



Weekly Interest Rate & Economic Update

June 24, 2013

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Rate Update

June 24, 2013

Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.530%
CA Municipal	2.00 years	0.720%
CA Municipal	3.00 years	0.990%
CA Municipal	5.00 years	1.260%
CA Municipal	7.00 years	1.820%
CA Municipal	10.00 years	2.841%
National Municipal	2.00 years	1.100%
National Municipal	5.00 years	1.450%
National Municipal	10.00 years	2.715%

Corporate Bond Income:

Corporate Income	5.00 years	1.900%
High-Yield Income	3.50 years	5.150%
High-Yield Income	8.00 years	6.960%

Equity Income:		3.660%
MLP Income:		6.190%

US Treasury Rates (06/24/13):

3 Month Treasury Bill:	0.05%	3 Year Treasury Note:	0.72%
6 Month Treasury Bill:	0.09%	5 Year Treasury Note:	1.54%
12 Month Treasury Note:	0.13%	7 Year Treasury Note:	1.89%
2 Year Treasury Note:	0.42%	10 Year Treasury Bond:	2.63%

Weekly Economic Update

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News

- Silvio Berlusconi was found guilty of abuse of power and sexual misconduct charges by a panel of Milan judges after a two year trial. He was sentenced to seven years in jail and given a lifetime ban from public office. The former premier was convicted last October for tax fraud and in March for wiretapping.
- Mutual and exchange-traded funds (ETFs) set a record for bond outflows in June. The combined record of \$47.2 billion in sales eclipsed the previous record of \$41.8 billion in October 2008.
- Neiman Marcus Inc., the operator of the luxury department store chain, filed for an initial public offering in the United States. TPG Capital and Warburg Pincus LLC paid approximately \$5 billion for the retailer in 2005. The owners are expected to value the company at \$8 billion. The company hasn't disclosed the number of shares to be offered or at what price.
- On Father's Day, Lonnie Whitener and his 13 year-old son, Zach, each recorded a 'hole-in-one' in succession on the 115 yard 6th hole at River Pointe Golf Club in Richmond, Texas. Two groups of players witnessed the event which carries odds of 17 million to 1.

STATISTICS

National Unemployment Rate	7.6%	May 2013	
California Unemployment Rate	8.6%	May 2013	
Consumer Price Index (CPI)	1.1%	April 2013	Seasonally Unadjusted
Producer Price Index (PPI)	0.6%	April 2013	Seasonally Unadjusted
Gross Domestic Product (GDP)	2.4%	1st Quarter 2013	Annually Adjusted
Prime Rate	3.25%	06/24/13	
Gold (Spot)	\$1,281.51	06/24/13	
Silver (Spot)	\$19.58	06/24/13	
Crude Oil (NYMEX Crude Futures)	\$94.02	06/24/13	

	10/27/10	01/03/11	06/20/11	01/03/12	06/25/12	01/02/13	06/12/13	06/20/13	06/24/13
MUNICIPAL BONDS									
CA - 1 Year	0.509%	1.079%	0.362%	0.556%	0.305%	0.440%	0.510%	0.500%	0.530%
CA - 2 Years	0.947%	1.550%	0.741%	0.810%	0.401%	0.598%	0.640%	0.660%	0.720%
CA - 3 Years	1.317%	2.053%	1.200%	1.164%	0.733%	0.964%	0.910%	0.934%	0.990%
CA - 5 Years	1.889%	2.436%	1.811%	1.501%	1.211%	1.150%	1.040%	1.100%	1.260%
CA - 7 Years	2.465%	2.998%	2.065%	1.671%	1.499%	1.477%	1.520%	1.610%	1.820%
CA - 10 Years		3.842%	2.965%	2.396%	2.004%	1.901%	2.110%	2.373%	2.841%
NAT - 2 Years	1.102%	2.340%	0.545%	0.588%	0.711%	0.911%	0.960%	1.000%	1.100%
NAT - 5 Years		3.009%	1.330%	1.305%	1.068%	1.312%	1.200%	1.300%	1.450%
NAT - 10 years		3.783%	2.695%	2.315%	1.994%	2.185%	2.240%	2.451%	2.715%
CORP. BONDS									
INV. GRADE - 5 Years	1.459%	2.693%	1.999%	1.599%	1.418%	1.534%	1.610%	1.720%	1.900%
HI-YIELD - 3.5 YEARS		5.220%	3.996%	5.199%	4.877%	4.799%	4.820%	4.966%	5.150%
HI-YIELD - 8 YEARS	7.503%	6.735%	5.847%	6.275%	6.336%	6.532%	6.690%	6.801%	6.960%
EQUITY INCOME MODEL									
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,056,223.50	\$ 1,132,073.80	\$ 1,142,540.99	\$ 1,161,516.36	\$ 1,307,212.42	\$ 1,273,822.68	\$ 1,266,076.18
MLP INCOME MODEL	6.220%	5.880%	6.760%	6.480%	6.770%	6.420%	5.910%	6.100%	6.190%
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 998,720.07	\$ 1,170,773.07	\$ 1,060,245.40	\$ 1,193,866.24	\$ 1,370,683.03	\$ 1,352,333.00	\$ 1,331,253.25
US TREASURY									
3 - MONTH	0.120%	0.120%	0.030%	0.010%	0.080%	0.060%	0.050%	0.050%	0.050%
6 - MONTH	0.160%	0.180%	0.090%	0.060%	0.140%	0.120%	0.080%	0.080%	0.090%
12 - MONTH	0.210%	0.270%	0.160%	0.110%	0.170%	0.170%	0.150%	0.120%	0.130%
2 - YEAR	0.380%	0.600%	0.380%	0.250%	0.300%	0.270%	0.320%	0.310%	0.420%
3 - YEAR	0.570%	1.010%	0.680%	0.380%	0.390%	0.370%	0.590%	0.620%	0.720%
5 - YEAR	1.230%	2.020%	1.530%	0.880%	0.710%	0.780%	1.100%	1.270%	1.540%
7 - YEAR	1.930%	2.740%	2.230%	1.410%	1.090%	1.130%	1.600%	1.700%	1.890%
10 - YEAR	2.620%	3.340%	2.950%	1.950%	1.610%	1.830%	2.180%	2.390%	2.630%
BLENDED MODELS (45% Tax Bracket)									
ULTRA INCOME STRATEGY	1.880%	3.220%	1.830%	1.790%	1.100%	1.340%	1.350%	1.400%	1.550%
BLENDED INCOME STRATEGY	2.970%	4.010%	3.050%	2.870%	2.400%	2.520%	2.400%	2.500%	2.660%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.230%	3.970%	3.720%	3.780%	3.530%	3.660%	3.820%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	5.900%	5.660%	5.630%	5.630%	5.240%	5.390%	5.530%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.550%	6.390%	6.490%	6.490%	6.100%	6.270%	6.390%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 5,400.00	\$ 8,307.69	\$ 9,818.18
Municipal Income - Mid-Term	25%	\$ 3,150.00	\$ 4,846.15	\$ 5,727.27
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 8,550.00	\$ 13,153.85	\$ 15,545.45
		0.86%	1.32%	1.55%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 3,600.00	\$ 5,538.46	\$ 6,545.45
Municipal Income - Mid-Term	25%	\$ 3,150.00	\$ 4,846.15	\$ 5,727.27
MLP Income	10%	\$ 6,190.00	\$ 8,094.62	\$ 9,566.36
Equity Income	5%	\$ 1,830.00	\$ 2,393.08	\$ 2,828.18
Corporate Income	10%	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 16,670.00	\$ 22,772.31	\$ 26,567.27
		1.67%	2.28%	2.66%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,800.00	\$ 2,769.23	\$ 3,272.73
Municipal Income - Mid-Term	25%	\$ 3,150.00	\$ 4,846.15	\$ 5,727.27
MLP Income	15%	\$ 9,285.00	\$ 12,141.92	\$ 14,349.55
Equity Income	15%	\$ 5,490.00	\$ 7,179.23	\$ 8,484.55
Corporate Income	15%	\$ 2,850.00	\$ 2,850.00	\$ 2,850.00
High-Yield Income	5%	\$ 3,480.00	\$ 3,480.00	\$ 3,480.00
	100%	\$ 26,055.00	\$ 33,266.54	\$ 38,164.09
		2.61%	3.33%	3.82%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 720.00	\$ 1,107.69	\$ 1,309.09
Municipal Income - Mid-Term	20%	\$ 2,520.00	\$ 3,876.92	\$ 4,581.82
MLP Income	25%	\$ 15,475.00	\$ 20,236.54	\$ 23,915.91
Equity Income	25%	\$ 9,150.00	\$ 11,965.38	\$ 14,140.91
Corporate Income	5%	\$ 950.00	\$ 950.00	\$ 950.00
High-Yield Income	15%	\$ 10,440.00	\$ 10,440.00	\$ 10,440.00
	100%	\$ 39,255.00	\$ 48,576.54	\$ 55,337.73
		3.93%	4.86%	5.53%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 360.00	\$ 553.85	\$ 654.55
Municipal Income - Mid-Term	5%	\$ 630.00	\$ 969.23	\$ 1,145.45
MLP Income	30%	\$ 18,570.00	\$ 24,283.85	\$ 28,699.09
Equity Income	25%	\$ 9,150.00	\$ 11,965.38	\$ 14,140.91
Corporate Income	10%	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00
High-Yield Income	25%	\$ 17,400.00	\$ 17,400.00	\$ 17,400.00
	100%	\$ 48,010.00	\$ 57,072.31	\$ 63,940.00
		4.80%	5.71%	6.39%

Assumptions:

Invested Amount: \$ **1,000,000.00**

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.7200%	Tax Free (California Residents)	2.00/years
Municipal Income - Mid-Term	1.2600%	Tax Free (California Residents)	5.00/years
MLP Income	6.1900%	85% Tax Efficient	
Equity Income	3.6600%	Assume 15% Qualified Tax Rate	
Corporate Income	1.9000%	Fully Taxable	5.00/years
High-Yield Income	6.9600%	Fully Taxable	8.00/years