92	0.37	99.9738	0.28	24,993,450.00	16,493.06	25,009,943.06	14,501.09	5.0	0.74	0.73
313373SZ6	25,000,000	FEDERAL HOME LOAN BANKS 2.125% Due 06-10-16		06-30-14	101.67	0.48	101.7898	0.37	25,447,450.00	252,343.75	25,699,793.75	28,930.33	5.0	1.01	1.01
3135G0GY3	20,000,000	FEDERAL NATL MTG ASSN 1.250% Due 01-30-17		06-26-14	100.76	0.79	100.9808	0.66	20,196,160.00	83,333.33	20,279,493.33	44,776.74	4.0	1.64	1.64
31359MSD6	20,000,000	FEDERAL NATL MTG ASSN 4.600% Due 06-05-18		06-30-14	109.49	1.35	110.4395	1.07	22,087,900.00	449,777.78	22,537,677.78	189,095.99	4.4	2.79	2.79
3133EDPK2	25,000,000	FEDERAL FARM CR BKS 1.750% Due 05-30-19		06-30-14	100.00	1.75	101.6951	1.31	25,423,775.00	0.00	25,423,775.00	423,775.00	5.0	3.86	3.88

# Portfolio Holdings

## City of Albuquerque Core Fund

May 31, 2015

Cusip	Quantity	Security	Call Date	Trade Date	Amor Price	Book Yield	Market Price	Market Yield	Market Value	Accrued Interest	Total Value	Unrealized Gain/Loss	Pct. Assets	Dur Mat	Eff Dur
3137EADR7	25,000,000	FEDERAL HOME LN MTG CORP 1.375% Due 05-01-20		04-29-15	99.11	1.56	99.3804	1.51	24,845,100.00	28,645.83	24,873,745.83	67,150.21	4.9	4.73	4.77
	<u>175,000,000</u>					<u>0.90</u>		<u>0.73</u>	<u>178,029,060.00</u>	<u>881,010.42</u>	<u>178,910,070.42</u>	<u>786,833.74</u>	<u>35.3</u>	<u>2.09</u>	<u>2.10</u>
<b>US Agency Callable</b>															
3135G0XC2	25,000,000	FEDERAL NATL MTG ASSN 0.500% Due 08-22-16	08-22-15	05-22-13	100.00	0.50	99.8154	0.65	24,953,850.00	3,125.00	24,956,975.00	-46,150.00	4.9	1.22	0.81
3135G0XR9	25,000,000	FEDERAL NATL MTG ASSN 0.550% Due 09-06-16	06-06-15	06-06-13	100.00	0.55	100.0042	0.21	25,001,050.00	32,465.28	25,033,515.28	1,050.00	5.0	0.02	0.01
3134G5HA6	5,000,000	FEDERAL HOME LN MTG CORP 0.700% Due 09-19-16	06-19-15	09-19-14	99.98	0.72	100.0247	0.68	5,001,235.00	7,000.00	5,008,235.00	2,373.70	1.0	1.29	0.16
3134G4MJ4	25,000,000	FEDERAL HOME LN MTG CORP MTN 0.750% Due 12-16-16	06-16-15	12-16-13	100.00	0.75	100.0202	0.74	25,005,050.00	85,937.50	25,090,987.50	5,050.00	5.0	1.53	0.30
	<u>80,000,000</u>					<u>0.61</u>		<u>0.54</u>	<u>79,961,185.00</u>	<u>128,527.78</u>	<u>80,089,712.78</u>	<u>-37,676.30</u>	<u>15.8</u>	<u>0.94</u>	<u>0.36</u>
<b>Money Market Fund</b>															
VP4560000	20,000,000	WELLS FARGO MM FUND 0.010% Due 06-27-15		05-28-15	100.00	0.01	100.0000	0.01	20,000,000.00	0.00	20,000,000.00	0.00	4.0	0.07	0.07
<b>Muni</b>															
914692S58	360,000	UNIVERSITY N MEX UNIV REVS 0.883% Due 06-01-16		11-12-14	100.00	0.88	100.1570	0.72	360,565.20	1,757.17	362,322.37	565.20	0.1	0.99	0.99
RIORANC13	1,285,000	RIO RANCH BOND SERIES 2013 0.598% Due 08-01-16		05-08-13	100.00	0.60	100.0000	0.60	1,285,000.00	2,560.75	1,287,560.75	0.00	0.3	1.16	1.17
013595TN3	1,375,000	ALBUQUERQUE N MEX MUN SCH DIST 2.000% Due 08-01-17		08-05-14	102.74	0.72	102.5680	0.80	1,410,310.00	9,166.67	1,419,476.67	-2,354.11	0.3	2.11	2.11
00000SHM3	43,050,607	SPDR Barclays Short Muni ETF (Replication) 0.770% Due 04-28-18		07-23-14	100.00	0.86	99.3285	1.23	42,761,529.37	0.00	42,761,529.37	-289,077.59	8.5	2.80	2.87

# Portfolio Holdings

## City of Albuquerque Core Fund

May 31, 2015

Cusip	Quantity	Security	Call Date	Trade Date	Amor Price	Book Yield	Market Price	Market Yield	Market Value	Accrued Interest	Total Value	Unrealized Gain/Loss	Pct. Assets	Dur Mat	Eff Dur
800051AW4	1,275,000	SANDOVAL CNTY N MEX INCENTIVE 1.952% Due 06-01-18		07-10-14	100.00	1.95	100.7590	1.69	1,284,677.25	12,444.00	1,297,121.25	9,677.25	0.3	2.88	2.91
013595TP8	475,000	ALBUQUERQUE N MEX MUN SCH DIST 3.000% Due 08-01-18		08-05-14	105.90	1.09	105.6640	1.17	501,904.00	4,750.00	506,654.00	-1,135.93	0.1	3.01	3.01
800051AX2	500,000	SANDOVAL CNTY N MEX INCENTIVE 2.323% Due 06-01-19		07-24-14	100.38	2.22	100.6670	2.15	503,335.00	5,807.50	509,142.50	1,455.24	0.1	3.76	3.83
013595TQ6	1,680,000	ALBUQUERQUE N MEX MUN SCH DIST 4.000% Due 08-01-19		08-05-14	110.39	1.41	110.6090	1.37	1,858,231.20	22,400.00	1,880,631.20	3,752.28	0.4	3.83	3.84
	50,000,607					0.91		1.22	49,965,552.02	58,886.08	50,024,438.10	-277,117.66	9.9	2.77	2.84
<b>Corporate</b>	76,441,061	Vanguard Short Corp Fund Replication 1.430% Due 02-17-18		07-11-14	100.00	1.50	99.6708	2.12	76,189,432.12	0.00	76,189,432.12	-251,629.30	15.1	2.69	2.71
<b>TOTAL</b>	<b>501,441,668</b>					<b>0.96</b>		<b>0.95</b>	<b>504,710,469.14</b>	<b>1,315,590.54</b>	<b>506,026,059.67</b>	<b>1,116,812.73</b>	<b>100.0</b>	<b>2.09</b>	<b>2.01</b>



**Purchases**

Trade Date	Settle Date	Quantity	Symbol	Security	Adj Unit Cost	Adjusted Total Cost
5/28/2015	5/28/2015	20,000,000	VP4560000	WELLS FARGO MM FUND 0.010% Due 06-27-15	100.00	20,000,000.00
5/29/2015	5/29/2015	122,826	VSTBX Fund	Vanguard Short Corp Fund Replication 1.430% Due 02-17-18	100.00	122,826.30
<b>Total Purchases</b>						<b>20,122,826.30</b>

**Sales**

Trade Date	Settle Date	Quantity	Symbol	Security	Adj Unit Cost	Adjusted Total Cost	Amort. or Accretion	Unit Price	Proceeds	Gain/Loss
5/26/2015	5/28/2015	6,500,000	3136G2A23	FEDERAL NATL MTG ASSN 1.200% Due 11-28-17	100.00	6,500,000.00	0.00	100.00	6,500,000.00	0.00
5/26/2015	5/28/2015	13,500,000	3136G2AB3	FEDERAL NATL MTG ASSN 1.200% Due 11-28-17	99.95	13,493,250.00	6,750.00	100.00	13,500,000.00	0.00
<b>Total Sales</b>						<b>19,993,250.00</b>	<b>6,750.00</b>		<b>20,000,000.00</b>	<b>0.00</b>

**Interest**

Trade Date	Settle Date	Symbol	Security	Amount
5/1/2015	5/1/2015	3137EADR7	FEDERAL HOME LN MTG CORP 1.375% Due 05-01-20	171,875.00
5/22/2015	5/22/2015	3135G0XC2	FEDERAL NATL MTG ASSN 0.500% Due 08-22-16	62,500.00
5/26/2015	5/28/2015	3136G2A23	FEDERAL NATL MTG ASSN 1.200% Due 11-28-17	39,000.00
5/26/2015	5/28/2015	3136G2AB3	FEDERAL NATL MTG ASSN 1.200% Due 11-28-17	81,000.00
5/29/2015	5/29/2015	SHM Fund	SPDR Barclays Short Muni ETF (Replication) 0.770% Due 04-28-18	33,818.42
5/29/2015	5/29/2015	VSTBX Fund	Vanguard Short Corp Fund Replication 1.430% Due 02-17-18	122,826.30
5/31/2015	5/31/2015	912828WL0	UNITED STATES TREAS NTS	112,500.00



## Interest

Trade Date	Settle Date	Symbol	Security	Amount
			1.500% Due 05-31-19	
<b>Total Interest</b>				<b>623,519.72</b>

## Expenses

Trade Date	Settle Date	Symbol	Security	Amount
5/31/2015	5/31/2015	manfee	Management Fee	6,250.00
<b>Total Expenses</b>				<b>6,250.00</b>

## Withdrawals

Trade Date	Settle Date	Quantity	Symbol	Security	Unit Price	Amount
5/28/2015	5/28/2015		cash	CASH ACCOUNT		30,992.12
5/29/2015	5/29/2015		cash	CASH ACCOUNT		122,826.30
<b>Total Withdrawals</b>						<b>153,818.42</b>

Government Portfolio Advisors  
**MASTER EARNED INCOME REPORT**  
 From 04-30-15 To 05-31-15

Name	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Ending Accrued Interest	Earned Interest	Amortization/ Accretion	Earned Income
City of Albuquerque Core Fund	1,608,636.47	0.00	-120,000.00	-503,519.72	1,315,590.54	330,473.78	-89,848.83	240,624.95
<b>TOTAL</b>	<b>1,608,636.47</b>	<b>0.00</b>	<b>-120,000.00</b>	<b>-503,519.72</b>	<b>1,315,590.54</b>	<b>330,473.78</b>	<b>-89,848.83</b>	<b>240,624.95</b>



This report is for general informational purposes only and is not intended to provide specific advice or recommendations. Government Portfolio Advisors (GPA) is an investment advisor registered with the Securities and Exchange Commission and is required to maintain a written disclosure statement of our background and business experience.

**Questions About an Account:** GPA's monthly report is intended to detail our investment advisory activity managed by GPA. In addition, at the request of the account, the report may include bank balances, LGIP balances and other funds that are held but not invested at the direction of GPA. The custodian bank maintains the control of assets and executes (ie. Settles) all investment transactions. The custodian statement is the official record of security and cash holdings and transactions. GPA recognizes that clients may use these reports to facilitate record keeping and that the custodian bank statement and the GPA report should be reconciled and differences resolved. Many custodians use a settlement date basis which may result in the need to reconcile due to a timing difference.

**Account Control:**

GPA does not have the authority to withdraw funds from or deposit funds to the custodian. Our clients retain responsibility for their deposit funds to the custodian. Our clients retain responsibility for their internal accounting policies, implementing and enforcing internal controls and generating ledger entries or otherwise recording transactions.

**Market Value:**

Generally, market prices in GPA's reports are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data or Bloomberg. Where prices are not available from generally recognized sources the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC - insured bank certificates of deposit are priced at par. Although GPA believes the prices to be reliable, the values of the securities do not always represent the prices at which the securities could have been bought or sold.

**Amortized Cost:**

The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premiums with respect to short term securities (those with less than one year to maturity at time of issuance) is amortized on a straightline basis. Such discount or premium with respect to longer term securities is amortized using the constant yield basis.

**Financial Situation:**

In order to better serve you, GPA should be promptly notified of any material change in your investment objective or financial situation.

**Callable Securities:**

Securities subject to redemption prior to maturity may be redeemed in whole or in part before maturity, which could affect the yield represented. Certain call dates may not show up on the report if the call date has passed and it is continuously callable.

**Duration:**

The duration listed on the reports is duration to maturity and duration to call. Effective duration is calculated on Bloomberg and imported into these reports and reflects the OAS duration which incorporates the probability of the bond being called. Effective duration is what GPA compares to the benchmark to reflect current market risk.

**Benchmark Duration:**

The benchmark duration is the historical weighted average of the benchmark duration over monthly periods. GPA is reporting this number as a static amount period over period.

**Portfolio:**

The securities in this portfolio are not guaranteed or otherwise protected by GPA, the FDIC (except for non-negotiable certificates of deposit) or any government agency. Investment in securities involves risks, including the possible loss of the amount invested.

**Rating:**

Information provided for ratings is based upon a good faith inquiry of selected sources, but its accuracy and completeness cannot be guaranteed.