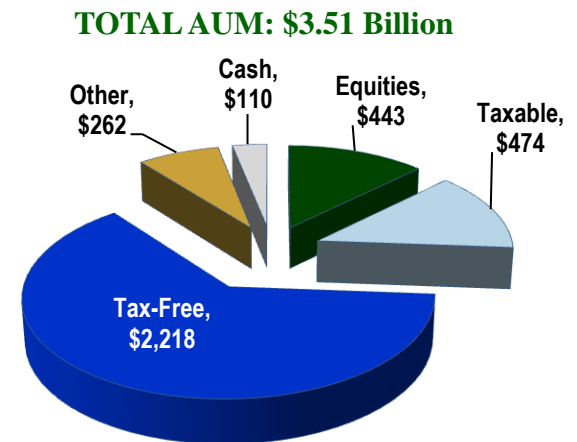


# Active Bonds/Passive Equity

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# Company Profile

- ✓ Managing client portfolios since 1973
- ✓ Over \$3.5 billion total assets under management
  - Individuals
  - Institutions
  - Retirement plans
  - Government entities
  - Cash management portfolios
  - Foundations and Charitable Accounts
- ✓ Team-based approach with average team member investment experience of over 25 years
- ✓ Clients located throughout the US and abroad
- ✓ Offices
  - Headquartered in Sarasota, Florida
  - Branch office in Vineland, New Jersey



# Active/Passive 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, Yahoo Finance TV, 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](http://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*.



**Matthew McAleer** serves as the Executive Vice President and Director of Equity Strategies. 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. Mr. 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. He holds a B.S. degree in marketing/economics from Rider University, where he also competed for the wrestling team.



**John Mousseau, CFA** joined the firm in September 2000. He is currently President and Chief Executive Officer, and the Director of Fixed Income at Cumberland Advisors. In this capacity, Mr. Mousseau is a portfolio manager and has overall responsibility for portfolio construction, management, analysis, trading, and research for all 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 Abbett & Company. He also worked previously for Shearson Lehman Brothers and E.F. Hutton. His comments and analyses have appeared in The Bond Buyer, Barron's, the Wall Street Journal, Bloomberg, Forbes, The Philadelphia Inquirer, and New York Times. In addition, he has appeared Bloomberg Television and Radio, Reuters, CNBC, and on Sarasota-Manatee's local media for commentary on fixed-income and the broader financial markets. He continues to speak at various industry conferences, and has been a guest lecturer at Florida International University. Mr. Mousseau holds an A.B. in economics from Georgetown University and an M.A. in economics from Brown University, and he is a Chartered Financial Analyst. He is a member of the Philadelphia Council for Business Economics (PCBE), the National Federation of Municipal Analysts (NFMA), the National Association of Business Economics (NABE), the Washington Association of Money Managers (WAMM), and the National Economists Club (NEC). He is a member, and past chair of the Municipal Bond Buyers Conference. He has also served as an instructor at the New York Institute of Finance and Bond Market Association. Mr. Mousseau resides in Sarasota, Florida, is active in alumni affairs at Georgetown University, and is President of the Rotary Club of Sarasota Bay. He is a member of the Tampa Bay chapter of the CFA Institute. Mr. Mousseau co-authored the book, *Adventures in Muniland*.

# Active/Passive Style

## Investment Objective

To achieve a combination of income and long-term capital gains.

## Investment Philosophy

Follows Modern Portfolio Theory assumptions

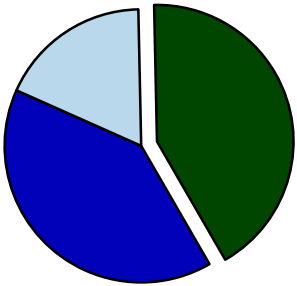
(60% Equity/40% Fixed Income) in Buy/Hold/Rebalance management style.

## Investment Approach

Offers active fixed income management and passive equity exposure.

# Active/Passive – Bonds

## Fixed income through an allocation to individual bonds or Exchange Traded Funds (ETFs)

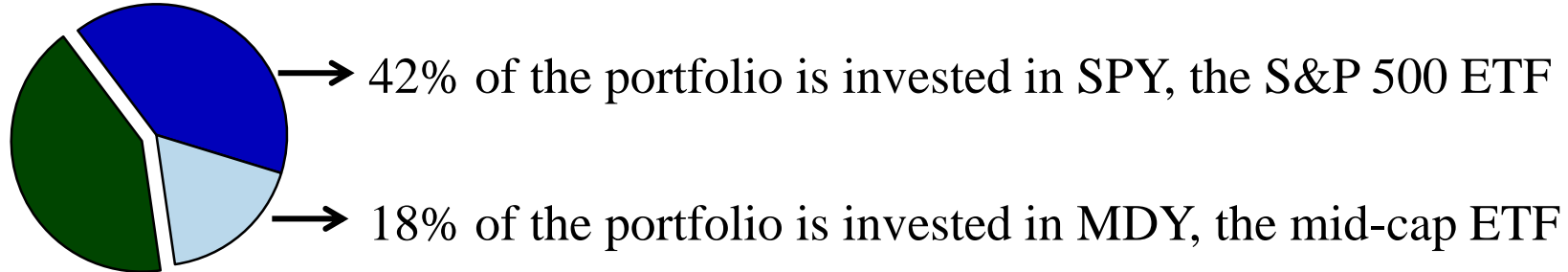


→ 40% is allocated to an actively managed fixed income portfolio

- ✓ Managed for total return over a full interest rate cycle
- ✓ High Credit Quality/Investment Grade
- ✓ Separate strategies for taxable and tax-free bond exposure
  - Active Taxable Bond/Passive Equity
  - Active Tax-Free Bond/Passive Equity

# Active/Passive – Equities

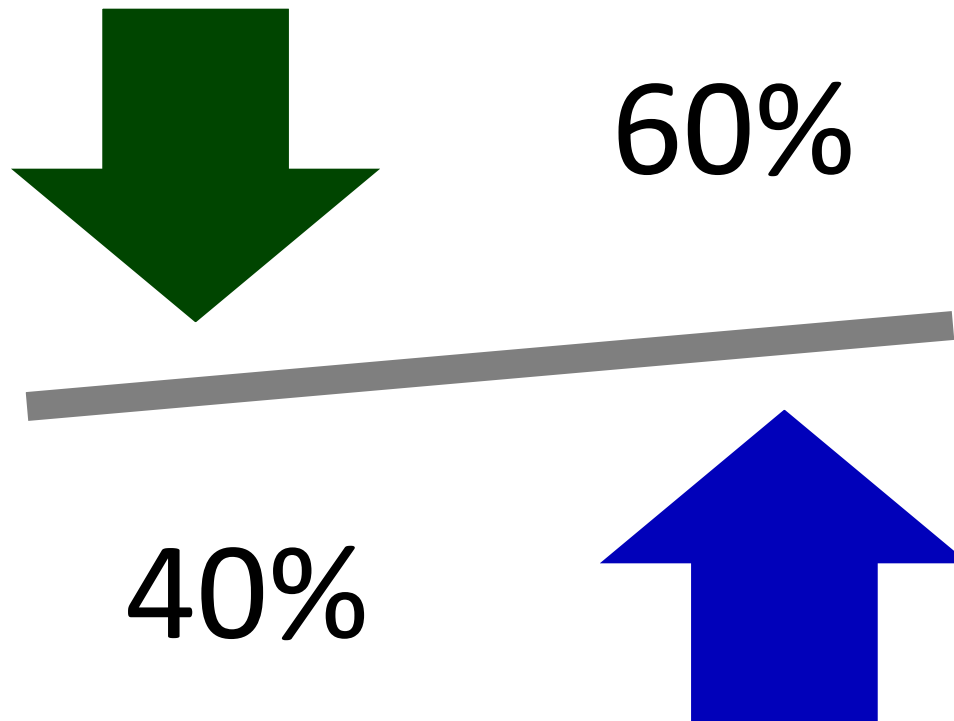
## Equity exposure is efficiently captured using two broad-based exchange traded funds (ETFs)



- ✓ SPY and MDY give exposure to the 900 largest U.S. publicly traded companies

### 3. Active/Passive - Rebalancing

The accounts are reviewed quarterly and are rebalanced back to the original percentage when the allocation of equities to bonds changes 5% or more from the 60/40 mandate.



## Benefits of Active Bonds/Passive Equity Portfolio Style

- ✓ Offers Cumberland Advisors' high-quality fixed income active management coupled with low-cost equity exposure, **with long-term investment horizons for both**
- ✓ Clients benefit from the value of the active fixed income portion of the account while gaining efficient, broad-based exposure to US equity markets
- ✓ Balanced, diversified portfolio option
- ✓ Each account is separately managed
- ✓ Overall portfolio turnover is minimal
- ✓ Suits investors who for tax or philosophical reasons want to pursue almost exclusively long-term capital gains for the equity portion of the investments
- ✓ Low fees



# Disclosure

**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.

**ETFs:** Due to the rebalancing methodology 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 methodology 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. Indices are provided for comparative purposes only as you cannot invest directly in an index.

**Past Performance:** Past performance is not an indication or guarantee of future performance. No alterations of the composite as presented here has occurred because of changes in personnel or other reasons at any time.