CUMBERLAND ADVISORS

Serving Investors Since 1973

Intermediate Municipal Income

Objective

The Cumberland Intermediate Municipal Income SMA strategy focuses on tax-exempt income opportunities within the 1-15 year segment of the municipal bond curve. The strategy seeks attractive risk-adjusted returns through curve positioning, duration management, steady income, and a high-quality bias.

Approach

- Portfolios can be customized to reflect a national portfolio or a state bias, where available.
- Active management within the strategy focuses on tax-efficient income, capital appreciation, and risk management.
- Tax-loss harvesting is implemented thoughtfully to capture losses while balancing friction costs and overall performance. Clients may opt out.
- Rigorous top-down analysis of the economy and evolving macroeconomic themes provides the foundation for Cumberland's philosophy for generating risk-adjusted alpha through thoughtful portfolio structuring.
- While portfolios are constructed primarily with investment-grade, federally tax-exempt municipals, portfolio managers may also incorporate U.S. Treasuries, agencies, taxable municipals, and other investment-grade securities when market conditions warrant.

Investor Profile

This strategy may be appropriate for investors seeking to:

- Preserve capital while generating tax-exempt income.
- Focus on high-quality municipal bonds maturing within 15 years.
- Capture lower duration risk than the overall municipal market while taking advantage of higher-yield opportunities than a front-end strategy can typically obtain in normal curve environments.

Portfolio Construction

Curve: 1-15 Years
Ratings: Investment Grade with High-Quality Bias
Benchmark: Bloomberg 1-15yr Municipal Bond Index
Duration Target: Within 2 Years of Benchmark

Customized Bond-By-Bond Portfolio Construction

Continuous integration of firm views, risk oversight, trading expertise, and independent research.



Investment Committee	Risk	Portfolio Management	Research	Trading
Debate and discuss current events, economic and market themes to determine conviction for opportunistic action. Establish targets for strategies.	Ongoing duration and drift management. Ensure GIPS compliance. Pre-trade restrictions.	Align portfolios to investment committee targets. Apply client customizations. Monitor accounts and oversee investments.	Provide ongoing sector oversight. Review credit on holdings and prospective opportunities. Ongoing surveillance.	Assess relative value and liquidity. Leverage dealer relationships and technology for added value execution. Harvest tax losses.

Portfolio Managers



John R. Mousseau, CFA – EVP | Chief Investment Officer: John Mousseau has over 40 years of investment management experience and serves as Chief Investment Officer and Portfolio Manager on various Cumberland fixed income strategies. Prior to joining Cumberland in 2000, he was the Director of Municipal Bond Investments for Lord Abbett & Company. He also held roles at Shearson Lehman Brothers and E.F. Hutton. His comments and analyses have appeared in The Bond Buyer, Barron's, The Wall Street Journal, Bloomberg News, Bloomberg Magazine, Forbes, The Philadelphia Inquirer, The Herald Tribune, The New York Times, and the Municipal Finance Journal. In addition, he has shared his insights on Bloomberg Television and Radio, Reuters, and CNBC.



Benjamin C. Pease – EVP | President of Asset Management: Ben Pease has over 25 years experience within fixed income trading and portfolio management. Ben joined the firm in 2023 with prior experience that included roles at Breckinridge Capital, TD Asset Management, and Fidelity Investments. In addition to being a portfolio manager, Ben is a member of the Investment Committee and leads the Asset Management unit. Ben's extensive experience spans hands-on trading, investment management, process improvement, strategy oversight, and risk management. Ben holds a BS in Economics and Finance and an MBA from Southern New Hampshire University, and continuing professional education in the areas of leadership from Cornell University.

Supporting Leadership



Patricia Healy, CFA – SVP | Director of Fixed Income Research: Patrica Healy provides macro, sector, and individual credit research with over 30 years of experience spanning many sectors. Patty joined the firm in 2016. She was previously Senior Director for BayernLB, where she oversaw the public finance portfolio as well as the firm's tender option bond liquidity program. Patty also served as a credit analyst at TD Securities and at Offitbank. She has experience within the credit rating agencies as well. At Standard & Poor's she focused on utilities, and at Fitch she focused on infrastructure and financial guaranty companies. Patty holds a B.S. in Finance from the State University of New York at New Paltz, and she is a holder of the Chartered Financial Analyst® (CFA) designation.

Behind these leads, Cumberland has a robust supporting team of analysts, traders, and client service professionals. We emphasize a team approach – our experts collaborate on investment decisions, ensuring that each portfolio benefits from the full breadth of our team's knowledge.

Disclosure

Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investment strategies recommended of undertaken by Cumberland Advisors), equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Bonds have the following known risks: credit, default, liquidity and interest rate. Credit risk involves the creditworthiness of the issuer affecting their ability to pay their debt obligations and take on additional debt at favorable rates. Default risk increases with a management failure, inadequate revenue streams to cover the debt service, or fraud. Liquidity risk impacts the ability to move out of a security while actively rebalancing portfolio durations to meet strategy adjustments. Interest rate risk comes from rising inflation eroding the real value of a bond's principal and the buying power of the interest payments. Given the tax benefits, the interest rate for municipal bonds is usually lower than on taxable fixed-income securities, such as corporate bonds. The benefit of investing in tax-free municipal bonds vs. taxable fixed income securities diminishes as your tax bracket declines. The portfolio discussed above does not use leverage. It is not our intention to state or imply in any manner that past results and profitability are an indication of future performance. This does not constitute an offer to sell or the solicitation or recommendation of an offer to buy or sell any securities directly or indirectly herein.

Benchmark: Bloomberg Municipal Bond Index. The Bloomberg Municipal Bond Index is a rules-based, Market-value weighted index engineered for the long-term tax-free bond market. To be included in the index, bonds must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment-grade. They must have an outstanding par value of at least $7 million and be issued as part of a transaction of at least $75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date. Remarketed issues taxable municipal bonds, bonds with floating rates , and derivatives, are excluded from the benchmark. The index has four main sectors: general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating), and pre-refunded bonds. Most of the index has historical data to January 1980. In addition, sub-indices have been created based on maturity, state, sector, quality, and revenue source, with inception dates later than January 1980.