

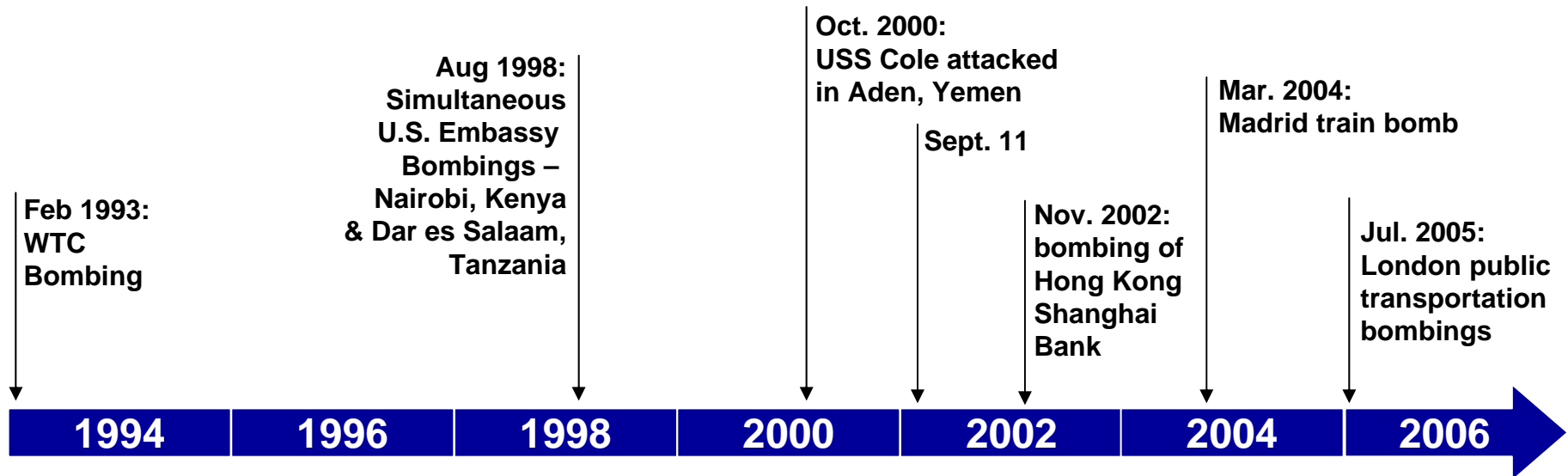


David R. Kotok
Chairman & Chief Investment Officer
Cumberland Advisors

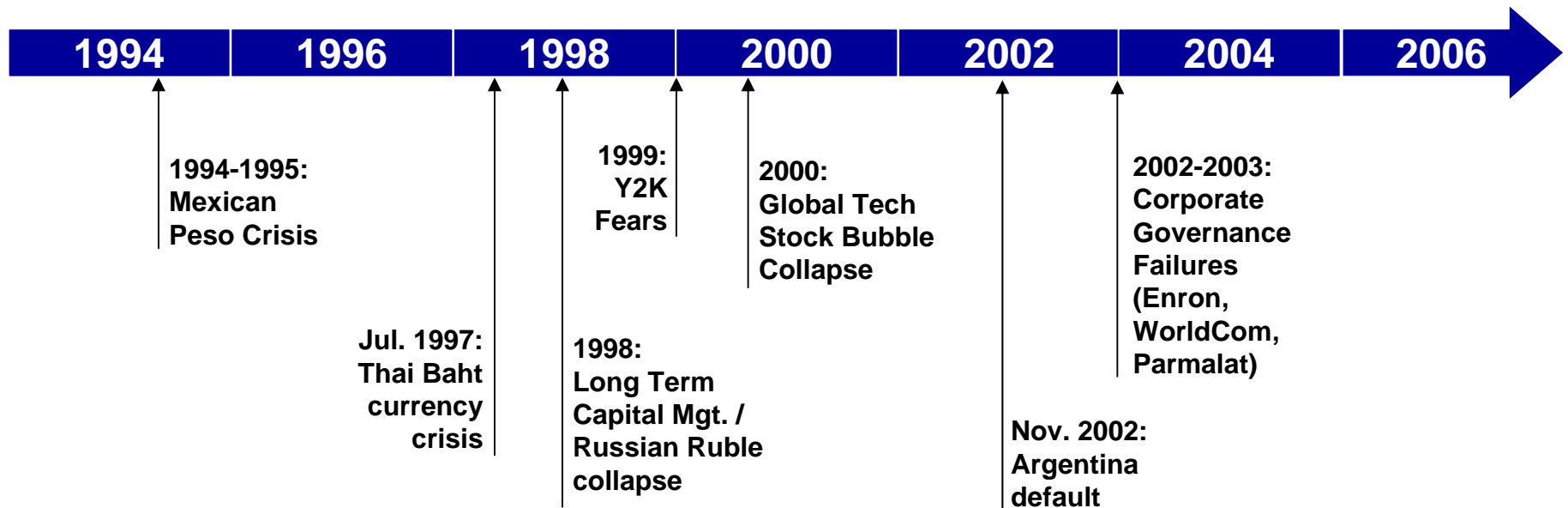
Quarterly Business Outlook

Rutgers School of Business - Camden
July 18, 2006

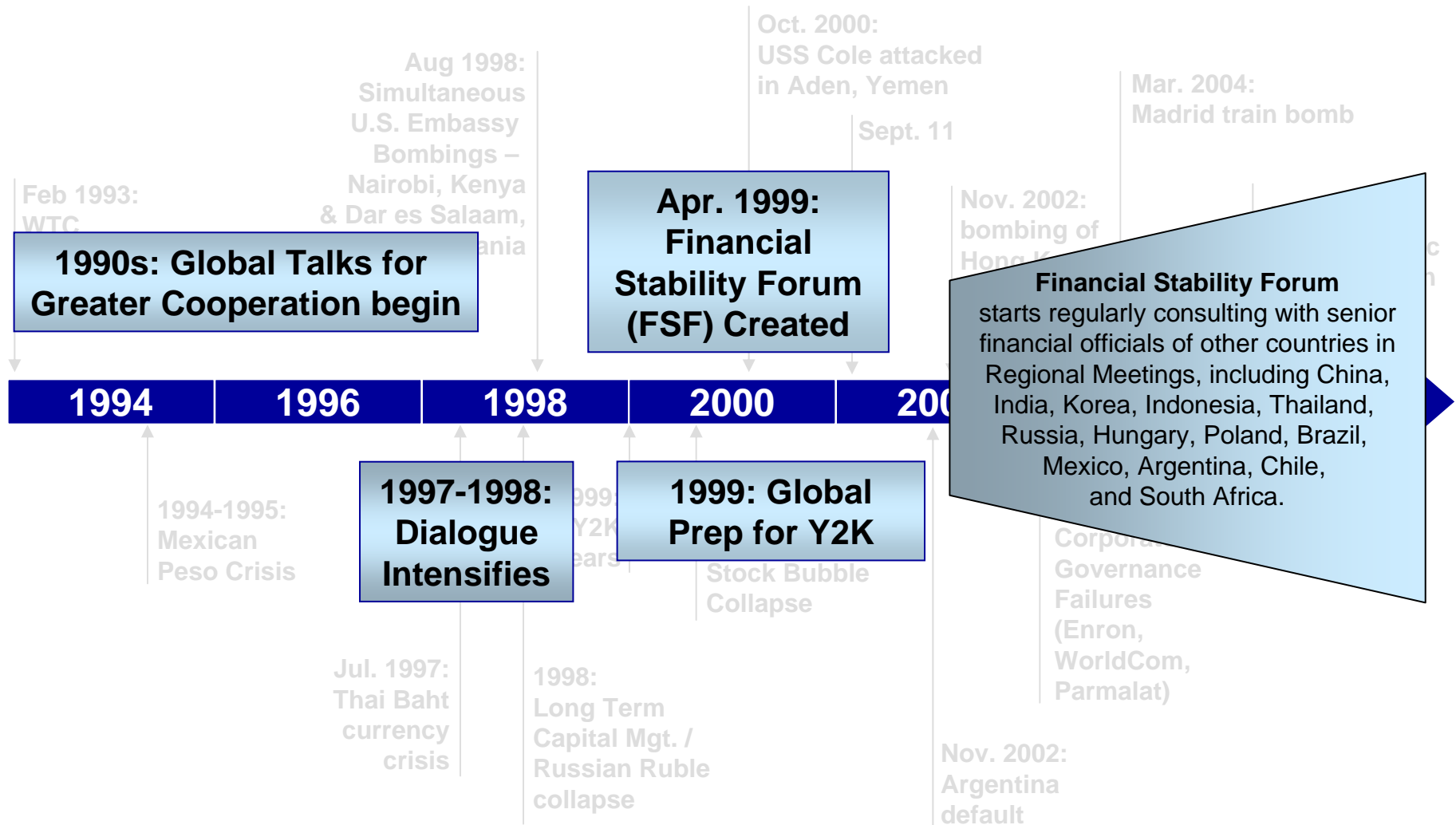
Terrorism Shocks



Financial Shocks



Reactions to Shocks

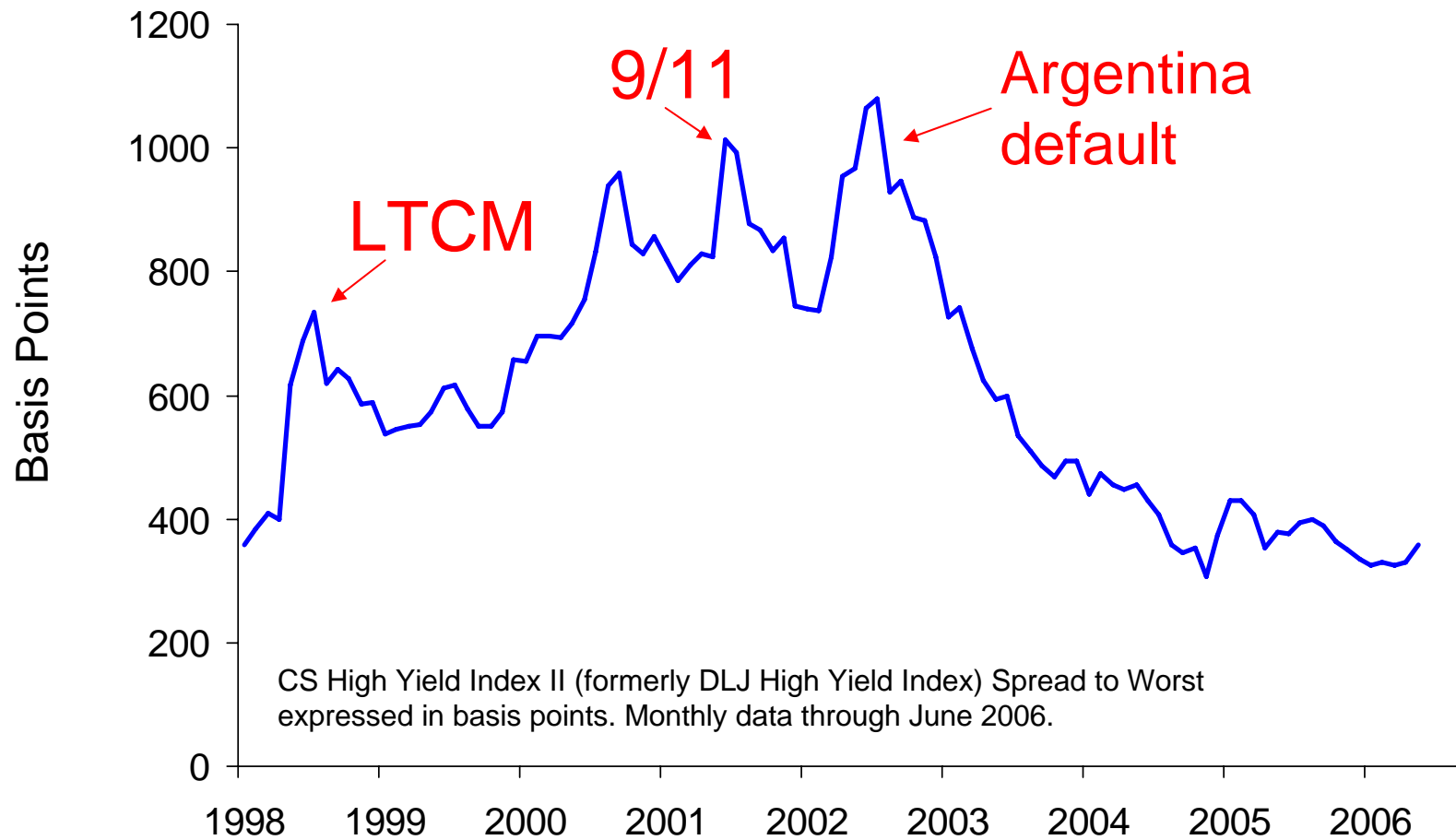


Result: Global Bond Risk Premiums are Shrinking Outside the United States



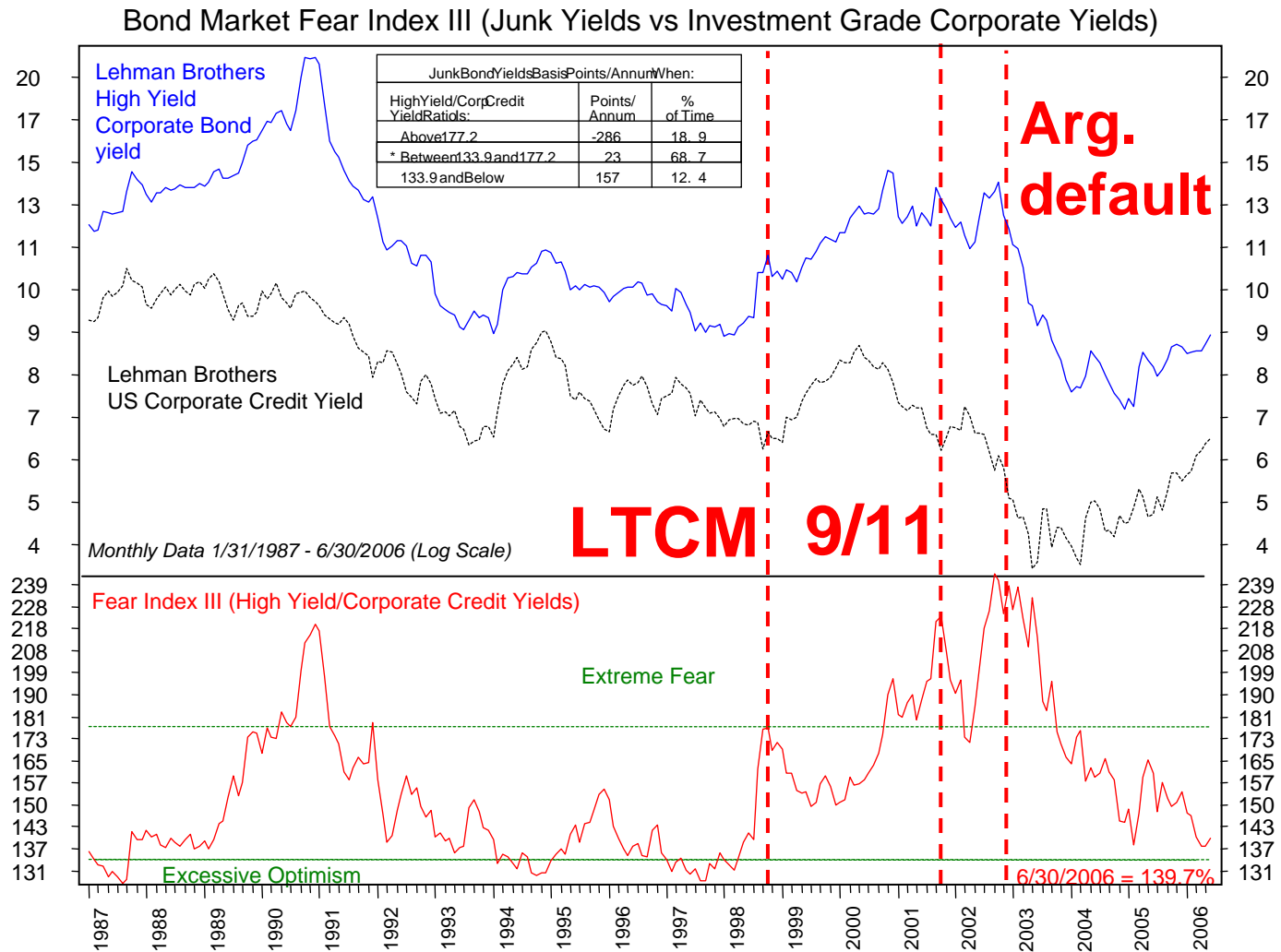
Source: JP Morgan and Cumberland Advisors. © Cumberland Advisors

Result: Global Bond Risk Premiums are Shrinking Inside the United States



Source: Bloomberg and Cumberland Advisors. © Cumberland Advisors

Result: Global Bond Risk Premiums are Shrinking In the United States



Source: Ned Davis Research chart B336A and Cumberland Advisors. © Cumberland Advisors

Equity Risk premiums shrink
in stock markets, too.

Let's look around the world and
see where and how...

Three Ways to View The World - 1998

1998 PPP (\$mm)			1998 GDP (\$mm)			World's 10 Largest Stock Markets (\$mm)		
World Total	40,219,240	%	World Total	29,633,310	%	Measured in USD at 12/31/98 exchange rates		
						World Total	25,683,171	%
1. United States	8,650,777	21.5	1. United States	8,694,600	29.3	1. United States	12,926,177	50.3
2. China**	4,185,190	10.4	2. Japan	3,931,051	13.3	2. Japan	2,495,757	9.7
3. Japan	3,114,543	7.7	3. Euronext*	2,208,083	7.5	3. U.K.	2,372,738	9.2
4. Euronext*	2,213,188	5.5	4. Germany	2,144,493	7.2	4. Euronext*	1,903,278	7.4
5. India	2,127,580	5.3	5. U.K.	1,423,379	4.8	5. Germany	1,093,962	4.3
6. Germany	1,930,148	4.8	6. China**	1,111,543	3.8	6. Switzerland	689,199	2.7
7. U.K.	1,413,974	3.5	7. Italy	1,196,631	4.0	7. China**	579,427	2.3
8. Italy	1,333,139	3.3	8. Spain	588,011	2.0	8. Italy	569,732	2.2
9. Brazil	1,140,947	2.8	9. Canada	606,909	2.1	9. Canada	547,841	2.1
10. Russia	865,820	2.1	10. India	413,825	1.4	10. Spain	402,163	1.6
Rest of World	11,732,128	29.2	Rest of World (171 Countries)	6,256,091	21.1	Rest of World (36 exchanges)	2,102,897	8.2

* Euronext includes Belgium, France, Netherlands, and Portugal.

** China includes China and Hong Kong.

*** India includes National Stock Exchange of India and Mumbai Exchange.

Source: World Bank Data, World Federation of Stock Exchanges, and Cumberland Advisors. © Cumberland Advisors.

Three Ways to View The World

2005 PPP (\$mm)			2005 GDP (\$mm)			World's 10 Largest Stock Markets (\$mm)		
World Total	61,006,604	%	World Total	44,384,871	%	Measured in USD at 12/31/05 exchange rates		
						World Total	40,885,684	%
1. United States	12,409,465	20.4	1. United States	12,455,068	28.1	1. United States	17,000,865	41.6
2. China**	8,787,163	14.4	2. Japan	4,505,912	10.2	2. Japan	4,572,901	11.2
3. Japan	3,943,754	6.5	3. Euronext*	3,242,760	7.3	3. U.K.	3,058,182	7.5
4. India	3,815,553	6.3	4. Germany	2,781,900	6.3	4. Euronext*	2,706,804	6.6
5. Euronext*	2,916,790	4.8	5. China**	2,406,584	5.4	5. China**	1,456,852	3.6
6. Germany	2,417,537	4.0	6. U.K.	2,192,553	4.9	6. Canada	1,482,185	3.6
7. U.K.	1,926,809	3.2	7. Italy	1,723,044	3.9	7. Germany	1,221,106	2.9
8. Italy	1,667,753	2.7	8. Spain	1,123,691	2.5	8. India***	1,069,046	2.6
9. Brazil	1,627,262	2.7	9. Canada	1,115,192	2.5	9. Spain	959,910	2.3
10. Russia	1,559,934	2.6	10. Brazil	794,098	1.8	10. Switzerland	935,448	2.3
Rest of World	17,739,809	29.1	Rest of World (171 Countries)	10,494,881	23.7	Rest of World (36 exchanges)	6,422,385	15.7

* Euronext includes Belgium, France, Netherlands, and Portugal.

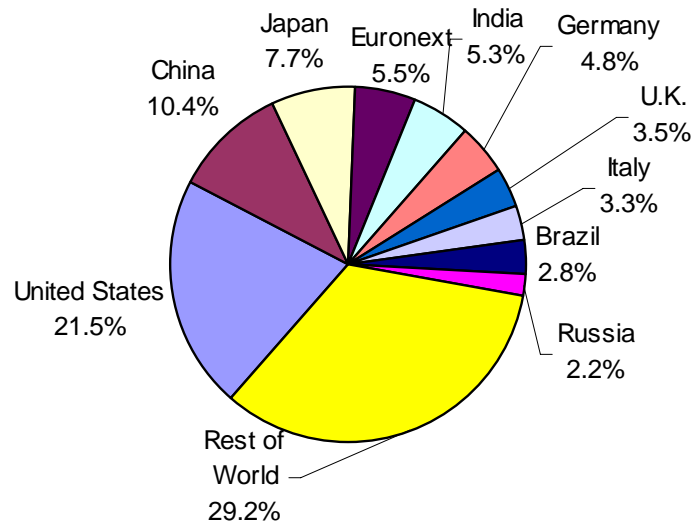
** China includes China and Hong Kong.

*** India includes National Stock Exchange of India and Mumbai Exchange.

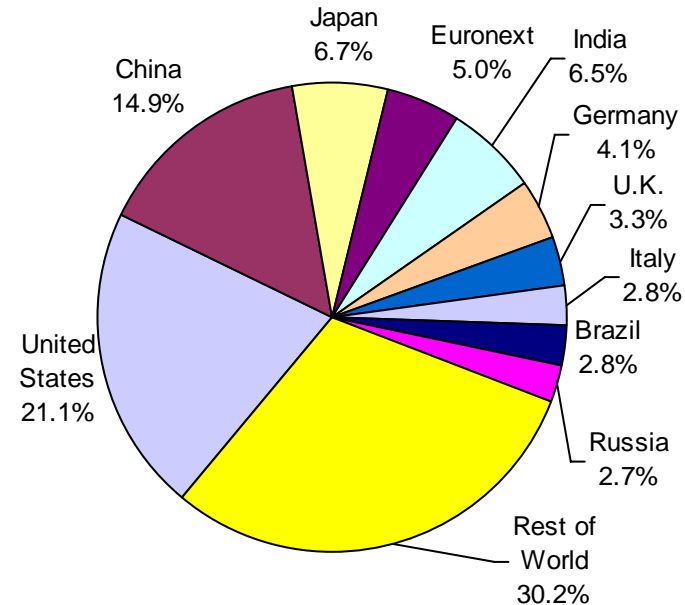
Source: World Bank Data, World Federation of Stock Exchanges, and Cumberland Advisors. © Cumberland Advisors.

World Measured by Purchasing Power Parity (PPP)

1998
(Total \$40.219 trillion)



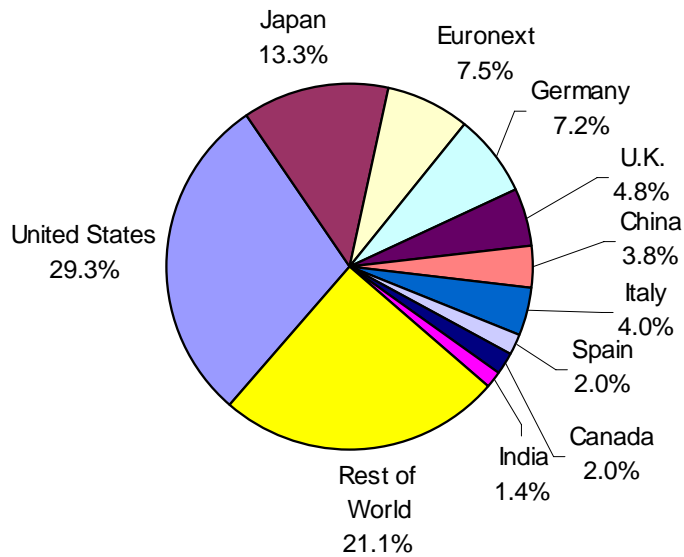
2005
(Total \$61.007 trillion)



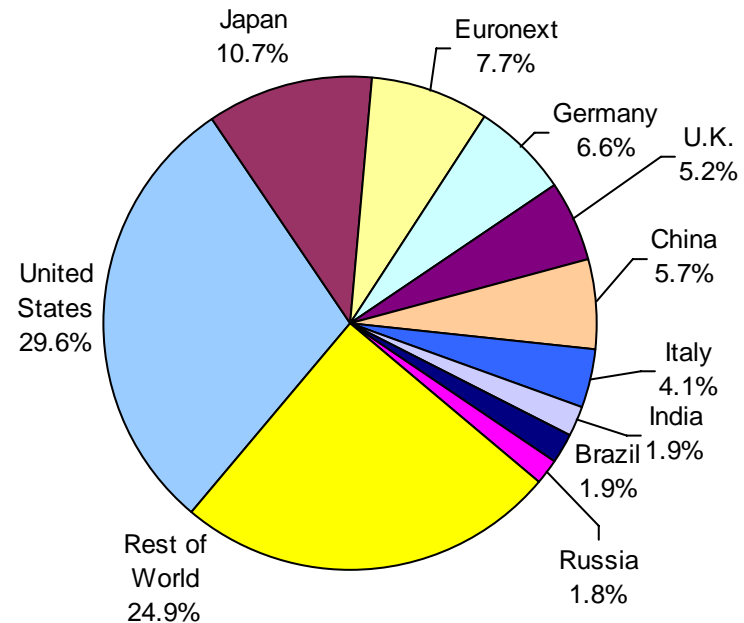
Source: World Federation of Stock Exchanges, World Bank Data, and Cumberland Advisors. © Cumberland Advisors

World Measured by Gross Domestic Product (GDP)

1998
(Total \$29.633 trillion)



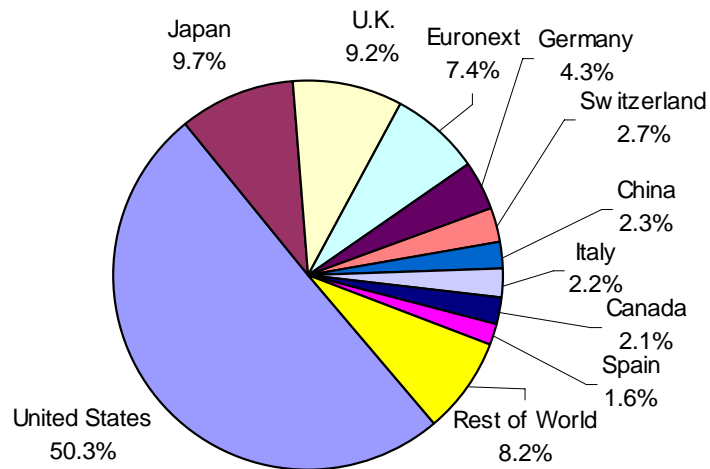
2005
(Total \$44.385 trillion)



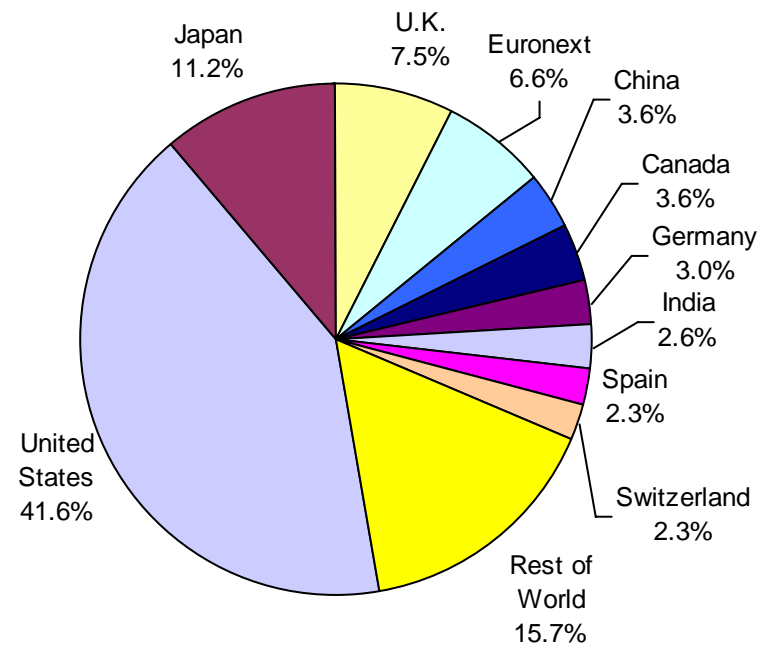
Source: World Federation of Stock Exchanges, World Bank Data, and Cumberland Advisors. © Cumberland Advisors

World Measured by Stock Market Capitalization

1998
(Total \$25.683 trillion)



2005
(Total \$40.886 trillion)

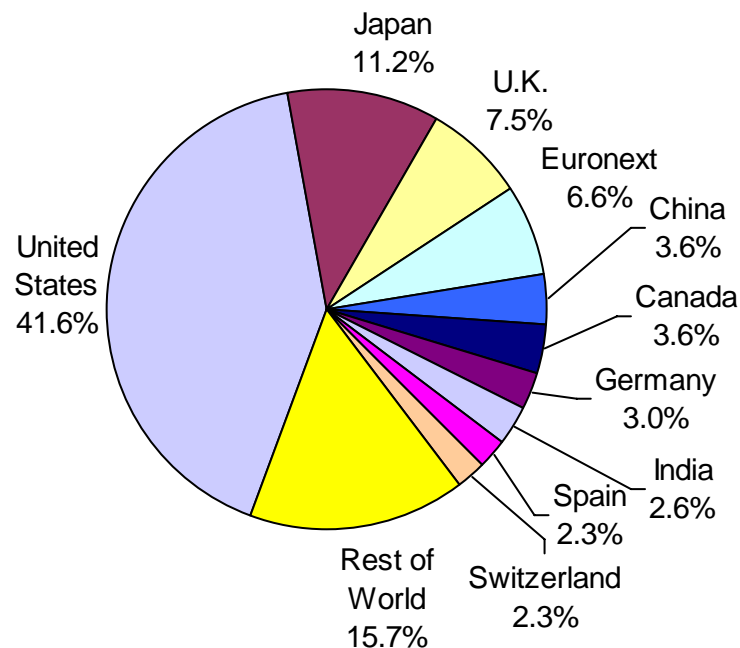


Source: World Federation of Stock Exchanges, World Bank Data, and Cumberland Advisors. © Cumberland Advisors

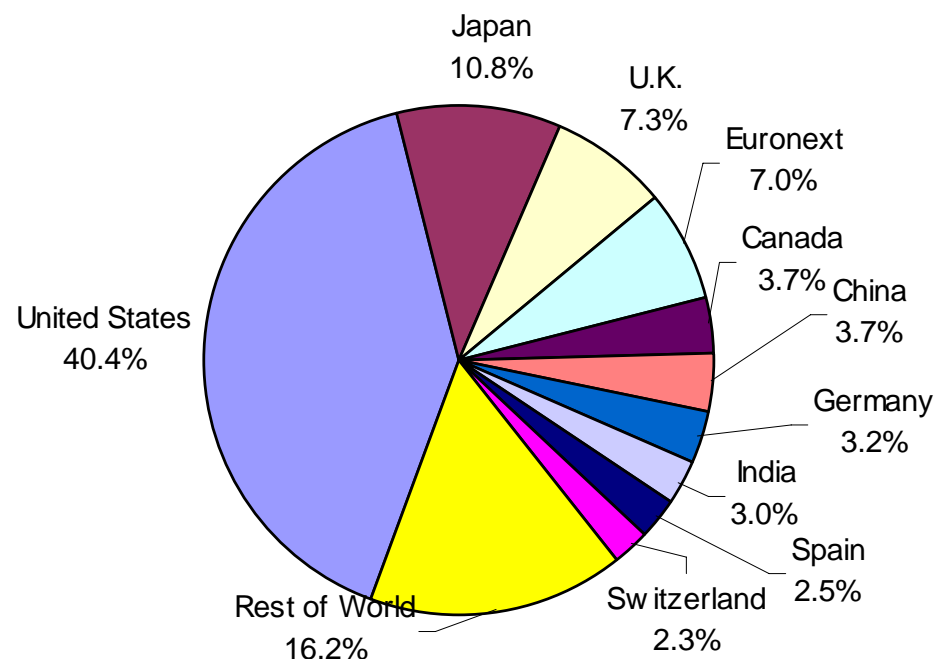
Look What Happened in the First Quarter of 2006

Stock Market Capitalization

2005
(Total \$40.886 trillion)

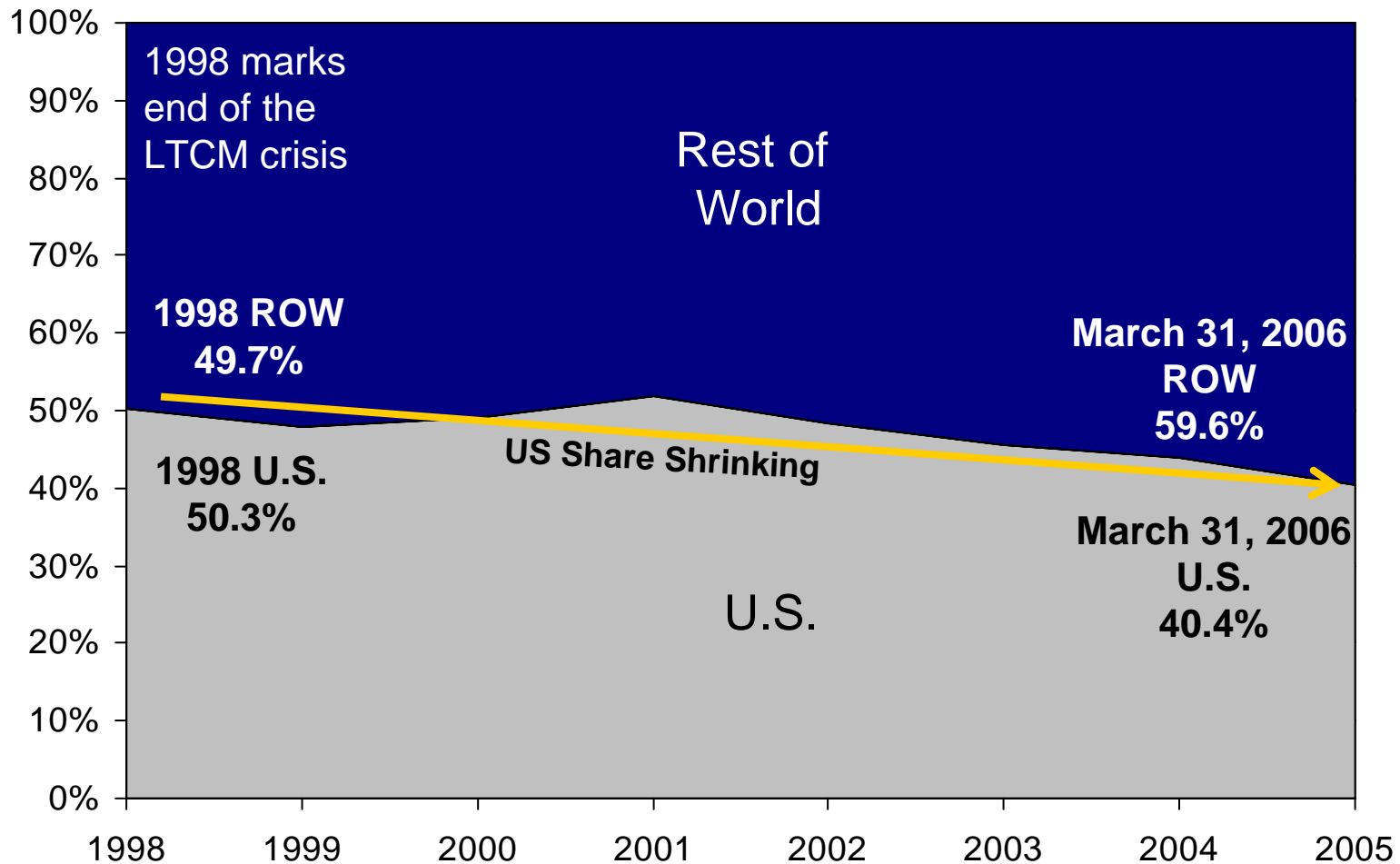


March 31, 2006
(Total \$44.384 trillion)



Source: World Federation of Stock Exchanges, World Bank Data, and Cumberland Advisors. © Cumberland Advisors

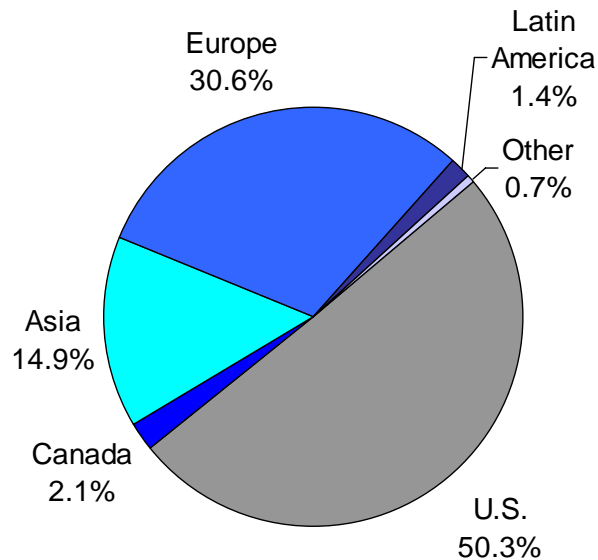
Share of World Stock Market Value



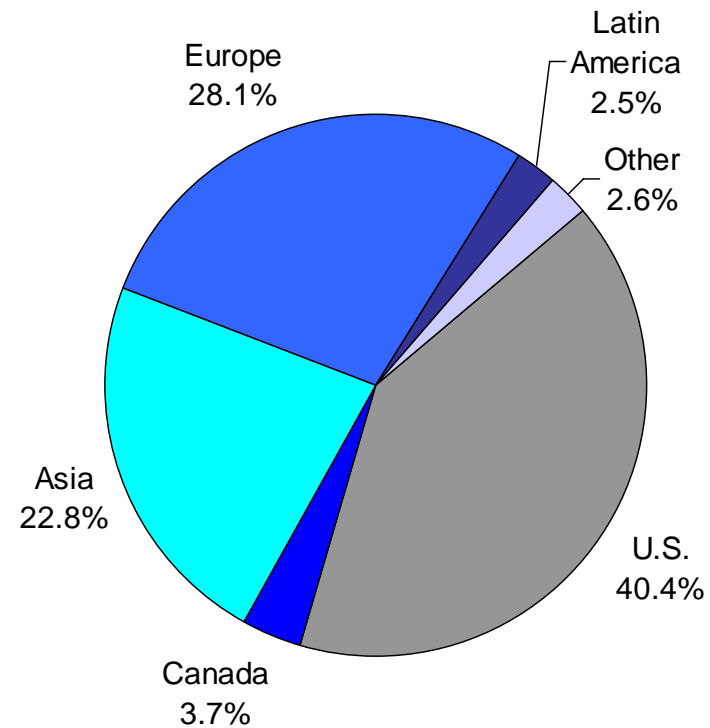
Source: World Federation of Stock Exchanges and Cumberland Advisors. © Cumberland Advisors

Share of World Stock Market Value

1998
(Total \$25.683 trillion)



March 31, 2006
(Total \$44.384 trillion)

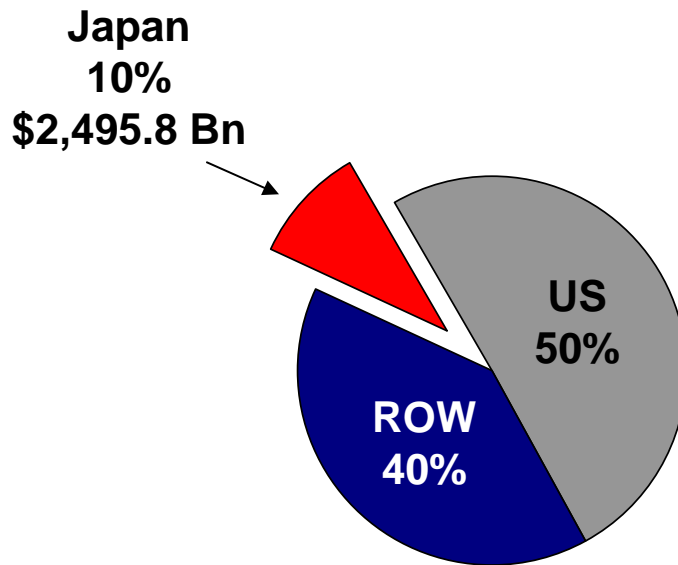


Note: See appendix at the end of this presentation for chart details.

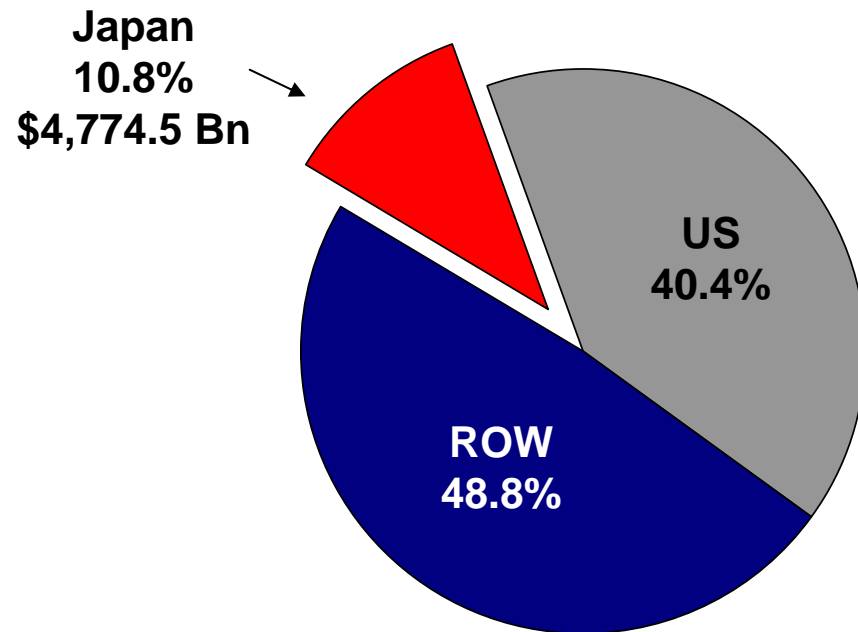
Source: World Federation of Stock Exchanges and Cumberland Advisors. © Cumberland Advisors

Share of World Stock Market Value: Japan

1998
(Total \$25.683 trillion)

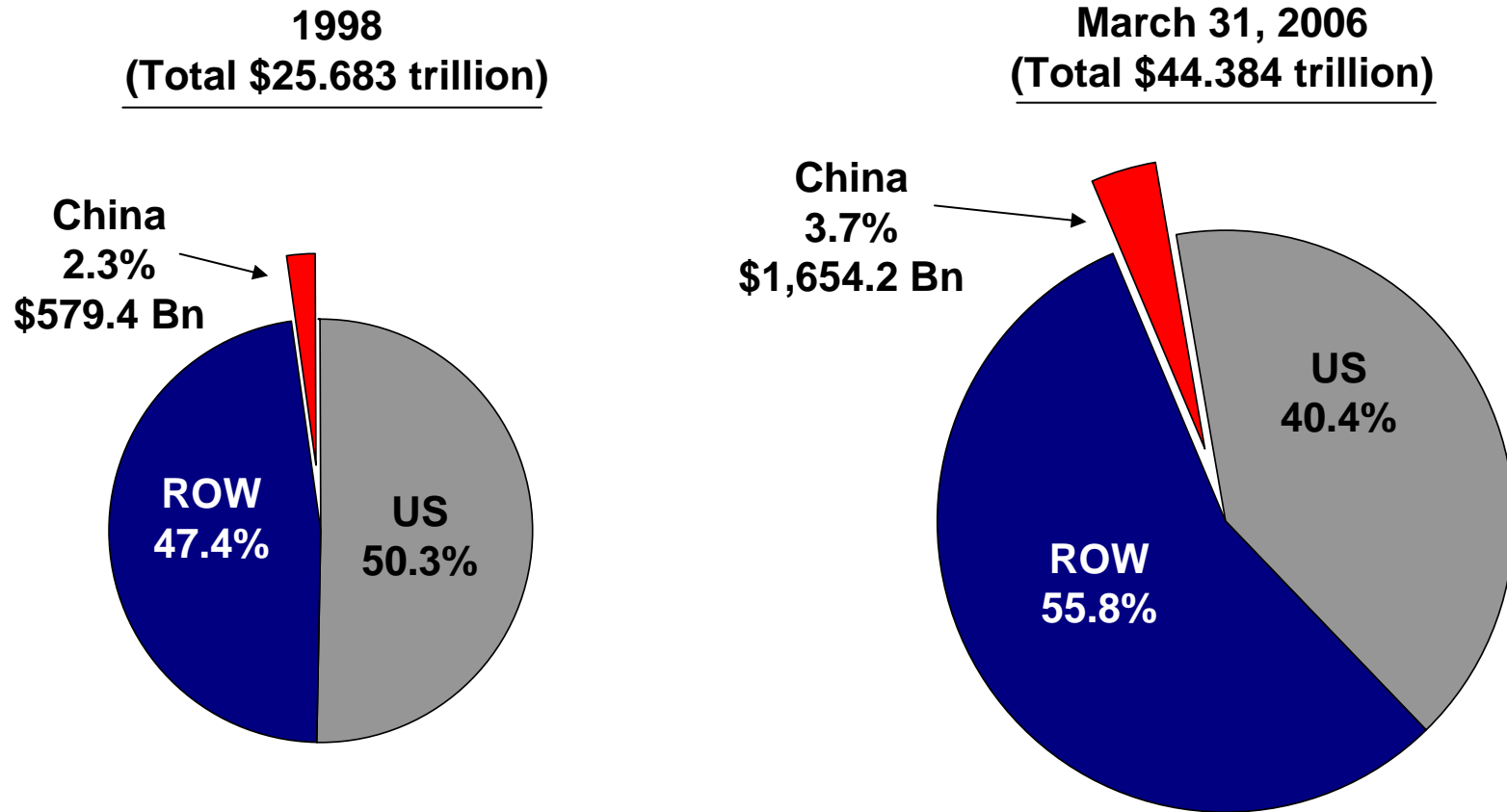


March 31, 2006
(Total \$44.384 trillion)



Source: World Federation of Stock Exchanges and Cumberland Advisors. © Cumberland Advisors

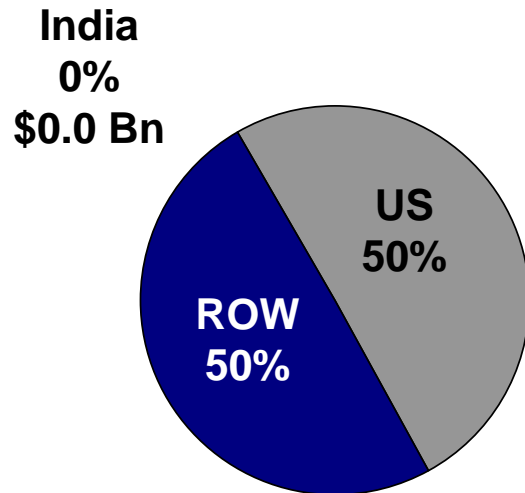
Share of World Stock Market Value: China



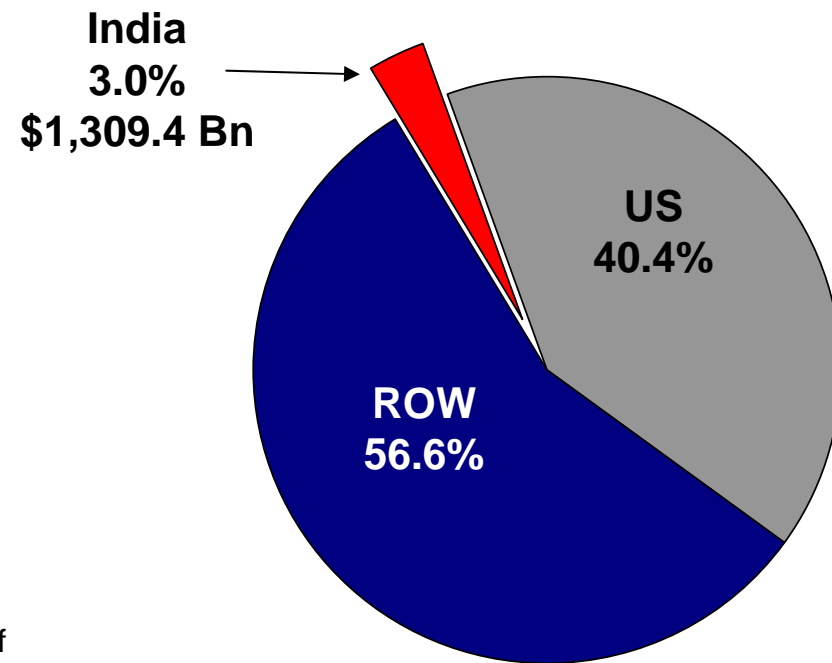
Source: World Federation of Stock Exchanges and Cumberland Advisors. © Cumberland Advisors

Share of World Stock Market Value: India

1998
(Total \$25.683 trillion)



March 31, 2006
(Total \$44.384 trillion)



India was not a member of the World Federation of Stock Exchanges until 2002.

Source: World Federation of Stock Exchanges and Cumberland Advisors. © Cumberland Advisors

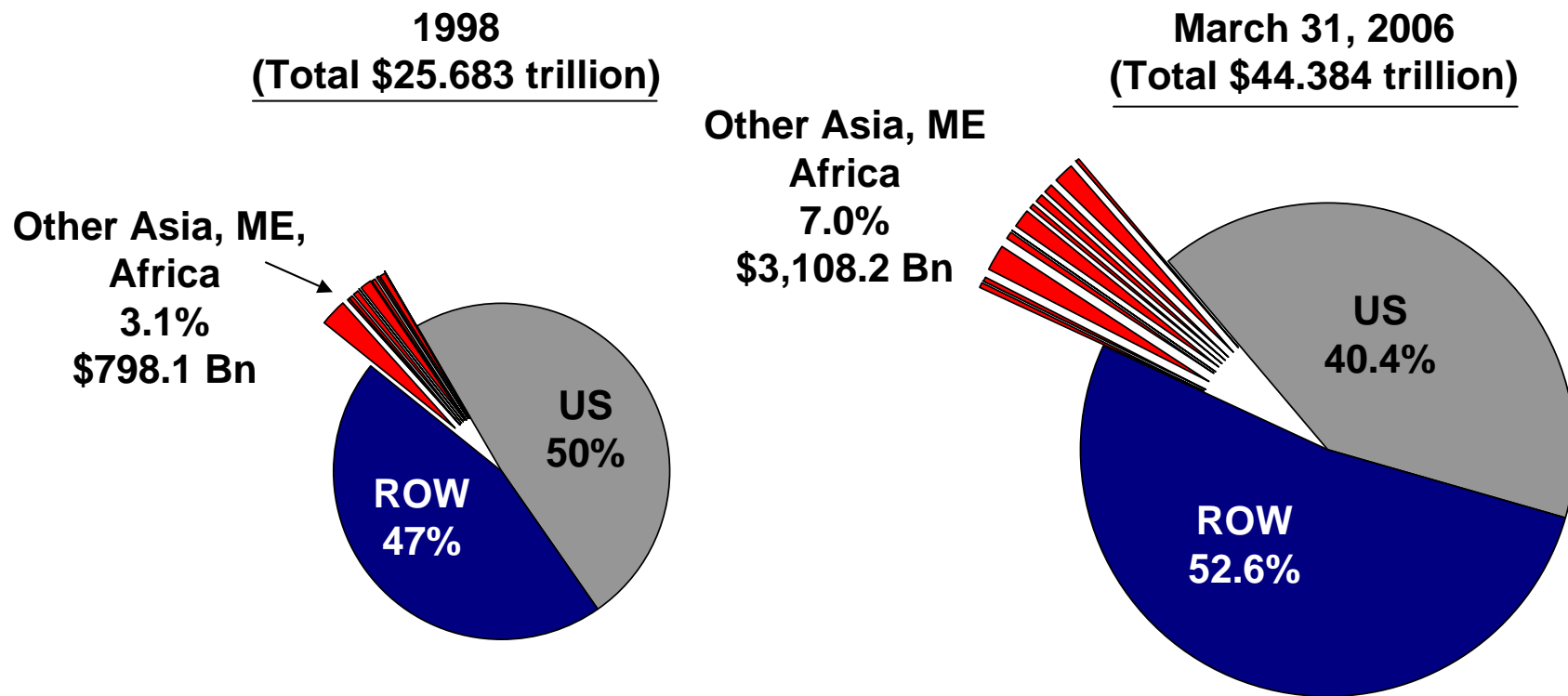
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Chart 19

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Share of World Stock Market Value: Other Asia, Middle East & Africa

Indonesia, Iran, Israel, Korea, Malaysia, Philippines, Sri Lanka, Taiwan, Thailand, Turkey, Singapore, South Africa, Mauritius, Egypt

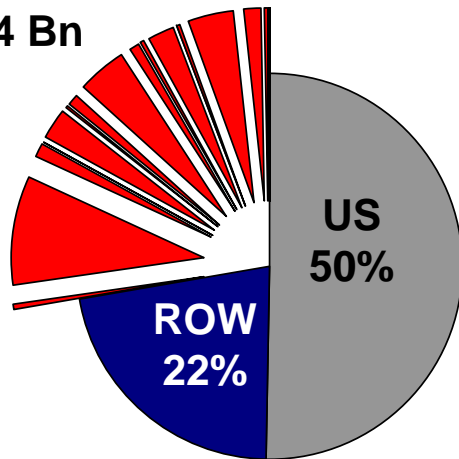


Note: See appendix at the end of this presentation for chart details.
Source: World Federation of Stock Exchanges and Cumberland Advisors. © Cumberland Advisors

Share of World Stock Market Value: 25 European Union (EU) Members

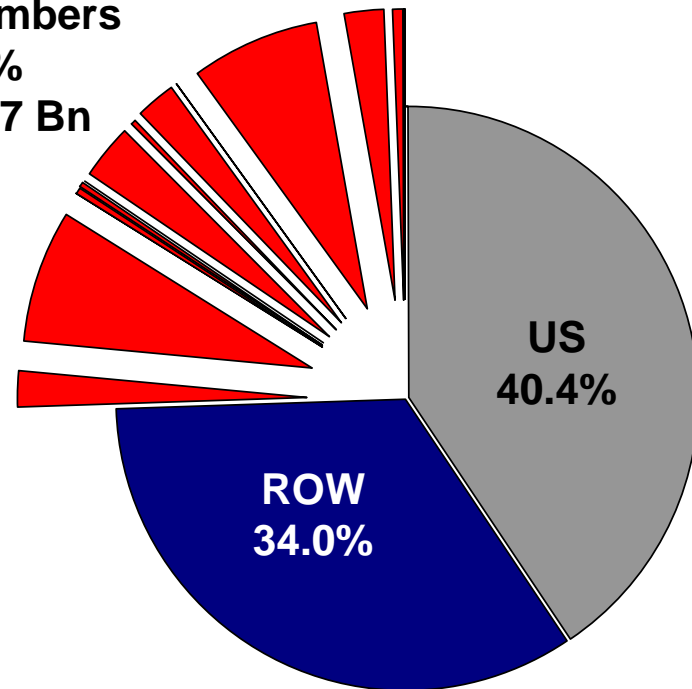
1998
(Total \$25.683 trillion)

25 EU Members
28%
\$7,118.4 Bn



March 31, 2006
(Total \$44.384 trillion)

25 EU Members
25.6%
\$11,346.7 Bn



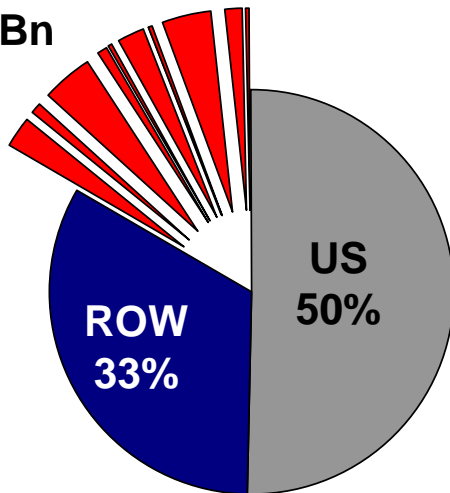
Note: See appendix at the end of this presentation for chart details.

Source: World Federation of Stock Exchanges and Cumberland Advisors. © Cumberland Advisors

Share of World Stock Market Value: Original 11 European Monetary Union (EMU) Members

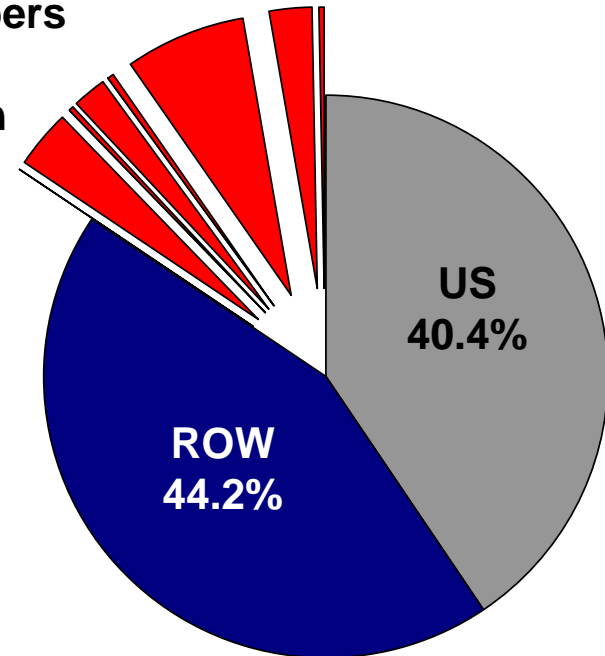
1998
(Total \$25.683 trillion)

11 EMU Members
17%
\$4,264.5 Bn



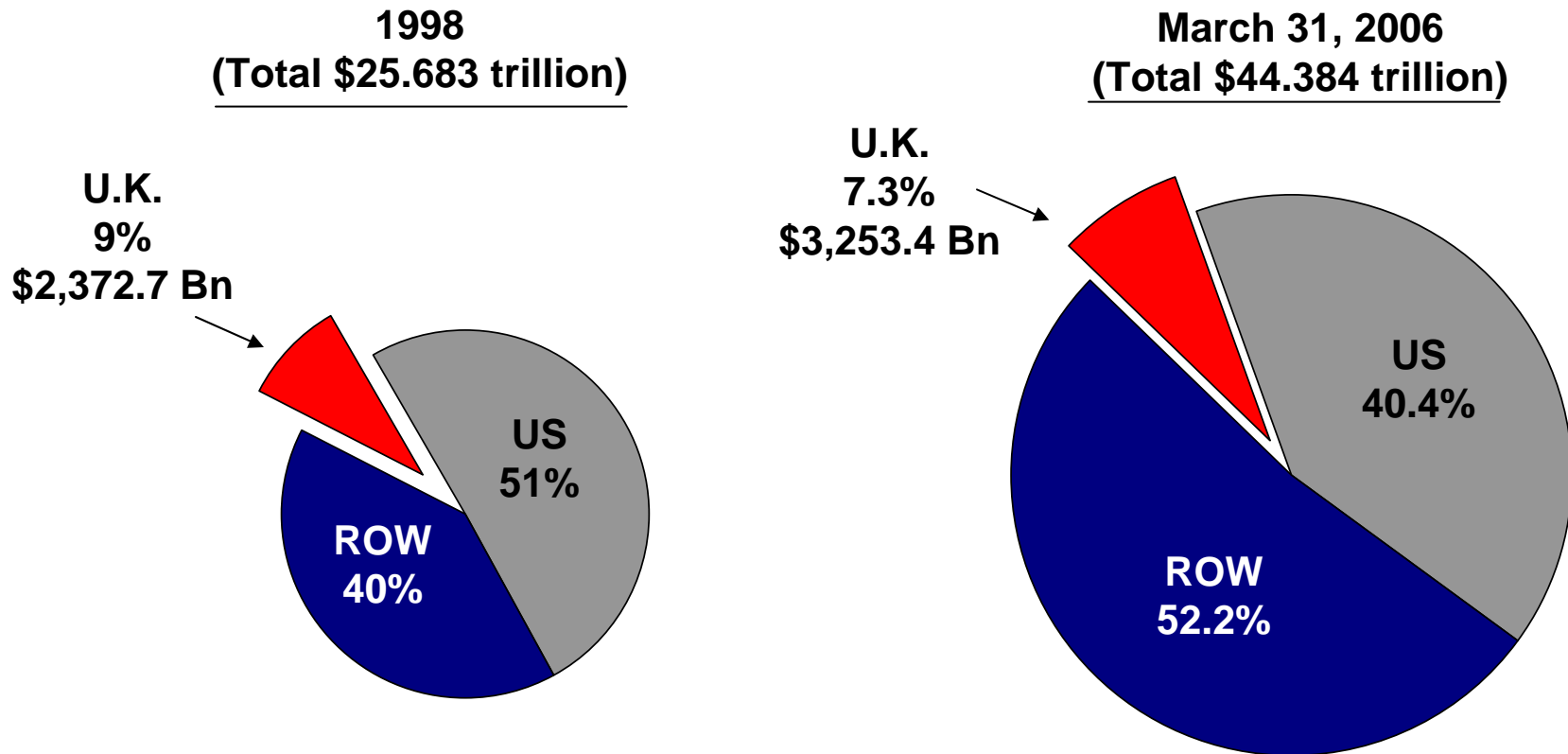
March 31, 2006
(Total \$44.384 trillion)

11 EMU Members
15.4%
\$6,843.1 Bn



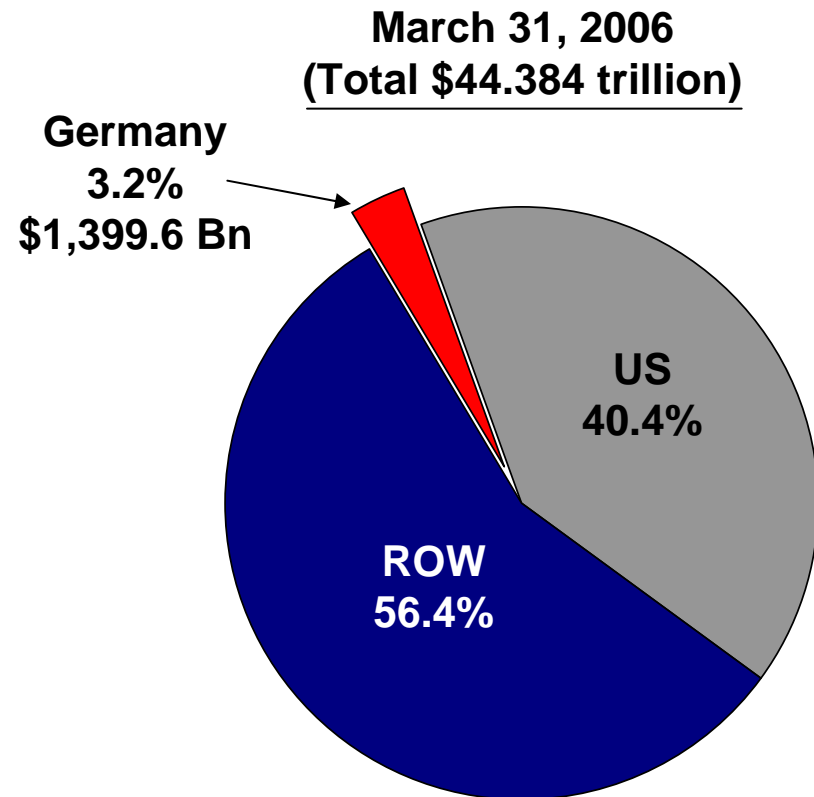
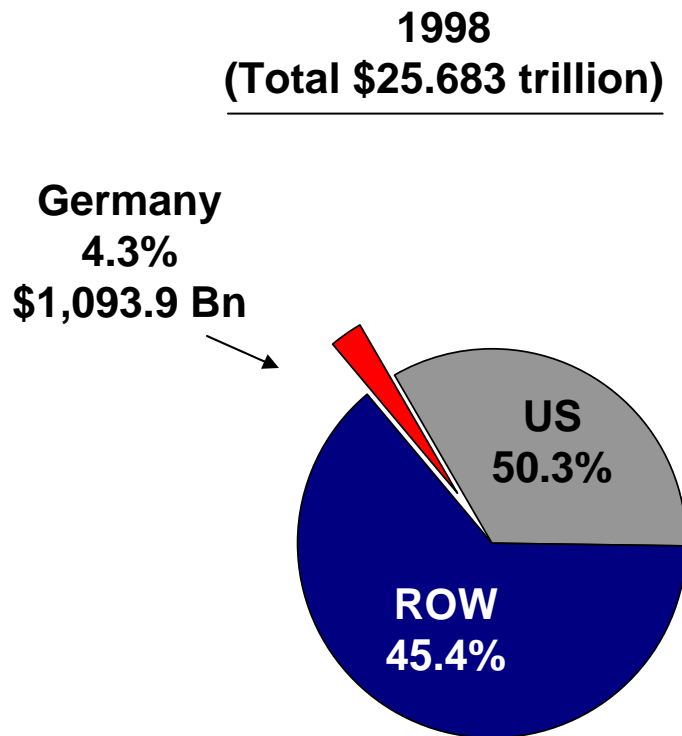
Note: See appendix at the end of this presentation for chart details.
Source: World Federation of Stock Exchanges and Cumberland Advisors. © Cumberland Advisors

Share of World Stock Market Value: United Kingdom



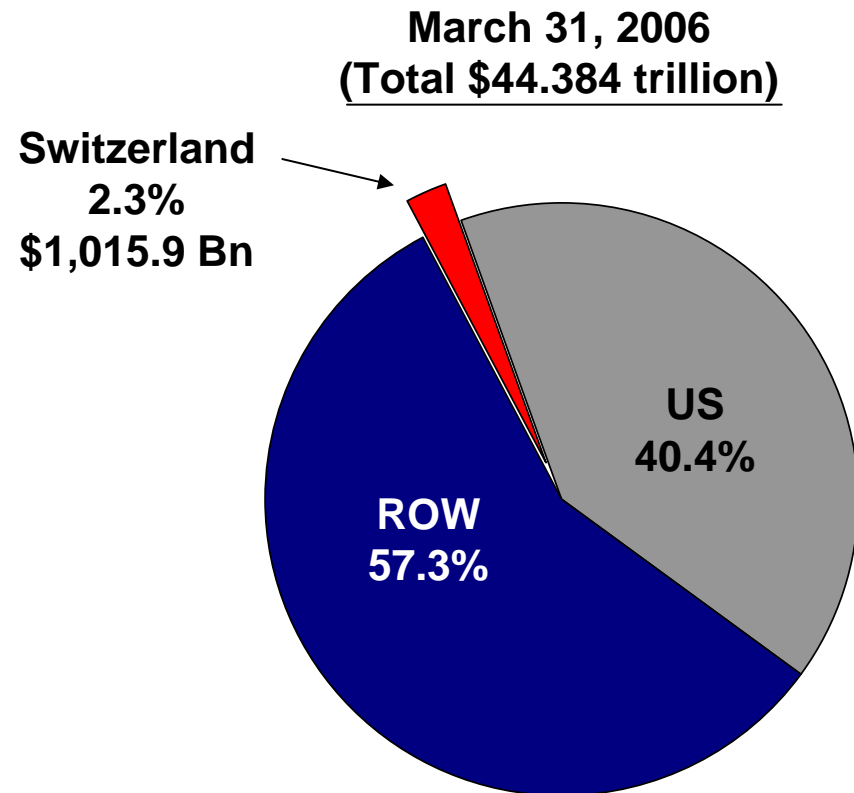
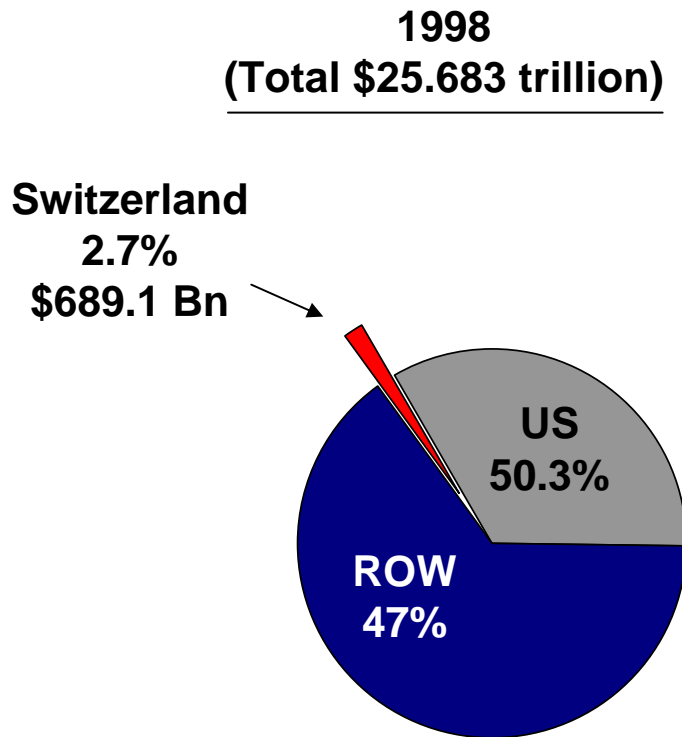
Source: World Federation of Stock Exchanges and Cumberland Advisors. © Cumberland Advisors

Share of World Stock Market Value: Germany



Source: World Federation of Stock Exchanges and Cumberland Advisors. © Cumberland Advisors

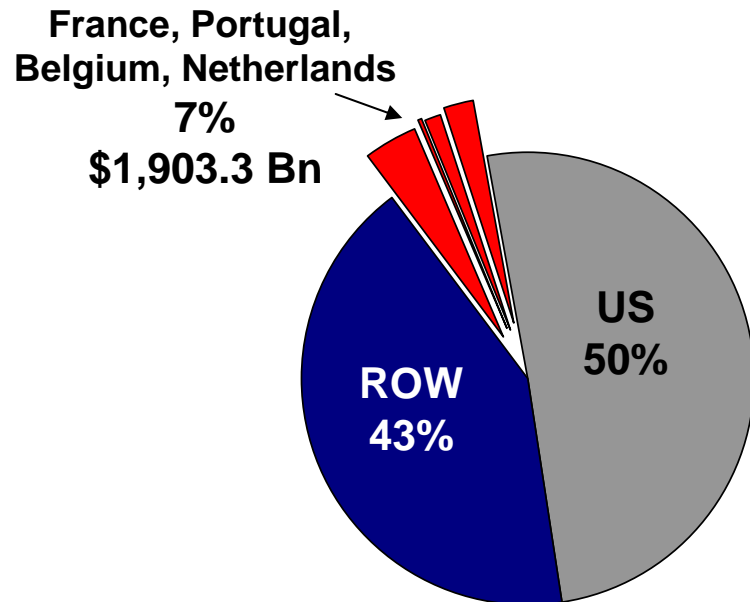
Share of World Stock Market Value: Switzerland



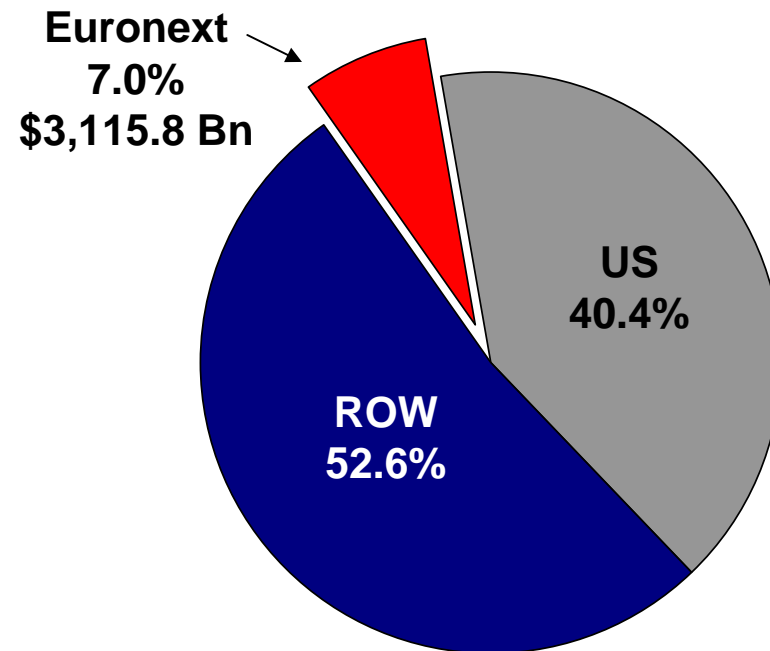
Source: World Federation of Stock Exchanges and Cumberland Advisors. © Cumberland Advisors

Share of World Stock Market Value: Euronext (France, Portugal, Belgium, Netherlands)

1998
(Total \$25.683 trillion)

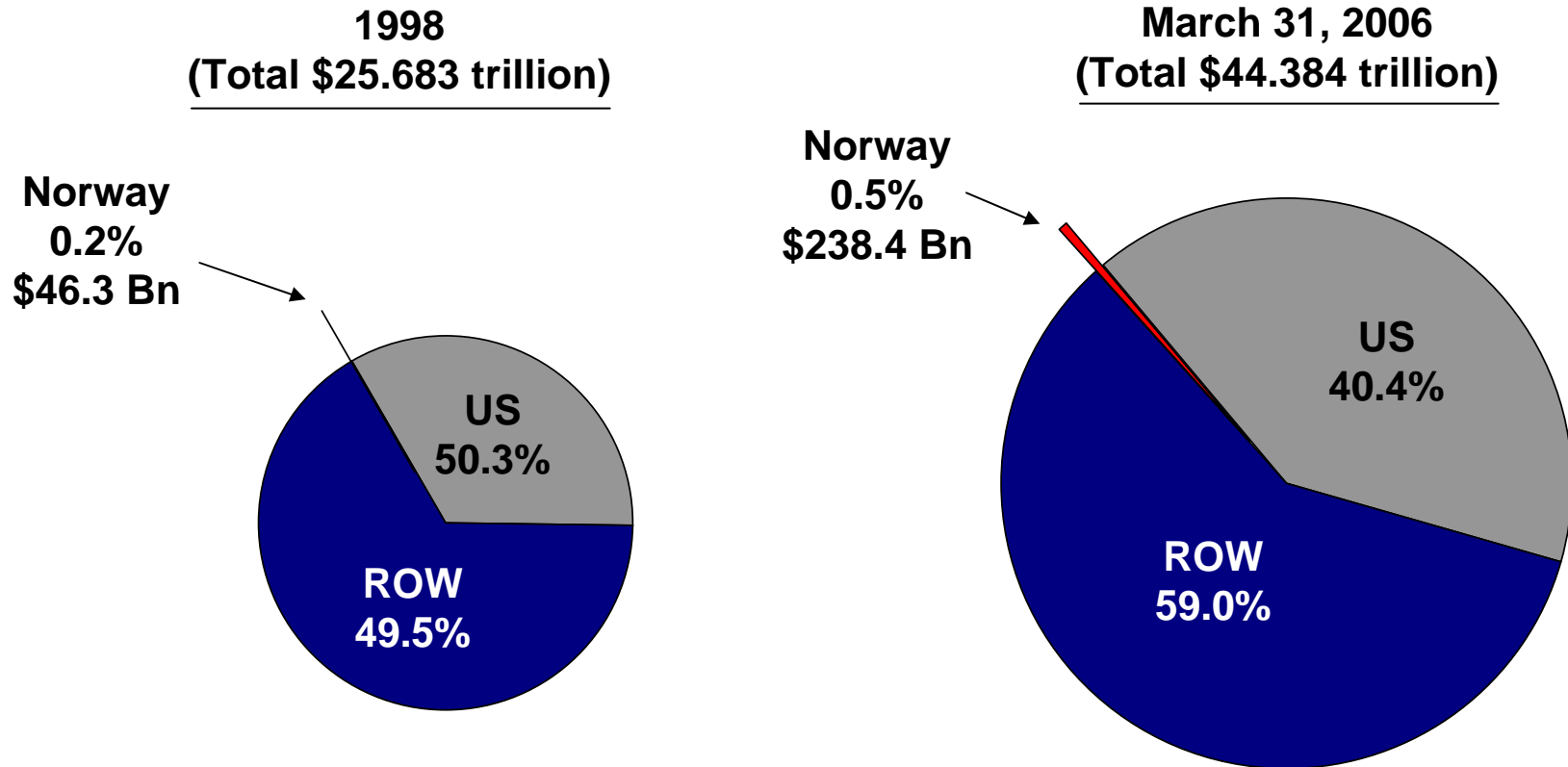


March 31, 2006
(Total \$44.384 trillion)



Note: See appendix at the end of this presentation for chart details.
Source: World Federation of Stock Exchanges and Cumberland Advisors. © Cumberland Advisors

Share of World Stock Market Value: Norway



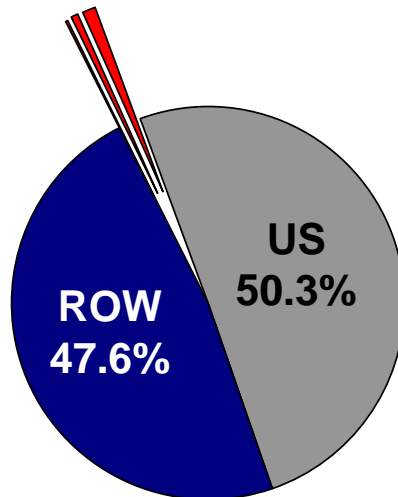
Source: World Federation of Stock Exchanges and Cumberland Advisors. © Cumberland Advisors

Share of World Stock Market Value: Other Europe (OMX)

Denmark, Finland, Sweden, Estonia, Latvia, Lithuania

1998
(Total \$25.683 trillion)

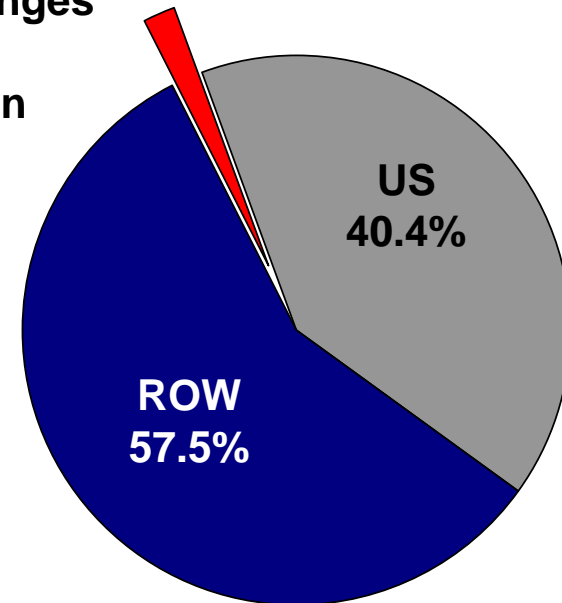
Other Europe
2.1%
\$532.4 Bn



Lithuania ESTONIA and Latvia are not included in 1998.

March 31, 2006
(Total \$44.384 trillion)

OMX Exchanges
2.1%
\$917.7 Bn



Note: See appendix at the end of this presentation for chart details.
Source: World Federation of Stock Exchanges and Cumberland Advisors. © Cumberland Advisors

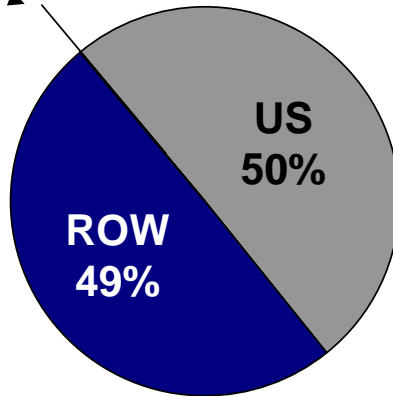
Share of World Stock Market Value: Central Europe

Poland, Hungary, Slovenia

(Czech Republic and Slovakia do not report to the WFE.)

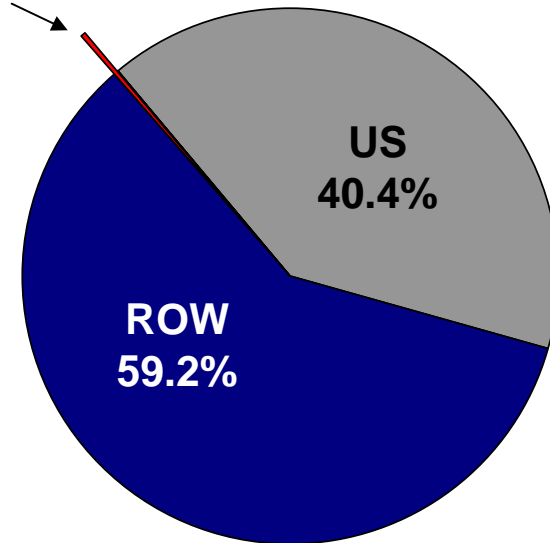
1998
(Total \$25.683 trillion)

Central Europe
0.1%
\$23.4 Bn



March 31, 2006
(Total \$44.384 trillion)

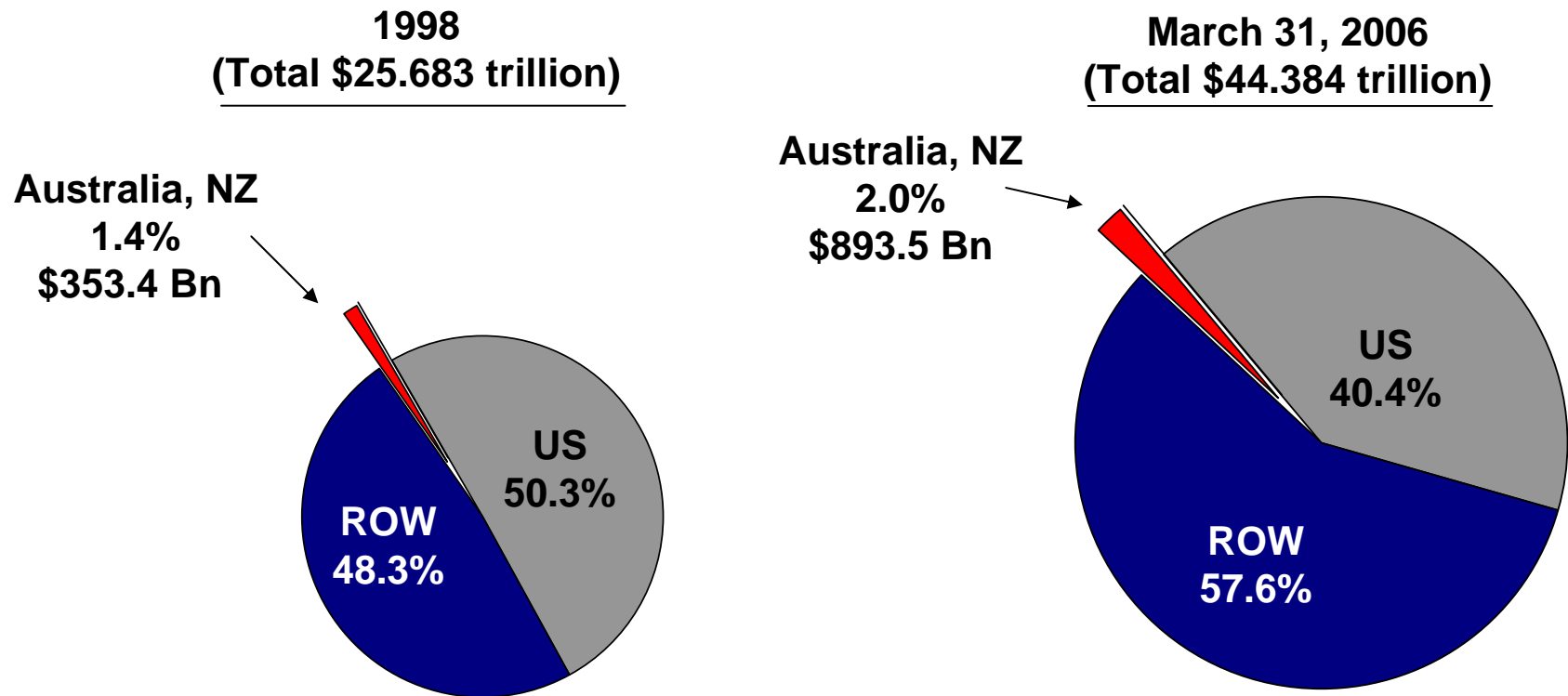
Central Europe
0.3%
\$147.8 Bn



Note: See appendix at the end of this presentation for chart details.

Source: World Federation of Stock Exchanges (WFE) and Cumberland Advisors. © Cumberland Advisors

Share of World Stock Market Value: Australia, New Zealand



Note: See appendix at the end of this presentation for chart details.

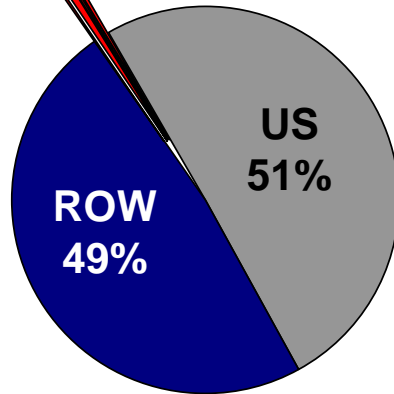
Source: World Federation of Stock Exchanges and Cumberland Advisors. © Cumberland Advisors

Share of World Stock Market Value: Latin America

Argentina, Brazil, Chile, Colombia, Peru, Mexico

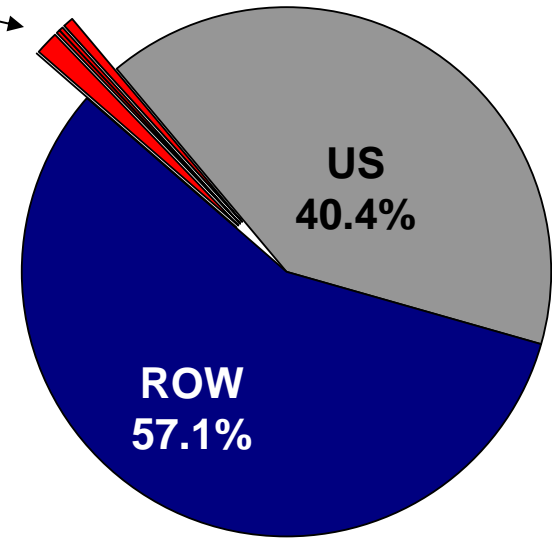
1998
(Total \$25.683 trillion)

Latin America
1%
\$359.7 Bn



March 31, 2006
(Total \$44.384 trillion)

Latin America
2.5%
\$1,106.4 Bn



Note: See appendix at the end of this presentation for chart details.

Source: World Federation of Stock Exchanges and Cumberland Advisors. © Cumberland Advisors

First Conclusion

- Global economic / financial dialogue expanding
- Money is leaving the U.S. for foreign markets
- Risk premiums are low
- Watch out for shocks
 - Terrorism
 - Nuclear
 - Bird Flu
 - Protectionism
 - Natural disasters
- Financial market regime change

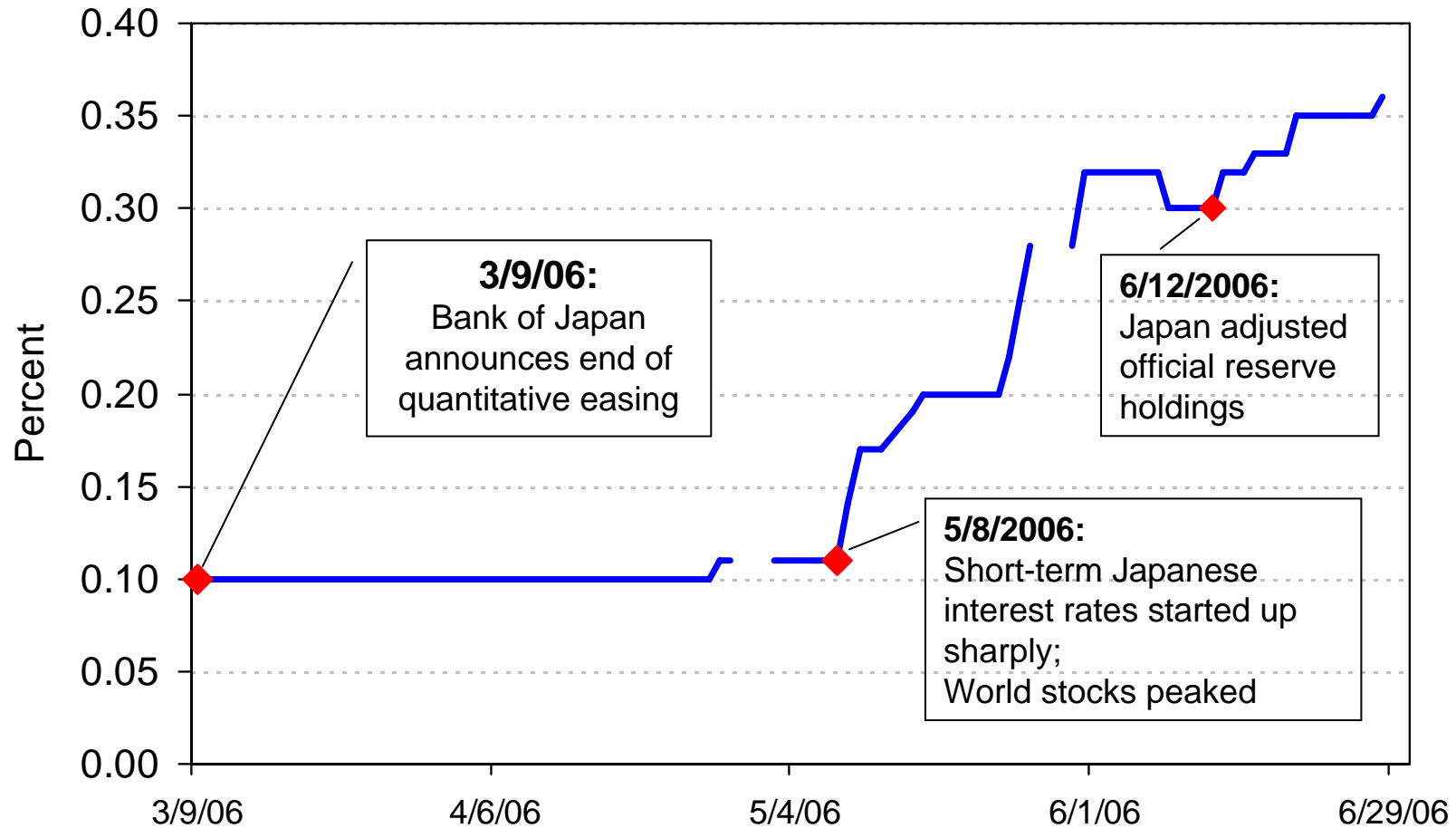
Stock Markets' Sell Off

Changes in World Equity Market Capitalization
(converted to US Dollars, in trillions)

2006	March 31	May 9	June 12	May 9 – June 12 % Change
World total	44.3844	46.9013	41.5859	-11.33
U.S.	17.9415	16.7165	15.4132	-7.80
Japan	4.7745	5.4555	4.5720	-16.19
Rest Of World	21.6684	24.7298	21.6007	-12.65

Source: Bloomberg LP, Bianco Research, and Cumberland Advisors. © Cumberland Advisors

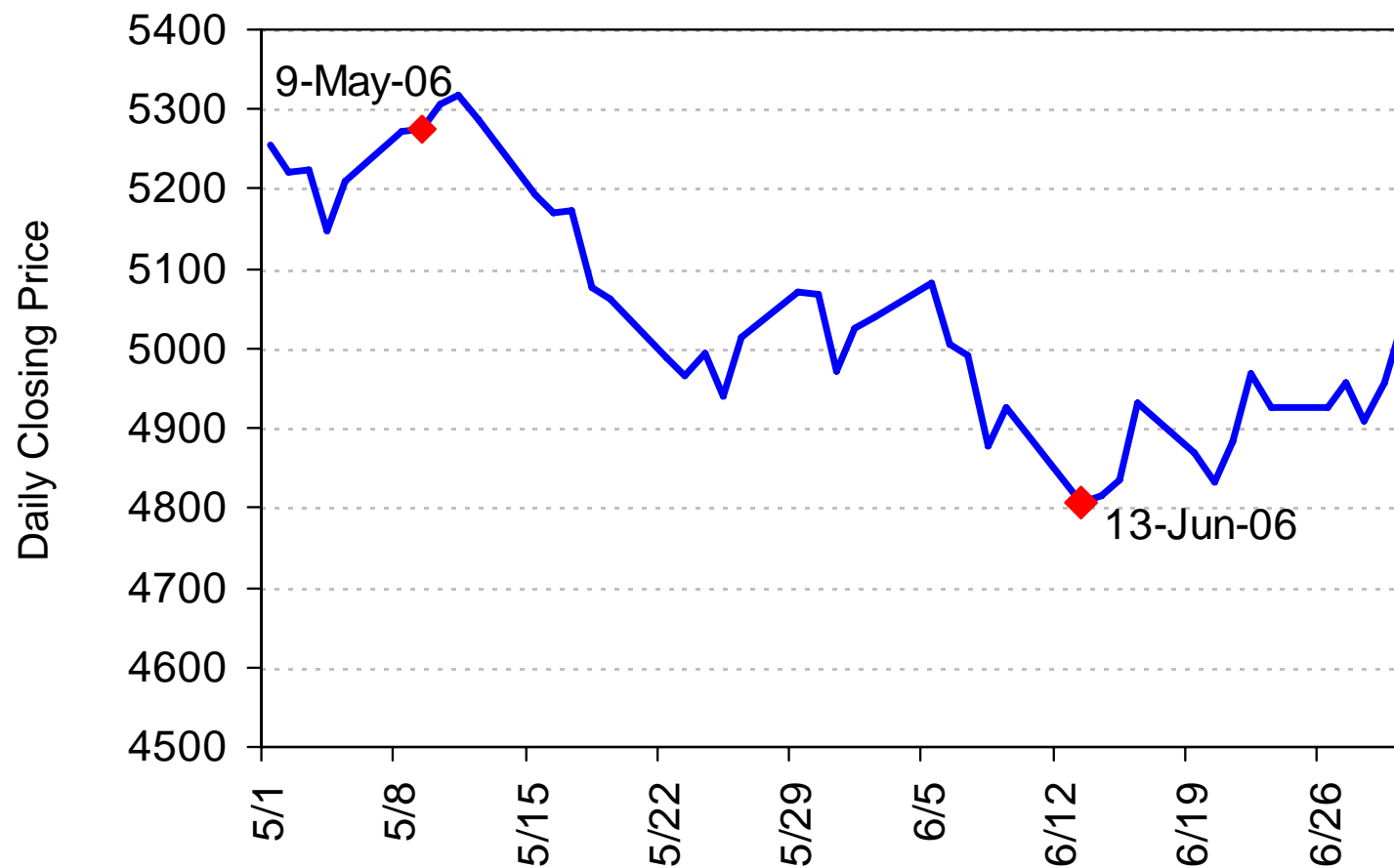
3-Month Yen-Libor Interest Rates



Source: Bloomberg, Bianco Research, and Cumberland Advisors. © Cumberland Advisors

Potential Impact of A Regime Change on World Markets

Australia All Ordinaries



Source: Yahoo Finance and Cumberland Advisors. © Cumberland Advisors

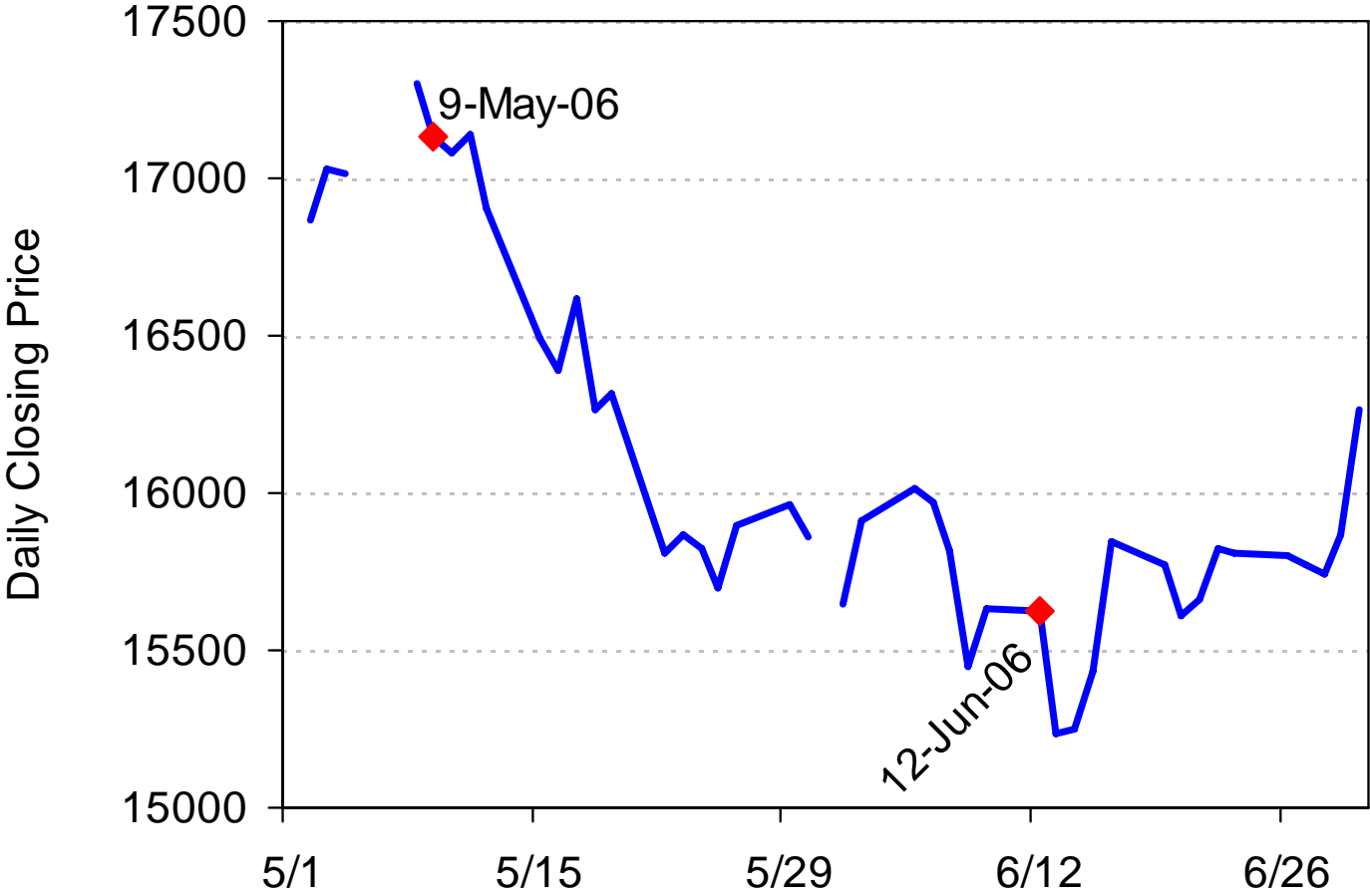
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Chart 35

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Potential Impact of A Regime Change on World Markets

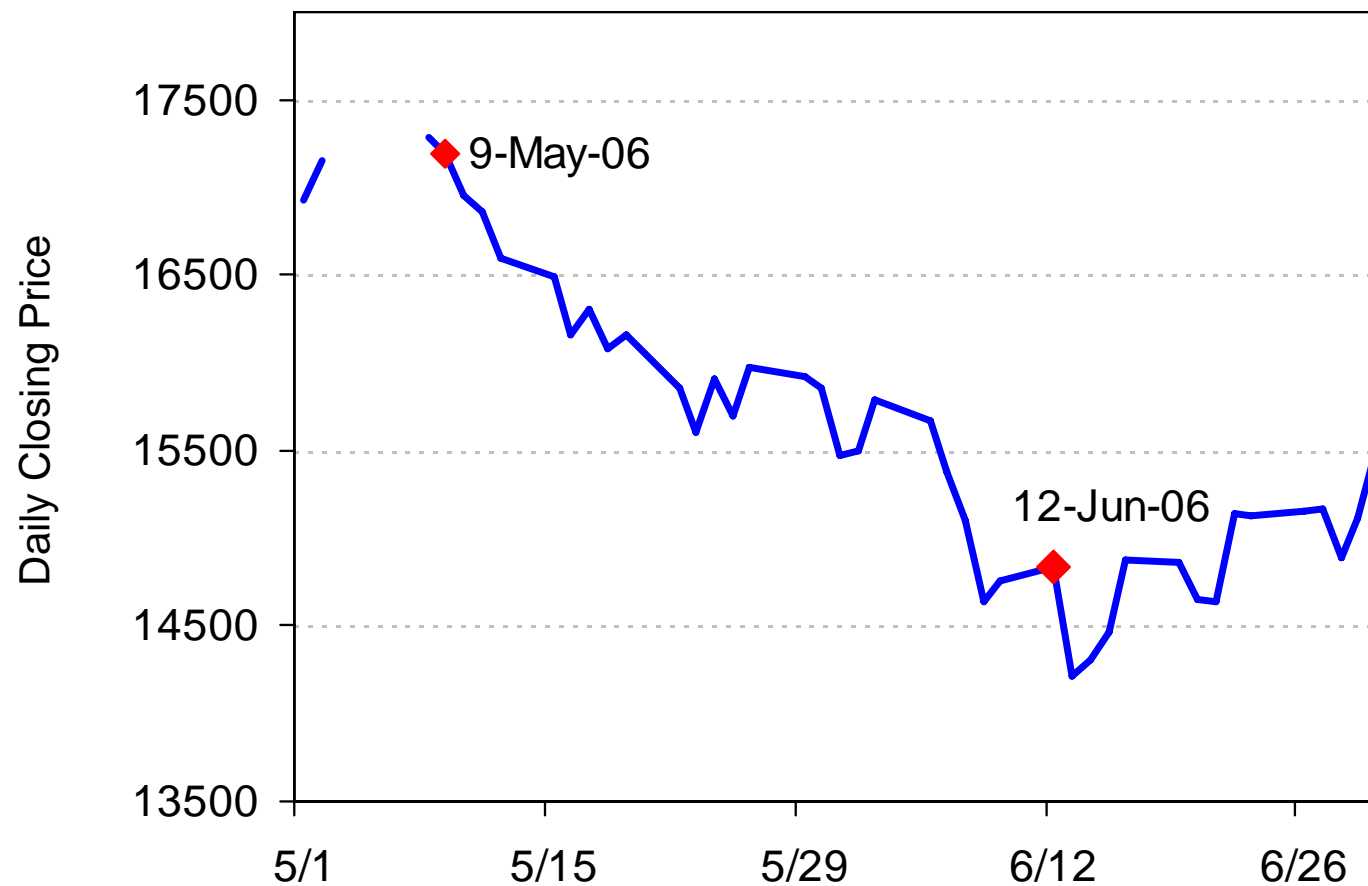
Hong Kong Hang Seng



Source: Yahoo Finance and Cumberland Advisors. © Cumberland Advisors

Potential Impact of A Regime Change on World Markets

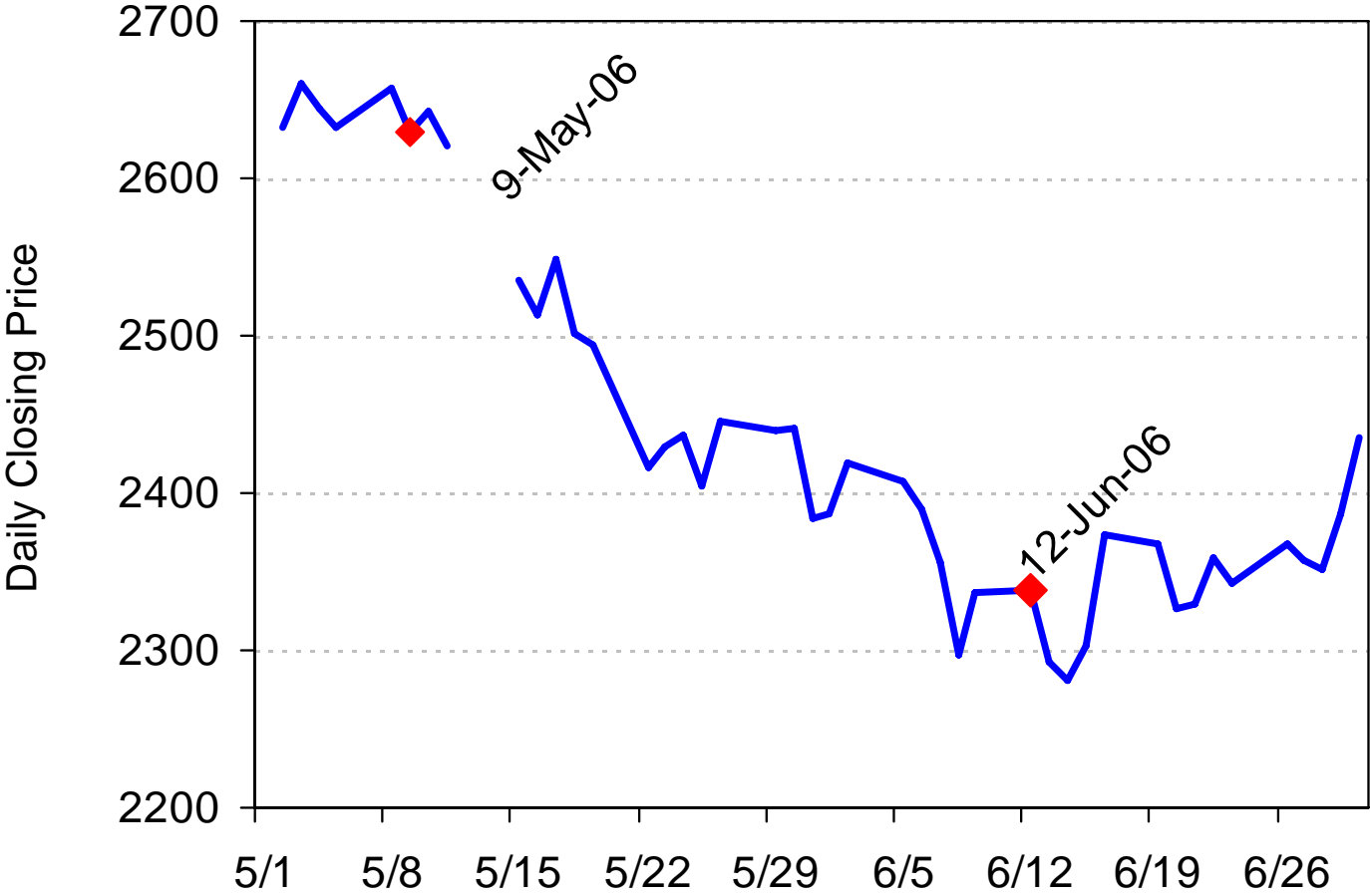
Japan Nikkei



Source: Yahoo Finance and Cumberland Advisors. © Cumberland Advisors

Potential Impact of A Regime Change on World Markets

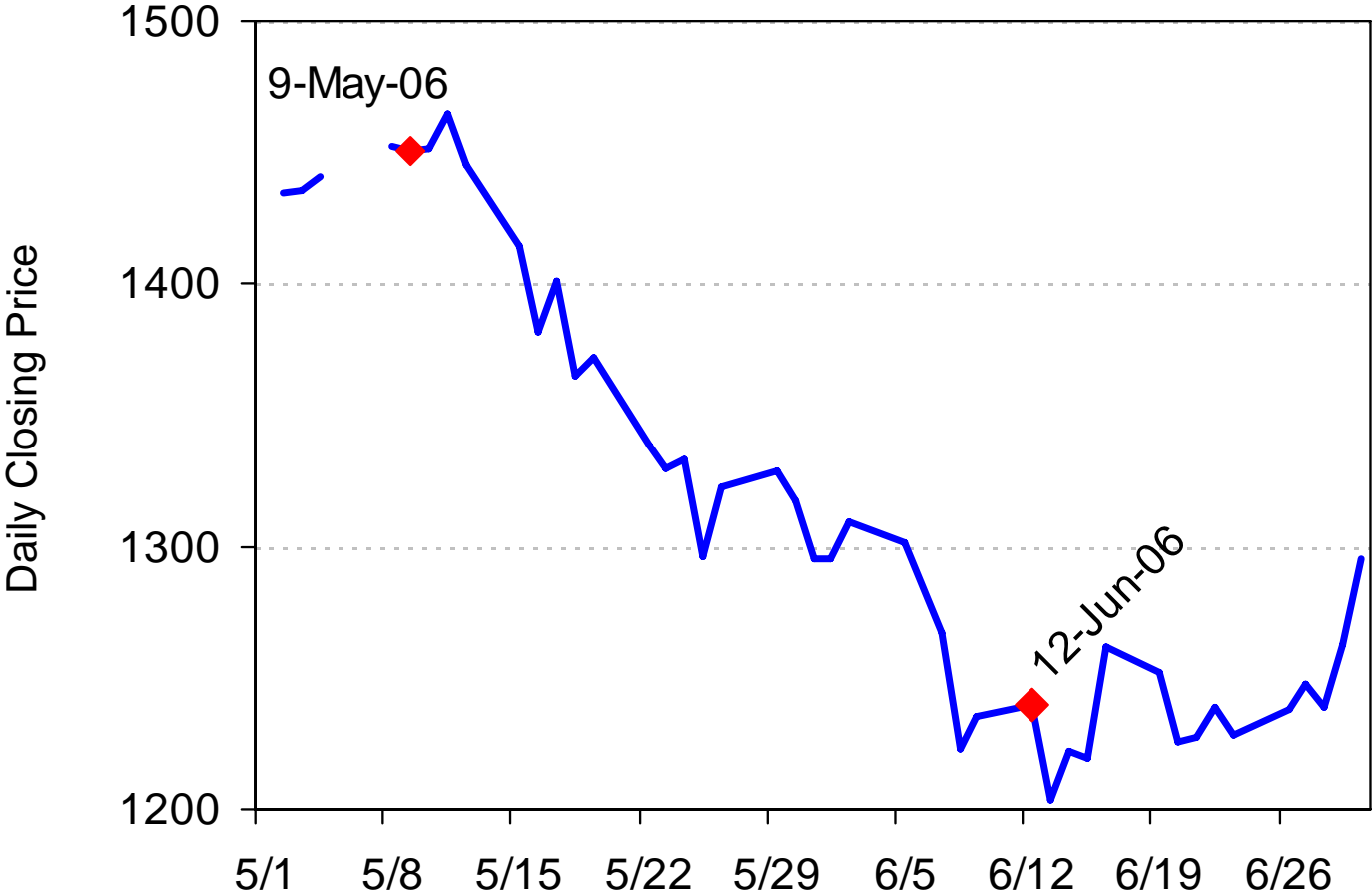
Singapore STI



Source: Yahoo Finance and Cumberland Advisors. © Cumberland Advisors

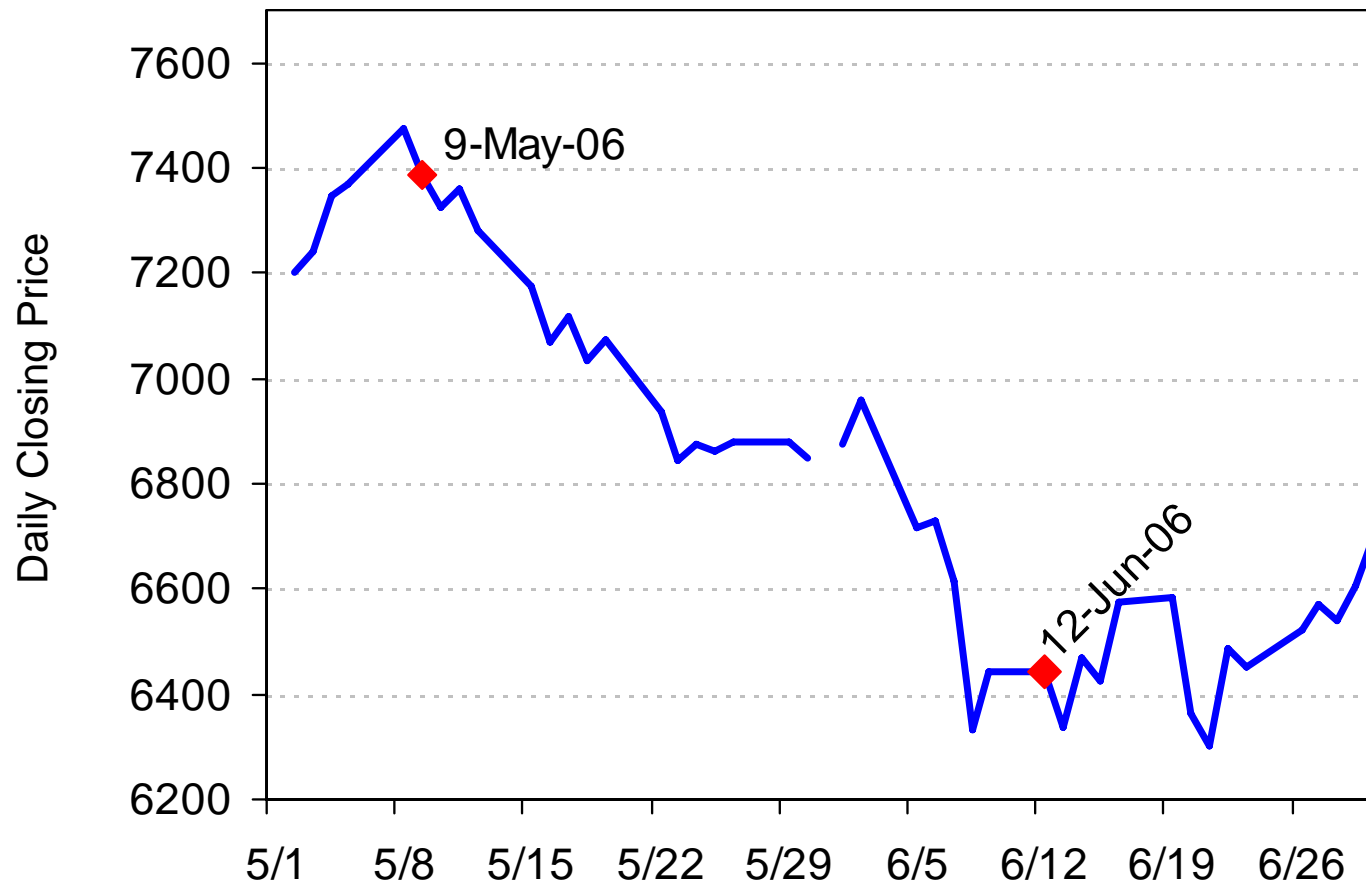
Potential Impact of A Regime Change on World Markets

South Korea Composite



Source: Yahoo Finance and Cumberland Advisors. © Cumberland Advisors

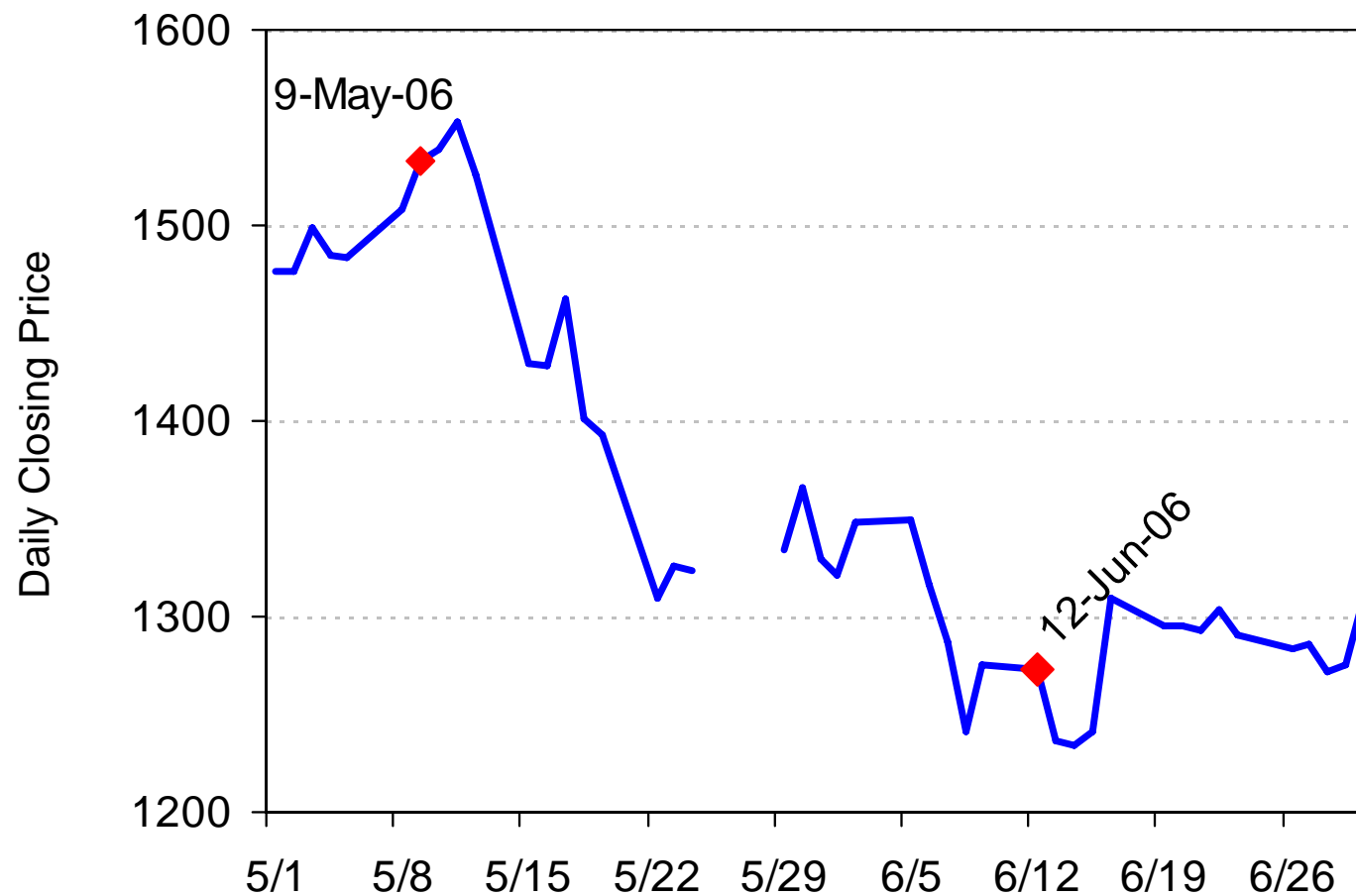
Potential Impact of A Regime Change on World Markets Taiwan Weighted



Source: Yahoo Finance and Cumberland Advisors. © Cumberland Advisors

Potential Impact of A Regime Change on World Markets

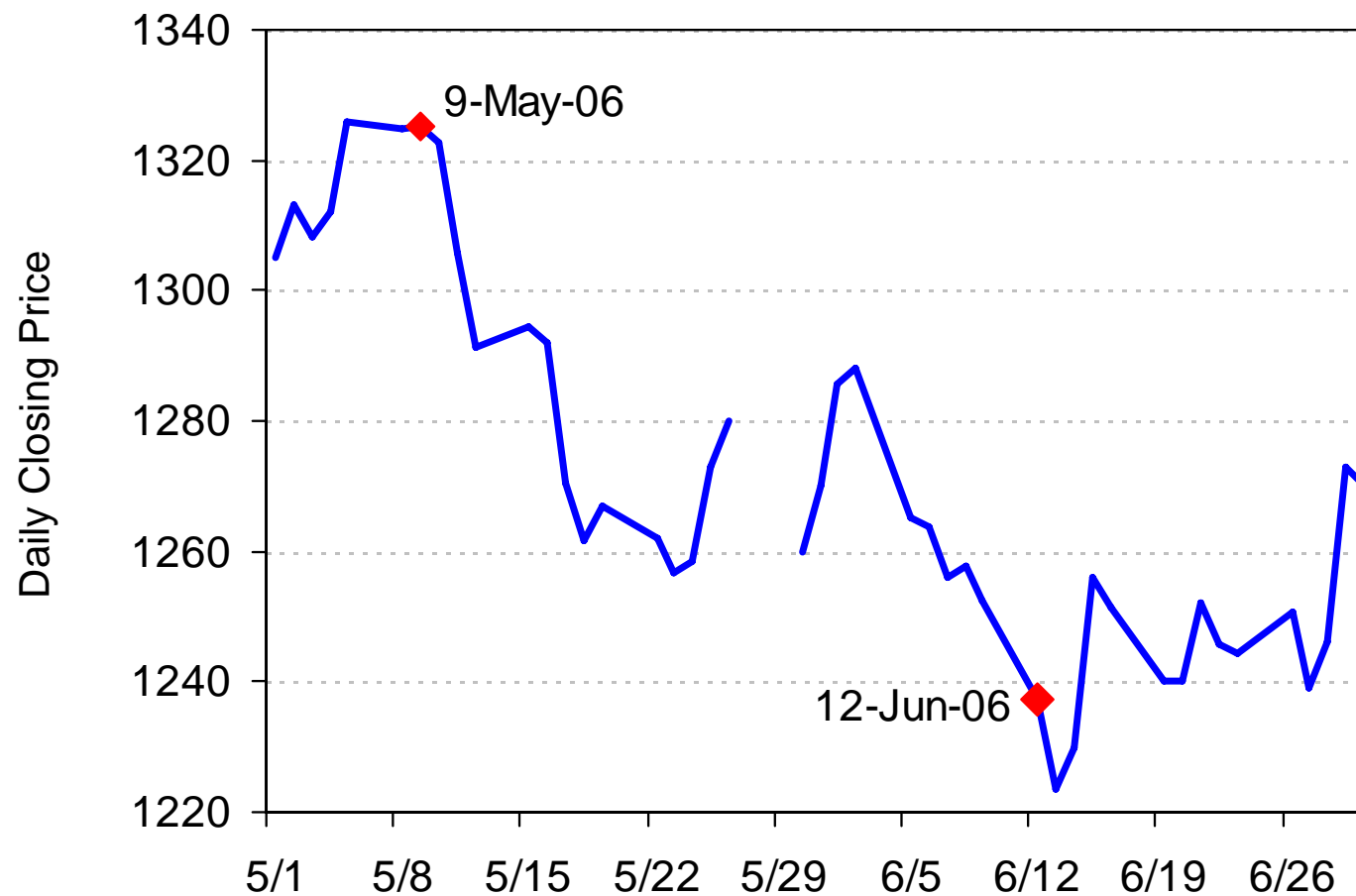
Indonesia Jakarta Composite



Source: Yahoo Finance and Cumberland Advisors. © Cumberland Advisors

Potential Impact of A Regime Change on World Markets

S&P 500



Source: Yahoo Finance and Cumberland Advisors. © Cumberland Advisors

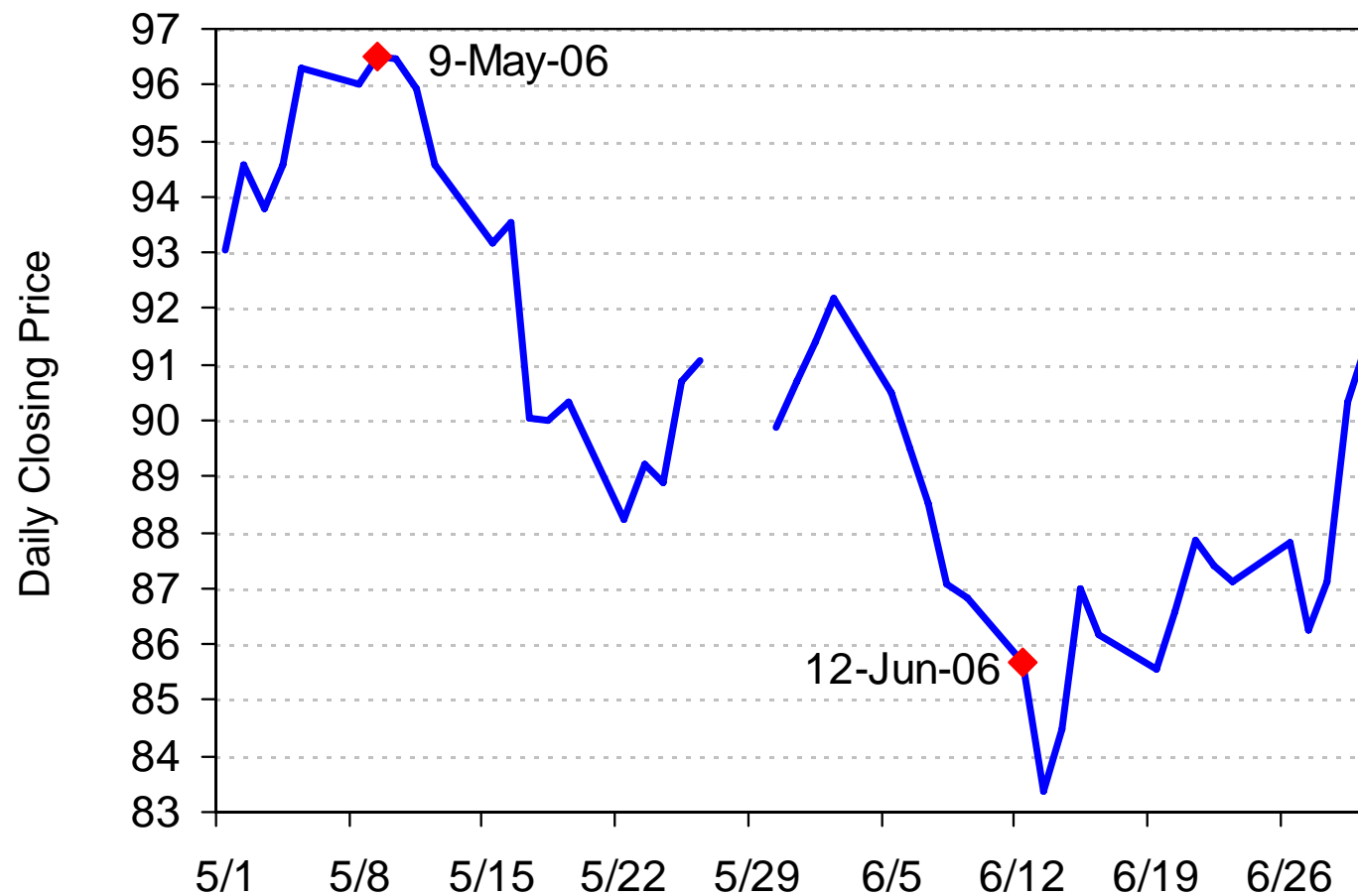
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Chart 42

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Potential Impact of A Regime Change on World Markets

S&P Europe 350



Source: Yahoo Finance and Cumberland Advisors. © Cumberland Advisors

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Chart 43

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Second Conclusion

- Everything that happens in stock and bond markets has an explanation
- Everything
- No exceptions

The key to being a successful investor is to figure out the cause & effect and forecast it before the next guy does

My Forecasts

- Federal Reserve raising rates
- Housing sector in decline
- Energy cost biting into consumer spending
- Economy will slow; markets already adjusting
- Rocky summer; lots of volatility ahead

About Cumberland Advisors

Cumberland Advisors supervises approximately \$820 million in separate account assets for individuals, institutions, retirement plans, government entities, and cash management portfolios. Cumberland manages portfolios for clients in 39 states, the District of Columbia, and in countries outside the U.S. Cumberland Advisors is an SEC registered investment adviser.

Munis, Taxables, ETFs

Cumberland's portfolio management efforts emphasize long lasting relationships and continuous dialogue among clients, their consultants, tax advisors, accountants, estate planners and their assigned portfolio management contact at Cumberland. Cumberland offers several different investment portfolio management styles. Our investment strategy is described in detail on our web site.

Fixed Income

All of our fixed-income offerings are total return strategies, but can take the client's current income needs into consideration. Our fixed income styles are [Tax-Free Municipal Bonds](#), [Taxable Bonds](#), and [Short Term Investment Program](#).

Stocks

Cumberland uses Exchange-Traded Funds to manage global equities. Exchange-Traded Funds (ETFs) are securities that mimic the price performance and dividend yield of an index, or a basket, of securities. Cumberland uses ETFs as building blocks in crafting a portfolio, investing in attractive equity sectors, industries, market capitalization strata, styles and regions. Our equity portfolios are [U.S. Exchange-Traded Funds \(ETF\) Equity](#), [International Exchange-Traded Funds \(ETF\) Equity](#), [Emerging Markets Exchange Traded Funds](#), and [Global Multi-Asset Class Exchange Traded Funds](#).

Balanced Accounts

Cumberland can blend the strategies presented above to create a balanced mix of stocks and bonds.

For further information about Cumberland Advisors, please visit our website at www.cumber.com.



Seated (L to R): Maribel Echevarria, VP of Trading; Terri Pantalione, VP of Compliance; Daisy Lopez, VP of Operations. Standing (L to R): David Kotok, Chairman and Chief Investment Officer; John Mousseau, CFA, VP and Portfolio Manager; Matthew Forester, VP and Portfolio Manager; Bill Witherell, VP and Chief Global Economist; Sam Santiago, VP of Information Technology; Peter Demirali, VP and Portfolio Manager. Donna Sooy, VP of New Accounts, not pictured.

Appendix: Data Tables for Pie Charts (USD Bn)

Chart Page 11 – World		
	1998	03/2006
U.S.	12926177	17941481
Canada	547841	1620894
Asia	3785465	10099792
Europe	7853892	12481332
Latin America	359700	1106435
Other	210096	1134475

Chart Page 17 – 11 EMU Members		
	1998	03/2006
U.S.	12926177	17941481
ROW	8492473	19599851
Netherlands	603182	Euronext
Belgium	245657	Euronext
Germany	1093962	1399555
Finland / OMX	154833	917774
Ireland	66593	127498
Italy	569732	896506
Portugal	62954	Euronext
Luxembourg	38182	59115
France	991484	Euronext
Spain	402163	1094120
Austria	35779	150505
Euronext		3115780

Chart Page 12 – Other Asia		
	1998	03/2006
U.S.	12926177	17941481
ROW	12109540	23334746
Indonesia	647454	100204
Iran	11115	33660
Israel	39230	132338
Korea	114593	751687
Malaysia	95561	195397
Philippines	34911	45363
Sri Lanka	1705	6710
Taiwan	260498	490433
Thailand	34118	135276
Turkey	33646	176561
Singapore	96472	293961
South Africa	150670	665626
Mauritius		2747
Egypt		78221

Chart Page 16 – 25 EU Members		
	1998	03/2006
U.S.	12926177	17941481
ROW	5638574	15096272
Denmark / OMX	98881	917774
UK	2372738	3253372
Sweden	278708	OMX
Slovenia	2985	8192
Poland	20461	104855
Netherlands	603182	Euronext
Greece	80126	169827
Belgium	245657	Euronext
Germany	1093962	1399555
Finland	154833	OMX
Ireland	66593	127498
Italy	569732	896506
Portugal	62954	Euronext
Luxembourg	38182	59115
France	991484	Euronext
Spain	402163	1094120
Austria	35779	150505
Cyprus		9355
Hungary		34718.9
Malta		5487
Euronext		3115780

Note:

Euronext includes Belgium, France, Netherlands and Portugal.

OMX Exchanges include Denmark, Finland, Sweden, Estonia, Lithuania, and Latvia.

Appendix: Data Tables - Pie Charts (USD Bn)

Chart Page 22 – Euronext		
	1998	03/2006
U.S.	12926177	17941481
ROW	10853717	23327148
France	991484	Euronext
Portugal	62954	Euronext
Belgium	245657	Euronext
Netherlands	603182	Euronext
Euronext		3115780

Chart Page 23 – Other Europe		
	1998	03/2006
U.S.	12926177	17941481
ROW	11130611	25525155
Denmark	98881	OMX
Finland	154833	OMX
Sweden	278708	OMX
OMX Exchanges		917774

Chart Page 24 – Central Europe		
	1998	03/2006
US	12926177	17941481
ROW	12697769	26295163
Slovenia	2985	8192
Slovakia		
Poland	20461	104855
Hungary		34719
Czech Rep.		

Chart Page 27 – Latin America		
	1998	03/2006
U.S.	12926177	17941481
ROW	12397295	25336496
Argentina	45333	46962
Brazil	160886	583354
Chile	51866	143251
Colombia		57948
Peru	9869	23310
Mexico	91746	251611

Note:

Euronext includes Belgium, France, Netherlands and Portugal.

OMX Exchanges include Denmark, Finland, Sweden, Lithuania, and Latvia.