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Thank You

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Tamar Securities, an independent SEC-Registered Investment Advisor (RIA) provides wealth management services on an open hybrid platform that includes either fee-based or mark-up transactions.

TAMAR, as the name implies, stands for Trusted Asset Management. It is Tamar Securities’ goal to extend a trustworthy hand, reach out to the community and help our clients, employees, friends, and family to reach their dreams and aspirations.

**Mission Statement**

Our mission is to foster an asset management culture of trust, honesty and transparency. Our clients and employees are our extended family, and our commitment is to stand with them during the up and down market cycles on their journey to financial success.

**Value Proposition**

Tamar Securities seeks to create global asset allocation models that focus on preservation of capital, long term asset growth and superior performance in both rising and falling market cycles. Its hands-on investment discipline which emphasizes deeply discounted Fixed Income and Equity securities in "Super Cycles" attempts to provide clients absolute returns, independent of the market's strength or weakness.
Statement of Financial Strength

Following extensive due diligence, Tamar Securities has selected Charles Schwab Institutional to become the preferred custodian for its clients' assets. Schwab Institutional has a pristine balance sheet as measured by its tangible net equity. It provides insurance over and above the standard Federal SIPC coverage per client's account by Lloyd's of London. Further, it is considered a leading, unbiased custodial firm on Wall Street. Please find additional information on Schwab Corporation's financial strength and asset protection under a separate cover.

Tamar Securities also selected the broker dealer services of Purshe Kaplan Sterling Investments (PKS) for its transactional Fixed Income platform (Non-fee-based asset management). PKS is based in Albany, New York and will clear all of our transactional securities through one of the nation's most reputable clearing service providers, National Financial Services (NFS). Independent of the bond desk where a fixed income and/or equity transaction takes place, all trades will settle with our firm's preferred custodian, Schwab Institutional.
Amit Stavinsky is the Managing Director, and the Lead Advisor of the wealth management firm TAMAR SECURITIES, LLC. He is also a registered representative with Purshe Kaplan Sterling Investments, Inc. ("PKS"), a registered broker-dealer and Member FINRA/SIPC.

A native of Israel, Amit has been an investment professional in the US since 1991. From 1996 to 2010, Amit served as an Executive Director of Investments and an Omega Portfolio Manager with Oppenheimer & Co., Inc. Before joining Oppenheimer in 1996, he worked as a Financial Advisor at Prudential Securities.

From 1982 to 1986, Amit served as a Lieutenant in the Israeli Air Force, performing various aviation intelligence assignments. Subsequently, he founded the Israeli Economic Monthly Review, a financial publication with a circulation of 20,000 that targeted institutional and high-net worth readers. He sold this publication after moving to the U.S.

Amit describes himself as a top-down value investor who seeks to identify domestic and global companies in undervalued sectors which he refers to as "Super Cycles" that sell at deep discounts to both their respective and historical intrinsic values. Amit defines "Super Cycles” as undervalued sectors in the global economy that he believes are best positioned for "Long Term Growth”.

Amit graduated magna cum laude in Finance from Woodbury University. He holds the General Securities Representative License (Series 7), the Uniform Securities Agent State Law Exam (Series 63) and the Uniform Investment Advisor Law Exam (Series 65). He is also licensed as an Agent for Life Insurance in the state of California.

Amit resides in Woodland Hills, CA with his wife and three children. He is a board member of the Jewish National Fund, an advisor to the Peace Works Corporation, an active member of the Anti-Defamation League and a frequent speaker at synagogues in the Los Angeles area.
A native of Washington, D.C., grew up in Maryland. He attended the University of Maryland, graduating with a degree in Communications from the College Parks campus in 1981. After he moved to Los Angeles, he joined Dean Witter in 1987. Subsequently, Frank worked at Morgan Stanley. In 2003, he joined Oppenheimer where he became associated with Amit Stavinsky.

Frank holds the General Securities Representative License (Series 7) as well as the Uniform Securities Agent State Law Exam (Series 63). He is also licensed as an Agent for Life Insurance in the state of California.
Global Asset Allocation Products

- FIP – Fixed Income Portfolio
- TAM – Total Asset Market
- TAF – Total Asset Fund
- MVS – Market Value Securities
FIP Wrap Fee Program

- **FIP** utilizes primarily discounted State and Federal Tax-Exempt, and Taxable Municipal Bonds. At times, Taxable Bonds, Foreign-Denominated Bonds, Preferred, and Convertible Preferred Stocks are also considered. The program emphasizes discounted high grade debt securities over equity and alternative investments, mutual funds, and other securities in order to primarily achieve both constant annual income returns and fixed income price appreciation.

- Tamar Securities performs daily, in depth, independent research of debt instruments regardless of size and ratings. In-house research of all prospectuses and published updates are analyzed and stacked against both the rating agencies’ opinion, and the street research reports.

- Management of Fixed Income Portfolios can be performed on a dual platform: Discretionary and non-Discretionary fee basis (Registered Investment Advisor), and Discretionary and non-Discretionary transactional basis through our firm’s association with the broker dealer: Purshe Kaplan Sterling Investments (PKS), and their clearing operations with National Financial Services (NFS).

- Tamar Securities seeks professional Bid/Offer execution of bond trades, across all Fixed Income Desks on Wall Street. It is our motto to fight on behalf of our clients for best-in-class executions.
FIP Wrap Fee Program

- In order to accomplish this optimal Bid/Offer pricing principal, we first establish multiple relationships with Fixed Income desks around the country. Second, all bond purchase Offerings are Bid on, and finally, all bond sell Offerings are put out for a Bid from at least three bond desks on Wall Street. This process ensures best-in-class trade executions; and therefore, substantially improves Bid/Offer pricings for the firm’s clients.

- In many cases, and at odds with Wall Street practices, this Bid/Offer execution platform is duplicated for odd lot bond offerings where there is not enough liquidity; thereby, allowing our firm to Bid on bond Offerings at even deeper discounts then is warranted in a typical market place.

- Independently of on which bond desk a Fixed Income transaction took place, all trades settle with our firm’s preferred custodian; Schwab Institutional.

- Last, periodic Ongoing Reviews are scheduled with all clients. This process includes the followings: 1) Review of the entire portfolio as well as its underlying Fixed Income Securities benchmarked each quarter against their respective Fixed Income indexes, 2) Recalibrate each client’s asset allocation models as his or her life circumstances change, and 3) Present consolidated reporting that incorporates the FIP portfolio with the entire holdings of the clients’ other investments disciplines.
Fees and Compensation

At Tamar Securities, LLC we are required to describe our brokerage, custodian, fund expenses, and our fees charged, so each of you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally not negotiable.

Our fee schedules for our Wrap Fee Programs are separately described in the respective Wrap Fee Program Brochure.

All Equity and Balanced (Equities and Bonds) non-discretionary managed portfolios will operate on a dual platform allowing clients to select from the following two options: 1) $350/hour retainer fee plus all transactional costs per Schwab Institutional pricing schedule, or 2) discretionary fee base break points as it is applied to the Fixed Income Portfolio (FIP), Total Asset Fund TAF (TAF sm), Total Asset Market (TAM sm), Market Value Securities (MVS), and Independent Money Managers (as disclosed in the appropriate agreements).

All Fixed Income Portfolios (FIP) which are transactional and generally non-discretionary will be marked up or down 0.5% to 3% based on maturity, size and the execution price obtained (as disclosed in the appropriate agreements).
FIP Wrap Fee Program Fee Schedule

Our firm’s annual fee for investment management services provided under this Agreement shall be based on the market value of the assets under management in each account and be calculated as follows:

MAXIMUM FEE SCHEDULE
Portfolio Management for Managed Accounts, Annual Fees*

All Fixed Income Portfolio Accounts will adhere to the following pricing schedule: 1) on the first $500,000, the annual net fee assessed will be 0.75%, 2) on the next $500,000, the annual net fee assessed will be 0.65%, and 3) on assets over $1,000,000, the annual net fee assessed will be 0.55%.

*Our firm’s fees are generally not negotiable. Further, our firm’s fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.
Introduction
There are two main types of municipal bonds: General Obligation bonds and Revenue Municipal bonds. General Obligation bonds (GOs) are backed by the “full faith and credit” of a taxing authority which if necessary pledges to raise taxes with its unlimited taxation power in order to pay its outstanding GO debt when due. Revenue Municipal bonds; on the other hand, are used to finance either a municipal facility or a project such as a department of water and power or a toll road; and hence, have a dedicated stream of revenues from these facilities for the payment of interest and principal to the bond holders. In this case, if the revenue stream is not sufficient to pay the bonds, it is likely that the issuer will default on its payment. The issuer is not obligated to use other revenue sources to pay the bondholders.

Double-Barreled Municipal Bonds
These bonds pay interest and principal first from a specific flow of a revenue stream and second from the general obligation and unlimited taxation power of a municipality. On the other hand, limited tax municipal bonds are secured by limited revenue sources and taxes that are restricted to certain maximum rates.

In addition, there are various other municipals such as pre-refunded and certificate of participation bonds. Pre-refunded municipal bonds mean that bonds are normally escrowed with 100% U.S. Treasury bonds guaranteeing interest and principal on the bonds at maturity. Certificate of participation bonds provide the bondholders of the certificates a participation right in the revenue stream generated from a facility or a project.
Revenue Bonds

Revenue Bonds pay interest and principal only from a dedicated revenue stream generated from a project or a facility such as a toll road or a water and power system. When the revenue stream generated from these projects is not sufficient to maintain debt-service coverage the issuer of the bonds will default on payment. There are no other sources of income to cover this shortfall.

There are many types of revenue bonds. The following are some of the projects financed by issuance of municipal bonds:

- Sewer and water systems
- Public power systems
- Single- and multi-family housing
- Airports
- Rapid transit
- Hospitals
- Resource recovery
- Seaports
- Colleges and universities
- Industrial development and pollution control facilities
- Sports facilities and convention centers
- Student loans
- Toll roads and bridges
Revenue Bonds

Municipal Asset Allocation by Market Value

[Source: Barclays Capital Municipal Bond Index components as proxy for the mix of the investment-grade muni market, as of April 26, 2011.]
Credit Factors Affecting General Obligation Bonds

- **Tax Revenues** generated by a state, district, or a county.

- **The General Fund** of a state, district, or a county. The income sources of the general fund of a state are primarily income taxes and sales taxes. Certain other sources of income include license fees and fines. The income sources of either a district or a county are primarily property taxes.

- **Other Sources of Income** Some states don’t have a personal income tax. Instead they depend upon sales tax revenues as their primary source of general operating funds. Therefore, during times of economic contraction, fewer sales tax revenues are collected; thereby, reducing the amount of funds available to cover bondholders’ interest and principal payments when due.

- **Reductions of Federal Help to States** During times of economic hardship and budget cuts, intergovernmental assistance to states and local governments might be impaired. When this happens, financial burdens are placed on localities to make up for potential budget deficits; thereby, reducing debt service coverage on outstanding municipal debts.

- **Economic factors** Deteriorating economic conditions could potentially reduce the sources of income, states and local government rely upon. States’ income tax collection during times of economic contraction normally decline. Local governments’ property tax collection also normally declines during these times as property values contract; thereby, impairing the credit quality of municipal debt.
**Credit Factors Affecting General Obligation Bonds**

- **Budget Surplus/Deficit** Sound management of a municipal general fund and/or budget is critical for maintaining good credit quality. High-grade issuers normally annually balance their budget, creating rainy-day funds, and have sequential budget surpluses for over at least five consecutive years.

- **Expenditures and Revenues** Sources of revenues such as income tax, property tax, sales tax, fees and intergovernmental aid are critical for determining trends in tax collections. Not less important is the level of expenditures, and whether a state is mandated to balance its budget every year. Sound management of a municipality finances requires constant increase in the level of revenue and/or reduction in expenditures. This in turn increases the credit quality of an issuer.

- **Per Capita Debt** Sound management of the per-capita debt of either a state, district, or a county should not exceed comparable national medians. If that happens, the credit quality of an issuer in that municipality suffers. Per-capita overlapping debt is also a factor affecting credit quality of an issuer. In this case, when evaluating the total debt of a school district, for instance, one needs to include the debt of all of the communities that are backed by the same taxing authority. In general, the percentage of debt of a general operating fund should not exceed 5% of expenditures. Excessive debt impairs the ability of a municipality to continue supporting its debt outstanding.
Credit Factors Affecting the Quality of Local Municipal Bonds

- **GDP Growth Rate Over the Past Three, Five, and Ten Years**  Contraction in the GDP growth rate of the economy tend to effect municipal tax collections; thereby, reducing the credit quality of the outstanding debt of that locality.

- **The Percentage Concentration in the Tax Burden of the Top Ten Property Tax Payers**  Lower concentration rates improve the credit quality of the outstanding municipal debt of that locality.

- **Economic Diversification**  Excessive concentration of the largest employers tend to increase the credit risk of the outstanding municipal debt in that locality. When companies layoff employees, and new jobs being created are not enough to offset lost tax revenues, debt service coverage tends to decline.

- **Business Cycle Savings**  Economic cycles tend to lead to unexpected, and sometimes abrupt cutbacks in specific industries such as military and home construction. This in turn, also effects the credit quality of an issuer.

- **Demographic Changes**  Changes in the education, age, and personal income per capita of a municipality can either increase or decrease tax collections; thereby, affecting the credit quality of an issuer.
Analyzing the Credit Quality of General Obligation Bonds

- Current updates of financial statements.
- The rate of increase in debt levels.
- The rate of increase in expenditures as a percentage of the general operating fund.
- The rate of either increase or decrease in net surpluses over three and five years.
- The issuer's requirement by statutes to rebalance its budget.
- Management and its political capital when responding to economic cycles that call for balancing revenues and expenditures.
- The financial health, structure and concentration of the property-assessed valuations base in the past three and five years; its increase or decrease as well as the trend in delinquency rates.
- The rate of employers’ concentration, layoffs, and unemployment.

Types of Municipal Bonds
Analyzing the Credit Quality of Revenue Municipal Bonds

- The rate of either increase or decrease of the General Obligation debt paid out as expenditures to bondholders.

- The implications of cutbacks in the intergovernmental aid from both the federal and state budgets to localities.

- The rate of either increase or decrease over three and five years in personal income.

- The viability, funding, quality, competitive landscape, and management of the project. When a project is well run, and well funded to cater to a community that views it as an essential service; then, its dedicated stream of revenues should be enough to cover all operating expenses, and make interest and principal payments to bondholders.

- Hierarchy of Flow-of-Funds  There are two types of flow-of-funds: A net revenue pledge, in this case, all bondholders are paid interest and principal second and right after revenues are used for operating and maintenance expenses. A gross revenue pledge; which on the other hand, means that bond holders are paid interest and principal first, before operating and maintenance expenses are paid. The latter improves the credit quality of a municipal revenue bond.
Analyzing the Credit Quality of Revenue Municipal Bonds

- **Debt Service Coverage Covenants** The credit quality of municipal revenue bonds increases if an issuer can legally raise rates without having to obtain prior governmental approval. In turn, the issuer can easily maintain stipulated debt-service coverage covenants such as 1.25 times net revenues; thereby, rendering better credit-quality support to bondholders.

- **“Tap in Funding”** Some municipalities are permitted by law to tap into the revenue stream of a project; such as an airport revenue bond, in order to use these funds for a city’s general operating budget. Naturally, this can lead to reduced debt-service coverage for bondholders.

- **Additional Bond Test** From time to time, projects need additional funding for capacity and quality improvements. An additional bond test indicates under what circumstances an enterprise can issue new bonds that share equal claims to prior bonds on an issuer’s revenues. A typical test calls for a maximum debt-service coverage to be maintained on all new and old outstanding bonds for not less than; say 1.30 times. These covenants tend to improve the credit quality of revenue municipal bonds.

- **Reserve Fund** All revenue municipal bonds should have a reserve fund to be used in rainy days for a period of not less than 1 year of net debt service payments to bondholders. In recent years, a lot of these reserve funds were replaced with surety bonds which had suffered credit rating downgrades. Reserve funds, which are funded with cash outlays as opposed to surety bonds, provide better backing for revenue municipal bonds.
What We Buy Currently

- A-/A3 Rated bonds or better.
- 8-14 years-to-maturity bonds.
- 5 ½% to 7 ½% current yield.
- Mostly discounted bonds to Face Value.
- GO Bonds: States, Districts, Counties.
- Senior Debt.
- Property Tax Bonds: Loan to Value coverage of 10 times or better rolled back to 2002.
- Redevelopment Agency Bonds: Debt-to-service coverage at 115% or better rolled back to 2002.
What We Normally Don’t Buy

- Public Works Bonds of Jail System.
- Lease abatement Revenue Bonds.
- Toll Road Bonds.
- Hospital Bonds.
- Certificate of Participation Bonds.
- Subordinated Debt.
1. **Low Default Rate**

Municipal bonds have for a long time offered investors a safe Investment Vehicle. The 10 year cumulative default rate on municipal bonds was 0.04% between 1970 and 2000. By comparison, the 10-year default rate for corporate bonds over the same period of time was 9.83%. [Source: November 2002, Moody's Investor's Services.]

2. **High Recovery Rate**

Defaulted municipal bonds have a fairly high recovery rate of 68.33%. [Source: 2003, Fitch Findings.]

3. **Large Market Size**

$2.67 Trillion as of 12/31/2008. [Source: Investingbonds.com]

4. **Generally, liquid secondary market for sizeable offerings.**

5. **Largest owners of municipals bonds.**

High-net worth individuals, mutual funds, money market funds, property and casualty insurance companies and commercial banks. The 100 largest institutional holders represent approximately 35% of the entire municipal bond market. [Source: 2009, Thomson Reuters eMAXX]

6. **Generally, High Grade Ratings**

(A-/A3 or better by S&P and Moody’s.)
7. Surety credit enhancement of interest and principal over an underlying rating.
8. Attractive yield curve for tax-free and taxable municipal bonds.
9. Attractive spreads over U.S. Treasury bonds (AAA Rated tax-free municipals.)
   1 year-194.949%; 5 year-113.567%; 10 year-107.915%  [Source: November 2011, Bloomberg.]
10. Attractive spreads over U.S. Treasury bonds (AAA Rated taxable municipals.)
    1 year-200%; 5 year-200%; 10 year-175%  [Source: November 2011, Bloomberg.]
11. Attractive spreads over U.S. Corporate bonds (AAA Rated tax-free municipals.)
    5 year-111%; 10 year-154%  [Source: November 2011, Bloomberg.]
Municipal Bonds – Unique Asset Class

FAIR MARKET YIELD CURVES
- - -   G.O. A-
-----   G.O. AAA

FAIR MARKET YIELD CURVES
- - -   Build America A+/-
- - -   Taxable A
-----   Taxable AAA

Source: November 2011, Bloomberg
Advantages of Our Bid Wanted System

- Vast access to institutional bid-wanted inventory.
- Superior Bid/Buy execution.
- Superior Bid/Sell execution.
- Superior transparency.

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Advantages of Our Clearing System

- Superior security through multiple clearing entities.
- Superior transparency.
Preferred Custodian Settlement

- Pristine balance sheet as measured by its tangible net equity.
- Provides insurance over and above the standard SIPC coverage per client’s account by Lloyd’s of London according unbiased custodian.
- Schwab Institutional is considered a leading, unbiased custodial firm on Wall Street. Please find additional information on Schwab Corporation's financial strength and asset protection under a separate cover.
Advantages of Same-Day Allocation

Eliminating Profit Centers (Markup Based Transactions)

Traditional Broker/Dealer Execution Flow

Universe of Fixed Income Securities → Trader → Inventory Carry Over → Final Purchase by Retail Client

1st Markup for Bid Buy Execution → 2nd Markup Cost of Capital → 3rd Markup for Retail Clients

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Advantages of Same-Day Allocation

Eliminating Profit Centers (Markup Based Transactions)

TSL’s Turnkey Operation Platform

- Superior price execution.
- Superior research.
- Superior quality control.
- Superior ongoing investment monitoring.
- Superior transparency.
**Summary**

<table>
<thead>
<tr>
<th>Totals</th>
<th>Weighted Averages</th>
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</thead>
<tbody>
<tr>
<td>Total Number of Issues</td>
<td>Average Years to Redemption</td>
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<tr>
<td>Face Value</td>
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<tr>
<td>Current Value</td>
<td>Average Interest Rate</td>
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<tr>
<td>Cost Basis</td>
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<td>Current Yield</td>
<td>Average S&amp;P Rating</td>
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<tr>
<td>Projected Annual Income</td>
<td>4.10</td>
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<tr>
<td></td>
<td>Average Yield to Maturity</td>
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<td></td>
<td>7.55</td>
</tr>
<tr>
<td></td>
<td>Average Duration</td>
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**Fixed Income Summary**

**Before 11/29/2011**

<table>
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<tr>
<th>Quantity</th>
<th>S&amp;P Rating</th>
<th>Moody's Rating</th>
<th>Description</th>
<th>Coup.</th>
<th>Maturity Date</th>
<th>Call Date</th>
<th>Call Price</th>
<th>Cost Basis</th>
<th>Current Value</th>
<th>YTM</th>
<th>Annual Income</th>
<th>Current Yield</th>
<th>Unrealized Gain (Loss)</th>
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</thead>
<tbody>
<tr>
<td>25,000</td>
<td>BBB+</td>
<td>A2</td>
<td>California St Pub Accrued Income</td>
<td>5.00</td>
<td>09/01/2018</td>
<td>12/09/2011</td>
<td>100.00</td>
<td>26,437.75</td>
<td>25,035.75</td>
<td>3.98%</td>
<td>1,250.00</td>
<td>4.7%</td>
<td>(1,402.00)</td>
</tr>
<tr>
<td>2012</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>25,000</td>
<td>A-</td>
<td>A2</td>
<td>San Diego Calif Accrued Income</td>
<td>4.75</td>
<td>04/01/2020</td>
<td>04/01/2012</td>
<td>100.00</td>
<td>24,885.25</td>
<td>25,089.25</td>
<td>4.97%</td>
<td>1,187.50</td>
<td>4.8%</td>
<td>204.00</td>
</tr>
<tr>
<td>25,000</td>
<td>AA-</td>
<td>NR</td>
<td>Los Angeles Calif Accrued Income</td>
<td>5.50</td>
<td>07/01/2016</td>
<td>07/01/2012</td>
<td>100.00</td>
<td>27,170.00</td>
<td>25,771.75</td>
<td>4.31%</td>
<td>1,375.00</td>
<td>5.1%</td>
<td>(1,398.25)</td>
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*The enclosed sample portfolio represents 63 number of issues.*

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Sample Portfolio Analysis

Discounted Price Appreciation

Portfolio’s Price Appreciation to face value in average duration time of 7.55 years:
$1,850,000. (portfolio’s face value to average maturity) - $1,739,169. (portfolio’s cost basis) = $110,831.

Cumulative Current Income

Portfolio’s Cumulative Current Income in average duration time of 7.55 years:
7.55 years × $84,461.25 (annual current income exempt from Federal and State taxes) = $637,682.

Portfolio’s Total Return

Portfolio’s Total Return in average duration time of 7.55 years:
$110,831. (discounted price appreciation) + $637,682. (cumulative current income exempt from Federal and State taxes) = $748,513. (Total cumulative return 43%.)

(The formula does not account for compounded reinvestment rates.)
Thank you.

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Default Rates

The historical default rate for municipal bonds is lower than that of corporate bonds. The Municipal Bond Fairness Act (HR 6308), introduced September 9, 2008, included the following table giving bond default rates up to 2007 for municipal versus corporate bonds by rating and rating agency.

Cumulative historic default rates (in percent):

<table>
<thead>
<tr>
<th>Rating Categories</th>
<th>Moody's</th>
<th>S&amp;P</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Muni</td>
<td>Corp</td>
</tr>
<tr>
<td>Aaa/AAA</td>
<td>0.00</td>
<td>0.52</td>
</tr>
<tr>
<td>Aa/AA</td>
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<tr>
<td>A/A</td>
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<tr>
<td>Baa/BBB</td>
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<td>Ba/BB</td>
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<tr>
<td>Caa-C/CCC-C</td>
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<td>69.18</td>
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<td>Non-invest grade</td>
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<tr>
<td>All</td>
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[Source: http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_reports&docid=f:hr835.110]
When stacked up against Treasuries for yield, high-quality munis still look attractive, in our opinion.

Source: Bloomberg, as of November 16, 2011. Yield on 10-year AAA rated muni index divided by yield on 10-year Treasuries.