

U.S. Balanced

Company Profile

- ✓ Managing client portfolios since 1973
- ✓ Over \$2.9 billion total assets under management
 - Individuals
 - Institutions
 - Retirement plans
 - Government entities
 - Cash management portfolios
 - Foundations and Charitable Accounts
- ✓ Team-based approach with average investment experience of over 25 years
- ✓ Clients located throughout the US and abroad
- ✓ Offices
 - Headquartered in Sarasota, Florida
 - Branch office in Vineland, New Jersey

Investment Team



David R. Kotok cofounded Cumberland Advisors in 1973 and has been its Chief Investment Officer since inception. He holds a B.S. in economics from The Wharton School of the University of Pennsylvania, an M.S. in organizational dynamics from The School of Arts and Sciences at the University of Pennsylvania, and an M.A. in philosophy from the University of Pennsylvania. Mr. Kotok's articles and financial market commentaries have appeared in *The New York Times*, *The Wall Street Journal*, *Barron's*, and other publications. He is a frequent contributor to Bloomberg TV and Bloomberg Radio, Fox Business, and other media. Mr. Kotok has served as Program Chairman and currently serves as a Director of the Global Interdependence Center (GIC), www.interdependence.org, whose mission is to encourage the expansion of global dialogue and free trade in order to improve cooperation and understanding among nation states, with the goal of reducing international conflicts and improving worldwide living standards. Mr. Kotok chaired its Central Banking Series and organized a five-continent dialogue held in Cape Town, Hong Kong, Hanoi, Milan, Paris, Philadelphia, Prague, Rome, Santiago, Shanghai, Singapore, Tallinn, and Zambia (Livingstone). He has received the Global Citizen Award from GIC for his efforts. Mr. Kotok is a member of the National Business Economics Issues Council (NBEIC), the National Association for Business Economics (NABE) and served on the Research Advisory Board of BCA Research. Mr. Kotok has served as a Commissioner of the Delaware River Port Authority (DRPA) and on the Treasury Transition Teams for New Jersey Governors Kean and Whitman. He has also served as a board member of the New Jersey Economic Development Authority and as Chairman of the New Jersey Casino Reinvestment Development Authority. He has authored or co-authored four books, including the second edition of *From Bear to Bull with ETFs* and *Adventures in Muniland*.



John Mousseau, CFA joined Cumberland Advisors in September 2000. He is currently President, Chief Executive Officer and the Director of Fixed Income, as well as a portfolio manager for municipal bond investments. In this capacity, Mr. Mousseau and his team manage portfolio construction, management, analysis, trading, and research for both tax-free and taxable bond accounts. Mr. Mousseau has over 30 years of investment management experience. Prior to Cumberland, he was the Director of Municipal Bond Investments for Lord Abnett & Company. He also worked previously for Shearson Lehman Brothers and its predecessor firm, E.F. Hutton. His comments and analyses have appeared in *The Bond Buyer*, *Barron's*, the *Wall Street Journal*, *Bloomberg*, *Forbes*, the *New York Times*, the *San Francisco Chronicle*, and the *Newark Star-Ledger*. In addition, he has appeared on Bloomberg Radio and Television, Reuters, and CNBC for commentary on fixed-income markets. He has also been a speaker at various industry conferences, and a guest lecturer at Florida International University. Mr. Mousseau holds an A.B. degree in economics from Georgetown University and a M.A. degree in economics from Brown University; and he is a holder of the Chartered Financial Analyst® designation. He is a member of the Philadelphia Council for Business Economists (PCBE), the National Federation of Municipal Analysts (NFMA), the National Association of Business Economics (NABE), the Washington Area Money Managers (WAMM), and the National Economists Club (NEC). He is also a member of the New York Society of Securities Analysts, where he served on the Society's High Net Worth Investors Committee. He is a past chair of the Municipal Bond Buyers Conference and is still a current active member. In addition, he has served as an instructor at the New York Institute of Finance and Bond Market Association. Mr. Mousseau resides in Sarasota, FL, and is active in alumni affairs at Georgetown University. Prior to moving to Sarasota, he was involved with the Rotary and YMCA in Maplewood, New Jersey and still has ties to those associations. He is currently involved in the Rotary Club in Sarasota, FL. He co-authored the book *Adventures in Muniland*.



Daniel Himelberger Daniel Himelberger, joined Cumberland Advisors in July 2013 after graduating Cum Laude from the University of South Florida with a B.A. in Finance. He is a Portfolio Manager and Analyst for the Fixed Income Department. His responsibilities include assisting the Fixed Income Department. Mr. Himelberger participates in the management of taxable accounts, trading of taxable bonds and manages client requests. Mr. Himelberger was born and raised in Lakeland, Florida. Prior to joining Cumberland Advisors he worked for a local construction company while attending college.

Investment Team



Dr. Robert A. Eisenbeis serves as Cumberland Advisors' Vice Chairman and Chief Monetary Economist. In this capacity, he advises Cumberland's asset managers on developments in US financial markets, the domestic economy and their implications for investment and trading strategies. Dr. Eisenbeis was formerly Executive Vice-President and Director of Research at the Federal Reserve Bank of Atlanta, where he advised the bank's president on monetary policy for FOMC deliberations and was in charge of basic research and policy analysis. Prior to that, he was the Wachovia Professor of Banking at the Kenan-Flagler School of Business at the University of North Carolina at Chapel Hill. He has also held senior positions at the Federal Reserve Board and FDIC. He is currently a member of the Shadow Financial Regulatory Committee and Financial Economist Roundtable and a fellow member of both the National Association of Business Economics and Wharton Financial Institutions Center. He holds a Ph.D. and M.S. degree from the University of Wisconsin and a B.S. degree from Brown University. Dr. Eisenbeis moved to Lakewood Ranch, Florida with his wife and daughter in 2012. He now works out of the firm's Sarasota, Florida headquarter office.



Dr. Michael D. McNiven serves as a Managing Director and a Portfolio Manager at Cumberland Advisors. He helps manage the Private Wealth Management, Retirement Plan Services, and Business Development functions within the firm. He speaks at conferences and other investment fora explaining Cumberland's investment philosophy and portfolio options to high net worth individuals, institutional clients and financial advisors. Dr. McNiven began his career at the Financial Times based in New York where he conducted the North American Market Readership research study as well as the Financial Times research into US university and higher education readership. He then assumed the partnership marketing role to pursue business development opportunities throughout the US and later managed the advertising sales function for US classifieds, art, and residential and commercial real estate advertising. Dr. McNiven joined Cumberland Advisors in April of 2009 as a marketing consultant and then as an Investment Advisor Representative of the firm. Prior to joining Cumberland Advisors, Dr. McNiven was an Assistant Professor at Rowan University in Glassboro, New Jersey teaching strategic marketing communications, research, and advertising courses. He has taught courses and assisted at Rowan University, University of Georgia, Utah Valley University, and Brigham Young University. He is a graduate of Brigham Young University in Provo, Utah for both B.A. and M.A. degrees, and also holds a Ph.D. from the University of Georgia in Athens.



Matthew McAleer serves as the Executive Vice President and Director of Equity Strategies at Cumberland Advisors. He is responsible for overseeing all aspects of Cumberland Advisors' equity group including portfolio management, research and trading. With a focus on quantitative research, Mr. McAleer uses detailed trend, price and relative strength analysis to manage portfolio construction and to identify investment opportunities across multiple asset classes. Mr. McAleer began as an investment advisor in 1994 analyzing bonds, stocks, mutual funds and eventually exchange-traded funds at Wheat First Securities. At Wheat First Securities, he began developing the portfolio management style that has become his hallmark management style that focuses on tactical asset allocation using trend and relative strength analysis. McAleer has over 25 years of investment management experience and previously led the tactical asset allocation strategies at Hudson Canyon Investment Counselors and Classic Asset Management. The strategy was recognized as a "Top Gun" performer by PSN Informa in 2013. He holds a B.S. degree in marketing/economics from Rider University, where he also competed for the wrestling team.

Why Balanced Portfolios?

Active Fixed Income Management

- ✓ High-credit quality separately managed accounts using individual bonds
- ✓ Duration targeting and adjustment manages interest rate risk and portfolio return over complete business cycle

Active Equity Management using ETFs

- ✓ Active ETF model construction covers the broad market, industries, and sectors within the US
- ✓ Uses both fundamental (macro) inputs as well as technical inputs in management, analysis and purchase

Active Allocation Management within the Portfolio

- ✓ The balanced portfolio allocation between bonds and equities is flexible based on the market conditions (benchmark against 50/50 allocation)

US Balanced Portfolio Style

Investment Objective

- ✓ Match or exceed the performance of the benchmark with lower volatility over a market cycle.

Investment Philosophy & Approach

- ✓ Macroeconomic factors and fundamentals drive asset class returns
- ✓ Allocation techniques help stabilize the returns while reducing overall risk
- ✓ Attention to risk management is as important as return management over time
- ✓ Employ individual bonds with exchange-traded funds (ETFs) to blend active management of investments in an active, balanced allocation portfolio

Active US ETF Management

Inputs include Macroeconomic Environment, Federal Reserve Policy, Interest Rate Cycle, Geopolitical Environment, ETF Construction, Historical Total Return

Construction of ETF Portfolio in the Balanced Account

- ✓ 10 to 25 ETFs
- ✓ Actively managed sector allocation across 10 sectors, including multiple sub-sectors of US market

Sell Discipline

- ✓ Relative total return to benchmark, technical breakdown, changes in macroeconomic views, better opportunities

Active Bond Management

Investment Objective

- Cumberland Advisors' objective is to design customized fixed income portfolios utilizing our long-standing partnerships with fixed income investment professionals to source appropriate bonds in portfolios.
- Maintain our disciplined, proven investment philosophy and process that aims to match or beat guided benchmarks while also managing risk of loss to portfolios.
 - Use indices as guides, not absolutes to our overall portfolio expectations

Investment Philosophy

- Actively manage client portfolios by strategically taking advantage of undervalued opportunities and purchasing high quality bonds in portfolios.
- Tactically extend or reduce durations when compelling opportunities are presented in the market; enter markets in periods of hysteria and look to exit markets in periods of euphoria.
- Provide opportunities to outperform guided benchmarks over a full market cycle with emphasis on long-lasting relationships and continued dialogue among clients, tax advisors, accountants, and estate planners.

5-Stage Bond Model Process

1. Evaluate Markets, Economic Data, and Outlook

2. Design Fixed Income Strategy

3. Strategic Bond Selection

4. Survey & Monitor Bonds

5. Tactically Adjust Strategy to Market Environment

Portfolio Summary

Type of Investment Structure

- ✓ Individual Account

Portfolio Objective

- ✓ Match or beat benchmark with less volatility in returns

Returns

- ✓ Short-term and long-term capital gains

Rebalancing Frequency

- ✓ Opportunistic

Disclosure

Calculation Methodology: Quarterly and year to date time-weighted returns are calculated by linking monthly returns. Accounts do not use leverage. Returns consider interest income only on an accrual basis; dividends are considered on a cash basis. All calculations are based on trade date. Securities traded on a national exchange are valued based on closing prices on the exchange; data is provided by major pricing services. Stocks traded on the over the counter market are valued based upon prices provided by major pricing services. Fixed income securities that do not trade on a national exchange are valued based upon estimates provided by a variety of services including major pricing services. Accounts may at times include cash equivalents. Performance is on a total return basis. Internal dispersion is calculated using the dollar-weighted standard deviation of all portfolios that were included in the composite for the entire period.

Composites: Cumberland Advisors reserves the right to waive the minimum account size or impose a higher account size. Additional information regarding policies for calculating and reporting returns and/or a complete list and description of Cumberland Advisors' composites, is available by contacting your account executive at (800) 257-7013, or write to Cumberland Advisors, One Sarasota Tower, 2 N. Tamiami Trail, Suite 303, Sarasota, FL 34236.

Past Performance: Past performance is not an indication or guarantee of future performance..

Due to the rebalancing strategy used for ETF strategies, positions may be sold or closed in the very short-term (within 30 days). Also, the same security may be bought for some accounts, while being sold for others. This may result in increased commissions for some clients. This rebalancing strategy does not take into consideration any tax implications that may result from this type of trading. Exchange traded funds may not correlate to designated indices and, may have additional fees and expenses, including the possible duplication of management fees.