

Item 1 – Cover Page

ADV Part 2 A

CUMBERLAND ADVISORS®

2 N. Tamiami Trail, Suite 303
Sarasota, Florida 34236

800-257-7013

www.cumber.com

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This brochure provides information about the qualifications and business practices of Cumberland Advisors Inc. (Cumberland Advisors®). If you have any questions about the contents of this brochure, please contact us at 800-257-7013, extension 315. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Cumberland Advisors is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Cumberland Advisors is also available on the SEC’s website at www.adviserinfo.sec.gov. In addition, the SEC’s website provides information about any persons affiliated with Cumberland Advisors who are registered, or required to be registered, as investment adviser representatives.

[Please review this information and acknowledge receipt of this brochure where and if indicated.]

[If obtaining this brochure electronically, please print a copy and retain it for your future reference.]

ITEM 2 – MATERIAL CHANGES

The following is a summary of material changes which have occurred from March 12, 2013 through February 28, 2014.

ITEM 4- ADVISORY BUSINESS

As of 12/31/13, the firm had \$2.08 billion in assets under management. This included fixed-income accounts (municipal bonds and taxable fixed income securities) as well as equity accounts (using exchange-traded funds only).

As of 12/31/13 Cumberland had (i) discretionary assets under management in the amount of \$2,057,482,723 and (ii) nondiscretionary assets under management of \$20,628,376.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Global Multi Asset Class style has been closed to new money effective September 2013.

NEW INVESTMENT STYLES

Puerto Rico Municipal Bond Style

The market for Puerto Rico municipal bonds has come under severe pressure in the past year due to a number of market and financial developments. These include ongoing deficits in the Commonwealth of Puerto Rico's general budget and also include underfunded pension obligations for the Commonwealth. It also includes some reductions in cash flows for the Commonwealth's agencies as well as its government development bank. Press coverage of Puerto Rico's financial difficulties has also heightened direct selling of Puerto Rico debt as well as some bond fund redemptions in those funds that own Puerto Rico debt. This has caused overall yields to rise significantly which we believe has created potential opportunity.

The portfolio will be comprised of Commonwealth of Puerto Rico bond issues including but not limited to General Obligation bonds, Public Building Authority, CoFina Sales & Uses Tax bonds (Senior, First (second or third if issued) subordinated

lien), Public Finance Corporation (Commonwealth Appropriation bonds), Government Development Bank, Pension Obligation bonds, Aqueduct and Sewerage bonds, Electric Power Authority bonds, Highway and Transportation bonds, Infrastructure Finance Authority bonds, Children's Trust bonds, Housing Finance Authority, Municipal Finance Agency, University of Puerto Rico, Convention Center District Authority bonds and Industrial Development bonds. Bonds will generally be rated "BBB" or lower. Most issues will be of longer maturity nature. The portfolio may include discount bonds, premium bonds and /or zero coupon bonds. It is expected that the majority of bonds will be in the discounted bond structure. Some bonds may include bond insurance on them as well.

Tactical Trend Allocation Style

The strategy utilizes trend following, relative strength, and price research to identify favorable investment opportunities across six general asset classes: domestic equities, international equities, fixed-income, commodities, currencies and cash. The strategy may include short or inverse positions when deemed appropriate for downside risk protection in the portfolio. The exposure levels to the six primary asset classes will be identified above can range from 0% - 100%. Short or inverse exposure will generally not exceed a 30% allocation.

For more information on these styles please see Section 8 of complete ADV Part 2A (attached).

PART 2 B

Matthew McAleer and Kelli Hill have joined Cumberland Advisors.

Mr. McAleer is a Sr. Vice President and Portfolio Manager and Ms. Hill is a Vice President and Portfolio Manager.

For more information on Mr. McAleer and Ms. Hill, please see ADV Part 2B (attached).

In the past, we have offered or delivered information about our qualifications and business practices to our clients on at least an annual basis. Under the new SEC rules, we will provide clients with a summary of any material changes to subsequent brochures within 120 days of the end of our fiscal year. We will also provide ongoing disclosure about material changes, as necessary.

Clients and prospective clients may obtain a copy of the entire brochure, free of charge, by contacting Therese M. Pantalione, Managing Director and Compliance Officer, at 800-257-7013 ext. 315; or by visiting our website www.cumber.com.

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ITEM 4 – ADVISORY BUSINESS

Cumberland Advisors is a registered investment advisory firm headquartered in Sarasota, FL (with a branch office in Vineland, NJ). Originally founded in 1973, the firm has clients in approximately 49 states, the District of Columbia, and several foreign countries. The firm has a wealth-preservation bias and conservative investment orientation to manage risks as well as returns.

The firm is wholly owned by senior management employees, with David R. Kotok being the majority shareholder.

As of 12/31/13, the firm had assets under management of \$2.08 billion. This included fixed income accounts (municipal bond and taxable fixed-income securities) as well as equity accounts (using exchange-traded funds only). Our clients include high net worth individuals, institutions, public and corporate retirement plans, corporations, foundations and government entities (direct clients as well as managed money through financial advisors). Our stated minimum account size is \$500,000, with account sizes that range up to multi-digit millions.

Cumberland has numerous investment styles to meet individual client needs. Please see Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss, for information on these styles.

Our portfolio management emphasizes long-lasting relationships. Cumberland tailors its advisory services to individual clients' needs and objectives by having continuous personalized discussions among clients, their consultants, tax advisors, and the assigned portfolio management contact at Cumberland. Clients may impose cash restrictions and asset allocation restrictions.

Cumberland Advisors also provides financial advisory and consulting services to state and local governments and furnishes advice with respect to investments on a non-managed, non-discretionary basis. This advice is provided through consulting agreements with state and local governmental units for special-purpose funds, including reserves or

pension funds. Consulting services are usually provided to individuals or institutions where investment advice is provided to the client and acted upon by the client, rather than at the discretion of Cumberland. The largest single fund currently was approximately \$900 million as of 12/31/2013.

Cumberland also provides external credit analysis, and assists with credits reviews through consulting arrangements with banks.

In addition, Cumberland is registered with the Municipal Securities Rulemaking Board (MSRB) as a Municipal Advisor and assists state and local governments with interest-rate forecasting, financial market analysis, and issuance of debt financing, arbitrage rebate calculations, economic analysis, negotiations of private activity financing, structuring Urban Enterprise Zone loans, economic structuring of landfill escrows, and other special services of this nature.

Cumberland Advisors provides asset management services through both wrap-fee programs and traditional management programs. Wrap fee programs, which are described in more detail in the applicable disclosure brochures published by their respective sponsors, bundle or “wrap” investment advisory, trade execution and custodial services into a package for which the client pays a single fee to the sponsor based on a percentage of the assets enrolled in the service. Program sponsors pay our investment advisory fee. Clients who participate in wrap fee program should consider whether the program’s fees may exceed the aggregate cost of such services if they were to be provided separately. Clients should take into account the level of the fee charged by the sponsor, the amount of portfolio activity in the account, and the value of the custodial and other services, which are provided under the program.

This is different from traditional management programs whereby Cumberland’s services are provided for a fee, but transaction services are billed separately on a per-transaction basis and custodial services are billed by an unaffiliated custodian. From a management perspective, there is not a fundamental difference in the way Cumberland manages wrap-

fee accounts versus traditional management accounts. The only significant difference is the way in which transaction and custodial services are paid.

As of 12/31/13, the firm had \$2.08 billion in assets under management. This included fixed-income accounts (municipal bonds and taxable fixed income securities) as well as equity accounts (using exchange-traded funds only).

As of 12/31/13, Cumberland had (i) discretionary assets under management in the amount of \$2,057,482,723 and (ii) nondiscretionary assets under management of \$20,628,376.

ITEM 5 – FEES AND COMPENSATION

A. Advisory Fees and Compensation

Investment Advisory Fees

Cumberland Advisors charges an advisory fee (the “Advisory Fee”) to its direct investment advisory clients, in accordance with the fee schedule set forth below.

1A. all styles (except Tactical Trend Allocation Style)

Account Size	Advisory Fee
Under \$500,000	100 basis points (1.00%)
\$500,001 - \$5,000,000	50 basis points (.50 of 1%)
\$5,000,001 - \$10,000,000	45 basis points (.45 of 1%)
\$10,000,001 - \$15,000,000	40 basis points (.40 of 1%)
\$15,000,001 - \$20,000,000	35 basis points (.35 of 1%)
\$20,000,001 - \$50,000,000	30 basis points (.30 of 1%)
\$50,000,001 - \$100,000,000	25 basis points (.25 of 1%)

1B. Cumberland Advisors will negotiate the Advisory Fee with respect to accounts in excess of \$100,000,000.

2A. Tactical Trend Allocation Style

Account Size	Advisory Fee
\$250,000 – 1,000,000	100 basis points (1.00%)
\$1,000,001 – 2,000,000	85 basis points (.85 of 1%)
\$2,000,001 – 3,000,000	75 basis points (.75 of 1%)
\$3,000,001 – 5,000,000	65 basis points (.65 of 1%)

2B. Cumberland Advisors will negotiate the Advisory Fee with respect to accounts in excess of \$5,000,000.

Cumberland reserves the right to waive the minimum account size or impose a higher minimum account size for certain investment strategies. The management fee is not based on capital appreciation or performance of any type.

Investment advisory services to WRAP fee program clients are provided under the same fee schedule (or in some cases a slightly lower fee schedule) as the fee schedule for non-WRAP (Direct) accounts.

Consulting Services Fees

Consulting Services fees are usually based on the following hourly rates (time is billed in quarter-hour increments). However, the Consulting Services fees may be based on a fixed negotiated fee. Certain consulting services are also available to qualified end users through soft dollar agreements between the end user and their brokerage firm.

Managing Director Consultation	\$1000/hour plus out of pocket expenses or per diem \$4000
Computer Programming, operation and running time	\$400/hour
Clerical and Administrative staff	\$200/hour

Miscellaneous Fees

When acting as an Expert Witness or when requested to testify on request of the client, on behalf of the client, Cumberland will charge \$1000 per hour plus traveling expenses.

B. Payment of Fees:

Investment advisory clients are typically billed in advance for advisory fees on a quarterly basis in the first month of each quarter. Accounts billed in arrears are an exception, and determined by custodian rules. Generally, new accounts that are opened during the quarter are billed when released for trading and additional deposits during the quarter generate interim invoices. Accounts that are closed during the quarter generate interim credit invoices or refunds. [Set forth below is additional detail related to Cumberland's quarterly billing process]:

Quarterly bills for existing accounts

There are three types of accounts for billing purposes:

1. Direct-bill accounts – Our Accounting Department uses the fee calculated by the APX program, based on the market value on the last day of the prior quarter. Notifications are mailed to clients.
2. WRAP accounts – Custodian bills for Cumberland Advisors' services and generates a fee report for Cumberland's use.
3. WRAP accounts – Cumberland Advisors generates the custodian billing (e.g., Morgan Stanley Smith Barney, Wells Fargo Securities)*

* Accounts are invoiced by Cumberland Advisors, based on the market value on the last day of the prior quarter. The accounting department prepares a fee schedule that is uploaded via the internet to the custodian. Notifications are not mailed to the client by Cumberland Advisors.

The Accounting Department will generate paper invoices or notifications for direct-bill accounts and mail them to the client on the same day the invoice is generated. Based on

billing instructions for each, custodians will be notified of amounts owed by fax, email, or uploaded online. Fees will be posted to APX and/or Accpac (current accounting software), and copies of all invoices will be stored in Imaging.

Debit reports are generated in APX for WRAP accounts, by custodian. Fees are posted to Accpac when custodian reports/confirmations are received. In cases where the custodian reports are not received in a timely manner, Cumberland Advisors will estimate the amount to be received, based on prior-quarter ending market value, and will post the estimate to Accpac until the actual fee report is received, at which time the accounts will be adjusted in Accpac. A copy of all debit reports will be stored in Imaging.

New accounts opened during the billing period

When notice is received by email from the New Accounts Department that a new account has been released to trade, the accounting department will determine if it is a direct-bill account, a WRAP account for which Cumberland generates an invoice (e.g., Morgan Stanley Smith Barney, Wells Fargo Securities), or a WRAP account on which the custodian bills.

If it is a direct-bill account the accounting department will generate a prorated invoice in APX. The custodian will be notified of the fee amount to be paid, and the client will be mailed a notification invoice the same day.

If it is a WRAP account for which Cumberland generates an invoice, the accounting department will generate a prorated invoice in APX and a fee report will be sent to the custodian via internet.

New accounts will not be invoiced in the last month of the quarter for any amounts less than \$200.00, for direct-bill accounts or WRAP accounts for which Cumberland generates an invoice. Invoices or notifications generated will be posted in APX and Accpac and a copy will be stored in Imaging.

Accounts that are billed directly will receive an invoice. The invoice will be posted in APX and Accpac, and a copy of the invoice will be stored in Imaging. Terms are net 30 days on all direct-bill invoices. There is no provision to charge late fees or finance charges for accounts over 30 days.

WRAP accounts for which the custodian creates the charges will be posted when custodian fee reports are received. WRAP accounts that open in the current quarter may not be charged until the following quarter, depending on custodian rules. Any debit reports received or generated for WRAP accounts will be stored in Imaging.

Additional deposits to an account during the billing quarter

There will be no additional fees charged in the quarter in which a deposit is made to an existing account, unless the deposit is used to fund the initial account opening and unless the fee amount for the remainder of the quarter is greater than \$200. If it is determined that an interim invoice is required, the invoice will be generated manually and will be posted in APX and Accpac and a copy of the invoice will be stored in Imaging. WRAP accounts for which the custodian generates the charges will not be billed or posted unless a custodian fee report is received, as determined by custodian rules.

Withdrawals to an account during the billing quarter

There will be no credits issued in the quarter in which a withdrawal is made to an existing account, unless the fee amount for the withdrawal is greater than \$200. If it is determined that a credit is required, a credit invoice will be generated manually and will be applied against any outstanding balance in the client account and will be posted to APX and Accpac. If there is no outstanding balance remaining, the fee amount will be refunded to the client.

Accounts that close during the billing quarter

When notice is received by email from the Operations Department that an account is closing, the accounting department will manually calculate a prorated interim credit. Closed accounts will not be credited or refunded in the last month of any quarter, for any amounts less than \$200. Interim credits will be posted in APX and Accpac and a copy of the credit invoice will be stored in Imaging.

Accounts that are paid in full but have an outstanding credit balance will be refunded with a Cumberland Advisors check through accounts payable within approximately 45 days of closing.

C. Additional Fees and Expenses

In addition to the Advisory Fees paid to Cumberland Advisors, investment advisory clients will sign separate agreements with a custodian and pay a fee for their custodial services to that custodian. These fees may include an account set-up fee, an annual basic fee, and early closure fee, in addition to the basic quarterly fee charged by the custodian.

Cumberland normally suggests that our direct clients use either State Street Bank and Trust or U.S. Bank to custody their assets. Some of our clients also use Schwab, TD Ameritrade or Fidelity as custodians.

Clients should be aware that Cumberland Advisors has agreements with both State Street Bank and Trust and U.S. Bank to perform certain custodial administrative services for Cumberland Advisors accounts held at these banks. Cumberland is paid a fee of 2 ½ basis points quarterly, based on the total assets of Cumberland Advisors accounts held at each bank.

Additional fees and expenses that may be charged to investment advisory clients include the following:

- As part of our investment advisory services to you, we invest, or recommend that you invest, in exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses.
- Clients investing in Exchanged Traded Funds (ETFs) securities will pay a commission per share to the broker executing these trades. See Item 12, Brokerage Practices.
- Clients investing in bond accounts may be charged a “mark-up” or “mark-down” fee paid to the broker executing the fixed-income securities trade.

D. Termination

Investment advisory clients are typically billed in advance for fees incurred on a quarterly basis in the first month of each quarter. The client may terminate the investment contract with Cumberland Advisors at any time, by a telephone call followed by a written notice. In the event of termination by the client, and upon written request from the client, prepaid fees for the current quarter will be refunded on a prorated basis.

ITEM 6 – PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT

Cumberland does not charge its client’s performance based fees. (i.e. fees based on a share of capital gains or capital appreciation of the assets of a client).

Side by Side Management – Not Applicable.

ITEM 7 – TYPES OF CLIENTS

Our clients include high net worth individuals, institutions, public and corporate retirement plans, corporations, foundations and government entities (direct clients as well as managed money through financial advisors).

Generally, Cumberland requires a minimum account size of \$500,000; however, Cumberland reserves the right to waive the minimum account or to impose a higher minimum.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Firm Philosophy, Method of Analysis, and Investment Strategies

Cumberland Advisors seeks capital preservation as its overriding investment priority. We manage risk as well as return. We strive to offset the erosion of financial assets by inflation, and to realize appreciation so that the real value of assets is maintained. We construct portfolios of bonds, stocks, or both. Investing in securities involves a risk of loss that clients should be prepared to bear.

Cumberland's portfolio managers work as a team to develop investment strategies. Each client works primarily with one investment adviser or portfolio manager.

Cumberland Advisors' portfolios reflect our clients' varying needs. Some clients are families with assets to be conserved and enhanced. Some are institutions seeking prudent supervision for retirement, endowment, or cash management. The objectives range from growth-oriented total return to current income.

We offer our investment management service to individuals and institutions either directly or through certain financial institutions and advisors (WRAP accounts). We focus on preservation and prudent growth of client money. We have multiple portfolio strategies to help do this.

All of our portfolio styles are in separately managed accounts only. This means that Cumberland Advisors does not manage a pooled investment vehicle where clients own “part” of the invested whole. Rather, our main strategies (known as portfolio styles) use individual bonds and investment funds to construct individual accounts based on specific objectives.

Our main portfolio styles are:

- Tax-Free Municipal Bonds

- Taxable Bonds
- Market-Based Exchange-Traded Funds (ETFs)
(US, International, Global)
- Master Limited Partnerships

Core Concepts

Since its founding in 1973, Cumberland Advisors' investment strategy has been based upon the following critical economic concepts:

- *The value of stocks and bonds is linked to interest rates.*
- *The nominal interest rate has three parts: a "real" interest rate, an expectation of inflation, and a risk premium.*
- *Opportunities in the markets are present at all times, especially in the midst of euphoria or hysteria.*

Fixed-Income Risks:

Investing in any securities involves a risk of loss that the investor should be prepared to bear. Bonds have the following known risks:

- *Credit:* Creditworthiness of issuers impacts ability to pay.
- *Default:* Due to poor revenue, management failure, or fraud
- *Interest rate:* Rising inflation erodes real value of the bonds.

Notes:

1. *High Investment-Grade Bias:* We specialize in seeking highest-quality, investment-grade bonds for individual client accounts. The client owns specific bonds, chosen to satisfy the client account's specific requirements, usually with revenue-generating and general-obligation (GO) properties. We employ our own proprietary rating system and analysts to determine suitability of bonds for our conservative portfolios.
2. *Active Bond Management:* We actively manage the individual portfolios through the entire business cycle, lengthening or shortening durations,

maturities, and features based on our market outlook. We do not construct laddered portfolios.

General Exchange-Traded Fund (ETF) Risks:

Investing in equity securities involves a risk of loss that the investor should be prepared to bear. Except for the Tactical Trend Allocation style, we use exchange-traded funds (ETFs) exclusively for our separately managed accounts equity practice. Relative to mutual funds, ETFs are more transparent, trade efficiently throughout the day on stock exchanges, have better tax scenarios, give pure market access to global markets and asset classes, and are significantly less expensive on the whole. ETFs have the following risks:

- *Transaction costs:* Can erase or erode gains. Need monitoring.
- *Lack of liquidity:* New or non-supported funds can raise bid/ask spread costs and impede quick exits.
- *Fund closure:* ETF sponsor can close fund (inconvenient).
- *Trading intricacy:* Due to market exchange mechanism, trading can be more complex.
- *Rebalancing:* 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

Cash Management in Accounts

We use cash as a strategic asset in tactically managing equity portfolios. As market uncertainty increases, we will raise cash levels by degrees in the accounts. A 30-50% cash level is an extreme position, signifying that we are significantly cautious about current market prospects. We are unlikely to raise cash levels beyond 50%, even in our most cautious market view. Most cash positions range from fully invested (0% cash) to 25% cash.

TAX-FREE MUNICIPAL BOND PORTFOLIO STYLE (TOTAL RETURN)

Description

We construct tax-free municipal bond portfolios for individual clients based on each investor's specific requirements. The service caters to clients who benefit from the tax-free nature of municipal bonds. We emphasize quality, investment-grade bonds coupled with active management through the full interest-rate cycle. Bonds that have revenue streams against them (such as water, utility, sewer, toll-road) are preferred. Due to the large size of our tax-free municipal bond practice, we can purchase large bond lot sizes at aggressive prices and pass the advantage through to the individual accounts.

Method of Analysis and Investment Strategy

The investment decisions for the Tax-Free Municipal Bond Portfolio Style bring together Cumberland Advisors' investment strategy for the global markets with actively managed municipal bonds.

- Individual client account objectives govern investment procedures.
- Portfolios are managed over the full interest-rate cycle, taking advantage of opportunities in market fluctuations.
- We take an active approach to maturities and duration while managing market changes as well as shifts in credit values.
- Trading frequency in each account varies widely based on market outlook. A properly constructed account may not need daily or monthly adjustments, but maturity and market changes may prompt trading.
- We seek to employ the account funds in suitable bonds at most times. Cash that is not employed does not generate value for the client.

Our Advantages

Large Dealer Network – Cumberland is covered by almost 100 different municipal bond dealers. This allows us access to the best in new-issue and secondary bond activity.

Market Inefficiencies – Municipals are an over-the-counter market. There is not a central exchange, and there are over a million different municipal securities opportunities on both the buy and sell sides.

“Under The Hood” Credit Monitoring – Cumberland looks beyond the simple published rating and/or bond insurance. We look at underlying credits to minimize credit risk to investors, using our own proprietary ratings.

Customized Investing – When structuring for clients in “hard-to-find” bond states or providing a specified income stream, Cumberland can build portfolios to match individual needs.

Active Fixed-Income Investment Process:

1. Forecast interest rates
 - a. Global context
2. Macroeconomic conditions
 - a. Consider inflation / real interest rates
 - b. Consider political and legislative environment
 - c. Gauge tax-free bond market supply
 - d. Gauge tax-free bond market demand
3. Analyze national and state-specific tax-exempt markets
4. Select bonds
5. Seek high-quality credit
6. Structure appropriate to rate forecast
 - a. Discount/premium
 - b. Current coupon
 - c. Call features
 - d. Put features

Risk of Loss

Investing in any securities involves a risk of loss that the investor should be prepared to bear. Bonds have the following known risks:

- *Credit*: Creditworthiness of issuers impacts ability to pay.

- *Default:* Due to poor revenue, management failure, or fraud
- *Interest rate:* Rising inflation erodes real value of the bonds.

We seek to mitigate the risk of losses by:

- Specializing in high-quality, investment-grade bonds as the investable universe
- Emphasizing revenue-based bonds as well as general-obligation credits
- Monitoring the portfolio bond issues to detect potential risks that could indicate a potential for default
- Selling any bonds that we detect may have factors that could impact their value
- Studying closely monetary policy that impacts interest rates

TAX-FREE MUNICIPAL DURATION NEUTRAL (HEDGE) STYLE

Traditionally, high-grade, tax-free municipal bonds have yielded less than U.S. Treasury bonds, due to the existence of the federal income tax. At times of high marginal tax rates, the ratio of tax-exempt yields to US Treasury yields tends to be low. At times of lower marginal tax rates, the ratio tends to be higher. Many factors can affect these ratios. When yields on tax-free bonds have risen above US Treasury yields, it has usually been for a short period of time and usually reflected either legislative efforts to change the tax structure or periods of unusually heavy supply of tax-free municipal bonds.

The goal is to provide a better-than-money-market return in a fully hedged (duration-offset position). Absolute returns can be higher when yield spreads narrow (when municipal yields fall faster than Treasury yields or go up less than Treasury yields). Absolute returns can be lower when the opposite occurs (when Treasury yields are falling faster than municipal bond yields or are going up slower than municipal bond yields).

Method of Analysis and Investment Strategy

The investment decisions for the Tax-Free Municipal Bond Portfolio Style bring together Cumberland Advisors' investment strategy for the global markets with actively managed municipal bonds.

We employ a strategy that uses municipal bonds combined with inverse Treasury ETFs such as PST and TBT (other similar ETFs may be used).. These two inverse ETFs strive

to give two times (2x) the inverse performance of the Barclays 7-10 year US Treasury index and the Barclay's 20+ year US Treasury index. By employing the inverse Treasury ETFs the overall duration risk of an account is reduced. The opportunities come when municipal bond yields narrow compared to US Treasury yields.

Risks of Loss

Investing in any securities involves a risk of loss that the investor should be prepared to bear. Bonds have the following known risks:

- *Credit:* Creditworthiness of issuers impacts ability to pay.
- *Default:* Due to poor revenue, management failure, or fraud
- *Interest rate:* Rising inflation erodes real value of the bonds.

These ETFs, when purchased as LONG securities in the portfolio, are expected to give the INVERSE return times two of the respective US Treasury indices. These ETFS, such as PST and TBT entail certain risks, including inverse correlation, leverage, market price variance, and short-sale risks.

The risk is when municipal bond yields widen relative to US Treasury yields. In a portfolio where inverse treasuries are purchased to offset the overall duration on an account, in theory the account is protected from a parallel shift up in interest rates. However, when Treasury yields move lower than municipal bond yields, the strategy can perform poorly, as the inverse treasury ETFs will lose value more quickly than the municipal bonds gain value. These risks can increase volatility and decrease performance.

We look to mitigate the risk of losses by measuring the relative cheapness/richness of municipal bonds and finding periods when municipal securities are trading cheap on a relative basis to US Treasuries. We use ongoing analyses of the US Treasury and municipal bond markets to ascertain points that will provide value and limit downside risk.

Additionally we aim to mitigate risk by:

- Specializing in high-quality, investment-grade bonds as the investable universe
- Emphasizing revenue-based bonds as well as general-obligation credits

- Monitoring the portfolio bond issues to detect potential risks that could indicate a potential for default
- Selling any bonds that we detect may have factors that could impact their value
- Studying closely monetary policy that impacts interest rates

Again, the goal is to provide a better-than-money-market return in a fully hedged (duration-offset) position. Absolute returns can be higher when yield spreads narrow (when municipal yields fall faster than Treasury yields or go up less than Treasury yields). Absolute returns can be lower when the opposite occurs, (when Treasury yields are falling faster than municipal bond yields or are going up slower than municipal bond yields).

TAX-FREE MUNICIPAL TACTICAL HEDGE STYLE

A tactical hedge strategy is similar to the above except that the amount of inverse Treasuries bought to offset interest-rate risk may be less or more than 100%, depending on the strategy of the portfolio manager. For example, if the portfolio manager believes that a temporary underperformance or outperformance of one of the two markets is going to occur, the amount of inverse Treasuries to be bought or sold may be adjusted to less than fully hedged, fully hedged, or over hedged. Most of the time, the tactical hedge will have less than 100% hedge and more in municipal bonds.

PUERTO RICO MUNICIPAL BOND STYLE

Description

The underlying principles guiding portfolio decisions will be to capitalize on opportunities in the Commonwealth of Puerto Rico municipal bond market. These will include potential gains as well as income.

Method of Analysis and Investment Strategies

The market for Puerto Rico municipal bonds has come under severe pressure in the past year due to a number of market and financial developments. These include ongoing

deficits in the Commonwealth of Puerto Rico's general budget and also include underfunded pension obligations for the Commonwealth. It also includes some reductions in cash flows for the Commonwealth's agencies as well as its government development bank. Press coverage of Puerto Rico's financial difficulties has also heightened direct selling of Puerto Rico debt as well as some bond fund redemptions in those funds that own Puerto Rico debt. This has caused overall yields to rise significantly which we believe has created potential opportunity.

The portfolio will be comprised of Commonwealth of Puerto Rico bond issues including but not limited to General Obligation bonds, Public Building Authority, CoFina Sales & Uses Tax Bonds (Senior, First (second or third if issued) subordinated lien), Public Finance Corporation (Commonwealth Appropriation bonds), Government Development Bank, Pension Obligation bonds, Aqueduct and Sewerage bonds, Electric Power Authority bonds, Highway and Transportation bonds, Infrastructure Finance Authority bonds, Children's Trust bonds, Housing Finance Authority, Municipal Finance Agency, University of Puerto Rico, Convention Center District Authority bonds and Industrial Development bonds. Bonds will generally be rated "BBB" or lower. Most issues will be of longer maturity nature. The portfolio may include discount bonds, premium bonds and /or zero coupon bonds. It is expected that the majority of bonds will be in the discounted bond structure. Some bonds may include bond insurance on them as well.

This investment style may have a higher turnover rate than a total return municipal bond account as it will be a very actively managed portfolio. Bonds would be bought when Cumberland feels the price justifies the risk and sold either to take a profit or cut losses where we deem necessary.

Leverage will not be used in this strategy.

Risk of Loss

Investing in Puerto Rico securities involves a risk of loss that investors should be prepared to bear. This strategy will have the following risks:

Credit: Puerto Rico debt is widely considered to bear substantial credit risk. Poor financial performance will likely lead to downgrades by ratings agencies, which will reduce the market's perceived value of these securities. A downgrade to below-investment grade on any classes of debt will reduce the number eligible buyers for these securities, possibly resulting in illiquidity.

Default: Puerto Rico's high indebtedness and cash flow difficulties could result in nonpayment on its debt securities. Some market analysts have predicted that the Commonwealth will be insolvent within the next two years. A missed payment will reduce the market value and cash flows generated by the securities purchased in this strategy. A downgrade to below-investment grade on any classes of debt will trigger termination payments on the Commonwealth's outstanding derivative instruments, which could lead to nonpayment on its outstanding debt.

Interest rate: Rising inflation erodes the real value of all bonds. Puerto Rico bonds are no exception; however we expect the values of these securities to largely be based on the market's perception of the Commonwealth's creditworthiness.

There is also a significant risk due to liquidity, possible bankruptcy and risk of market access due to downgrades of Puerto Rico – the Commonwealth as well as its agencies. Because of the concentration of credit risk in a single area, overall risk is increased. There is also significant risk of what we call “headline risk”. That is, risk from unfavorable press coverage of the Commonwealth and its finances. Headline risk has contributed to the volatility in Puerto Rico bond prices.

Cumberland will seek to mitigate these losses by:

- Performing continual surveillance on the finances of the Commonwealth and evaluate breaking developments as they occur.
- Selecting undervalued Puerto Rico securities to mitigate risk of loss

- Evaluate headline risk potential in the municipal bond market to determine attractive entry and exit points

TAXABLE FIXED-INCOME PORTFOLIO STYLE

We construct taxable bond portfolios for individual clients and institutions. We emphasize highest-quality bonds coupled with active management throughout the full interest-rate cycle. We actively manage bonds by constantly monitoring both bond and stock markets and rebalancing client portfolios as needed in times of fluctuation. We extend or reduce duration when we see compelling opportunities. We look to exit markets in periods of euphoria and to enter markets in periods of hysteria. We emphasize long-lasting relationships and continuous dialogue among clients, their consultants, tax advisors, accountants, and estate planners.

Method of Analysis and Investment Strategy

The investment decisions for the Taxable Bond Portfolio Style bring together Cumberland Advisors' investment strategy for the global markets with actively managed taxable bonds. We believe that value is realized by holding bonds for the proper duration in a given interest-rate environment. We think it is unwise to limit opportunities based on narrowly defined bond portfolio parameters. Consequently, Cumberland Advisors has developed expertise in identifying and managing bond portfolios throughout the complete interest-rate cycle while considering credits, relative yields, and durations.

Cumberland Advisors Taxable Fixed-Income Universe

To accomplish duration exposure objectives in the portfolio, we assess the relative attractiveness of spreads between the following alternatives.

- U.S. Treasury bonds
- Federal agency debt
- Taxable municipal bonds
- Mortgage-backed securities
- Investment-grade corporate bonds
- Preferred Exchange Traded Funds

Niche bonds, such as taxable municipals, add value to portfolios by providing unique cash-flow characteristics, inefficient pricing opportunities, and high credit quality.

Preferred exchange traded funds may also be used.

Investment Strategies

Rising-Rate Environments

- Bonds with substantial redemption or call features
- Bonds with higher coupons
- Bonds with shorter durations

Falling-Rate Environments

- Bonds with deeper discounts
- Bonds with lower premiums
- Bonds with longer maturities
- Non-callable bonds

Risk of Loss

Investing in any securities involves a risk of loss that the investor should be prepared to bear. Bonds have the following known risks:

- *Credit*: Creditworthiness of issuers impacts ability to pay.
- *Default*: Due to poor revenue, management failure, or fraud
- *Interest rate*: Rising inflation erodes real value of the bonds.
- *Prepayment Risk (Mortgage-Backed Securities)*: The possibility that the mortgages underlying the security are repaid faster or more slowly than expected contracting or extending investment average life.

We seek to mitigate the risk of losses by:

- Specializing in high-quality, investment-grade bonds as the investable universe
- Selecting taxable bonds by relative attractiveness to other types of taxable fixed-income securities
- Monitoring the portfolio bond issues to detect potential risks that could indicate a potential for default
- Selling any bonds that we detect may have factors that could impact their value

- Closely monitoring monetary policy that impacts interest rates

TAXABLE FIXED-INCOME DURATION-NEUTRAL PORTFOLIO STYLE

We construct taxable bond portfolios for individual clients and institutions. We emphasize highest-quality bonds coupled with active management throughout the full interest-rate cycle. We actively manage bonds by constantly monitoring both bond and stock markets, rebalancing client portfolios as needed in times of fluctuation. We neutralize the duration of a bond portfolio through the use of inverse and leveraged inverse fixed-income exchange-traded funds (ETFs) to reduce the duration or price sensitivity of a bond portfolio to as close to zero as possible. The goal of this style is to eliminate interest-rate risk as much as possible and provide proportional income of the portfolio to the client. We look to exit markets in periods of euphoria and to enter markets in periods of hysteria. We emphasize long-lasting relationships and continuous dialogue among clients, their consultants, tax advisors, accountants, and estate planners.

Method of Analysis and Investment Strategy

The investment decisions for the Taxable Bond Duration Neutral Portfolio Style bring together Cumberland Advisors' investment strategy for the global markets with actively managed taxable bonds. We believe that value is realized by holding bonds for the proper duration in a given interest-rate environment. We think it is unwise to limit opportunities based on narrowly defined bond portfolio parameters. Consequently, Cumberland Advisors has developed expertise in identifying and managing bond portfolios throughout the complete interest-rate cycle while considering credits, relative yields, and durations. Our use of inverse and leveraged inverse bond ETFs is strictly for the purpose of dampening the price volatility of the overall portfolio with a minimal amount of decrease in yield. We continually monitor the duration of the individual bonds in the portfolio and measure the portfolio duration versus the duration of the position held in inverse bond ETFs. The goal is to strip out the income generated by the bonds in the portfolio, and offset price changes of the individual bonds by using a percentage of the inverse ETFs to

match the duration of the bonds held in a client's account. Our objective is to have the position in ETFs offset the gain or loss on the bond portfolio.

Cumberland Advisors Taxable Fixed-Income Duration-Neutral Universe

To accomplish duration exposure objectives in the portfolio, we assess the relative attractiveness of spreads between the following alternatives.

- US Treasury bonds
- Federal agency debt
- Taxable municipal bonds
- Mortgage-backed securities
- Investment-grade corporate bonds
- Inverse and leveraged inverse fixed-income ETFs
- Preferred Exchange Traded Funds

Niche bonds, such as taxable municipals, add value to portfolios by providing unique cash-flow characteristics, inefficient pricing opportunities, and high credit quality.

Investment Strategies

Rising-Rate Environments

- Bonds with substantial redemption or call features
- Bonds with higher coupons
- Bonds with shorter durations
- Addition of inverse and leveraged inverse fixed-income ETFs to offset the increase in duration of a bond portfolio

Falling-Rate Environments

- Bonds with deeper discounts
- Bonds with lower premiums
- Bonds with longer maturities
- Non-callable bonds

- Reduce inverse or leveraged inverse bond ETFs to offset the decrease in duration of a bond portfolio due to call features or sinking fund provisions

Risk of Loss

Investing in any securities involves a risk of loss that the investor should be prepared to bear. Bonds have the following known risks:

- *Credit*: Creditworthiness of issuers impacts ability to pay.
- *Default*: Due to poor revenue, management failure, or fraud
- *Interest rate*: Rising inflation erodes real value of the bonds.

Inverse and leveraged inverse bond ETFs have the following known risks:

- *Tracking error*: Due to the structure of these securities, they may not closely track the index as designed.
- *Interest rate*: Rising bond prices may cause a decline in price or principal of the position.

We seek to mitigate the risk of losses by:

- Specializing in high-quality, investment-grade bonds as the investable universe
- Selecting taxable bonds by relative attractiveness to other types of taxable fixed-income securities
- Monitoring the portfolio bond issues to detect potential risks that could indicate a potential for default
- Selling any bonds that we detect may have factors that could impact their value
- Monitoring closely monetary policy that impacts interest rates
- Measuring and recalibrating the portfolio hedge position

TAXABLE FIXED-INCOME TACTICAL PORTFOLIO STYLE

We construct taxable-bond portfolios for individual clients and institutions. We emphasize highest-quality bonds coupled with active management throughout the full interest-rate cycle. We actively manage bonds by constant monitoring both bond and stock markets, rebalancing client portfolios as needed in times of fluctuation. We extend or reduce duration when we see compelling opportunities. Cumberland Advisors employs the use of inverse fixed-income exchange-traded funds (ETFs) to reduce the duration or

price sensitivity of a bond portfolio. We look to exit markets in periods of euphoria and to enter markets in periods of hysteria. We emphasize long-lasting relationships and continuous dialogue among clients, their consultants, tax advisors, accountants, and estate planners.

Method of Analysis and Investment Strategy

The investment decisions for the Taxable Bond Tactical Portfolio Style bring together Cumberland Advisors' investment strategy for the global markets with actively managed taxable bonds. We believe that value is realized by holding bonds for the proper duration in a given interest-rate environment. We think it is unwise to limit opportunities based on narrowly defined bond portfolio parameters. Consequently, Cumberland Advisors has developed expertise in identifying and managing bond portfolios throughout the complete interest-rate cycle while considering credits, relative yields, and durations. Our use of leveraged inverse bond ETFs is strictly for the purpose of dampening the price volatility of the overall portfolio with a minimal amount of decrease in yield. We continually monitor the duration of the individual bonds in the portfolio and measure the portfolio duration versus the duration of the position held in inverse bond ETFs.

Cumberland Advisors Taxable Fixed-Income Tactical Universe

To accomplish duration exposure objectives in the portfolio, we assess the relative attractiveness of spreads between the following alternatives.

- US Treasury bonds
- Federal agency debt
- Taxable municipal bonds
- Mortgage-backed securities
- Investment-grade corporate bonds
- Inverse and leveraged inverse fixed-income ETFs
- Preferred Exchange Traded Funds

Niche bonds, such as taxable municipals, add value to portfolios by providing unique cash-flow characteristics, inefficient pricing opportunities, and high credit quality.

Investment Strategies

Rising-Rate Environments

- Bonds with substantial redemption or call features
- Bonds with higher coupons
- Bonds with shorter durations
- Addition of inverse and leveraged inverse fixed-income ETFs

Falling-Rate Environments

- Bonds with deeper discounts
- Bonds with lower premiums
- Bonds with longer maturities
- Non-callable bonds
- Reduce or eliminate inverse or leveraged inverse bond ETFs

Risk of Loss

Investing in any securities involves a risk of loss that the investor should be prepared to bear. Bonds have the following known risks:

- *Credit*: Creditworthiness of issuers impacts ability to pay.
- *Default*: Due to poor revenue, management failure, or fraud
- *Interest rate*: Rising inflation erodes real value of the bonds.

Inverse and leveraged inverse bond ETFs have the following known risks:

- *Tracking error*: Due to the structure of these securities, they may not closely track the index as designed.
- *Interest rate*: Rising bond prices may cause a decline in price or principal of the position.

We seek to mitigate the risk of losses by:

- Specializing in high-quality, investment-grade bonds as the investable universe
- Selecting taxable bonds by relative attractiveness to other types of taxable fixed-income securities
- Monitoring the portfolio bond issues to detect potential risks that could indicate a potential for default
- Selling any bonds that we detect may have factors that could impact their value
- Monitoring closely monetary policy that impacts interest rates
- Measuring and recalibrating the portfolio hedge position

MARKET-BASED EXCHANGE TRADED FUNDS

Global Multi Asset Class strategy was closed to new money on 9/1/13

(U.S.; INTERNATIONAL (NON-US); GLOBAL (U.S. AND INTERNATIONAL))

Description

Cumberland Advisors has a wealth-preservation orientation to balance risks as well as returns. The market-based equity portfolio styles offer clients and institutions one single investment account that holds multiple exchange-traded funds (ETFs) and provides highly diversified regional investment options. Broader market diversification provides market exposure as well as risk reduction, decreasing risk that any individual stock may carry in a portfolio.

Method of Analysis and Investment Strategies

The firm takes a top-down macroeconomic perspective to assess relative attractiveness among markets, sectors, regions, and asset classes. Exchange-traded funds (ETFs) allow for the implementation of Cumberland's macroeconomic and sector-specific judgments through a single investment vehicle. Multiple ETFs can then be tactically adjusted as Cumberland evaluates current market opportunities and risks.

Cumberland Advisors' Equities Management Philosophy:

- *Risk management* is as important as return management.
- *Asset-allocation* techniques help stabilize returns and reduce risk.
- *Macroeconomic factors* and fundamentals drive asset-class returns.
- *Portfolio managers* add value by size, sector, subsector, style, region, and country choices, and NOT through individual stock picking.
- ETFs are the most flexible, efficient, and low-cost implementation method.

Crafting the Portfolios

Managed ETF portfolios provide active management of investments in a core and satellite approach. Broad-based, diversified ETFs form the core, while country, region, sector, subsector, and style ETFs form the satellites. This strategy provides extensive diversification, low cost, and tax efficiency. It also controls strategic sector, style, industry, country, and region exposure, with no "style drift." ETFs are chosen based on

liquidity, sponsor support, and cost. The core positions usually consist of 3-8 broad-based diversified ETFs, while the satellite positions usually consist of 15-20 country, region, sector, subsector and/or style ETFs.

Examples of Exchange-Traded Funds by Category	
Size (Market Cap.)	Large-cap, Mid-cap, Small-cap funds
Sector (Industry)	Finance, Technology, Health Care
Sub-sector (Industry)	Semiconductors, Drugs, Homebuilders
Style	Growth, Value
Multi-Country	Advanced Economies, Euro Zone, Emerging Markets
Country	U.S., Germany, U.K., Japan, China, Chile, etc.

Managing the Portfolio

Cumberland's investment team continually monitors and analyzes economic and financial-market developments, together with the performance of assets in the portfolio. Model weights and ETF selections are made for core and satellite positions, and then tactically adjusted and rebalanced to each account based on strategy changes and market developments.

Non-US Exchange Traded Funds may be used in the US ETF style. These would technically be global ETFs but with a large part of the holdings held in the US and the ETF would be incorporated and trade in the US. This type of security provides exposure to U.S. sectors that are not necessarily available in US Exchange traded Funds.

Exchange-Traded Fund Portfolio Risks

Investing in equity securities involves a risk of loss that the investor should be prepared to bear. We use exchange-traded funds (ETFs) exclusively for our separately managed accounts equity practice. Relative to mutual funds, ETFs are more transparent, trade efficiently throughout the day on stock exchanges, have better tax scenarios, give pure market access to global markets and asset classes, and are significantly less expensive on the whole. ETFs have the following risks:

- *Transaction costs*: Can erase or erode gains. Need monitoring.
- *Lack of liquidity*: New or non-supported funds can raise bid/ask spread costs and impede quick exits.
- *Fund closure*: ETF sponsor can close fund (inconvenient).
- *Trading intricacy*: Due to market exchange mechanism, trading can be more complex.
- *Rebalancing*: 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

Cash Management in Accounts

We use cash as a strategic asset in tactically managing equity portfolios. As market uncertainty increases, we will raise cash levels by degrees in the accounts. A 30-50% cash level is an extreme position, signifying that we are significantly cautious about current market prospects. We are unlikely to raise cash levels beyond 25%, even in our most cautious market view. Most cash positions range from fully invested (0% cash) to 25% cash.

TACTICAL TREND ALLOCATION STYLE

Description

The primary objective of this style is to generate investment appreciation through the tactical asset allocation of capital. The asset allocation will be at Cumberland Advisors' discretion.

Method of Analysis and Investment Strategies

The strategy utilizes trend following, relative strength, and price research to identify favorable investment opportunities across six general asset classes: domestic equities, international equities, fixed-income, commodities, currencies and cash. The strategy may include short or inverse positions when deemed appropriate for downside risk protection

in the portfolio. The exposure levels to the six primary asset classes identified above can range from 0% - 100%. Short or inverse exposure will generally not exceed a 30% allocation.

Managing the Portfolio

The strategy will mainly include exchange-traded funds (including commodity and currency ETFs). Exchange-traded notes (ETNs) can also be used if deemed appropriate. The portfolio may also include any individual equity, fixed-income security (including Treasury bills), or money market instruments when the individual security is advantageous versus the exchange-traded products that are available. Any one exchange-traded product security will not exceed 25% of the total portfolio at the time of initial purchase. Positions may subsequently exceed the 25% threshold due to market appreciation. When positions are held in individual stocks or bonds, no individual stock or bond instrument will exceed 10% of the portfolio at the time of initial purchase. Positions may subsequently exceed the 10% threshold due to market appreciation. Uninvested cash will be held in a money market instrument until required for the purchase of securities.

The methods of analysis fall within the general framework of technical analysis, specifically the use of trend analysis, relative strength and momentum tools. The investment goal is to achieve price appreciation by monitoring the supply and demand of specific ETFs over market periods. Turnover in the account could range from extremely low to excessively high depending on market movements. However, the fundamentals of trend analysis and momentum investing include finding entry points for emergent trends and then sticking with the successful trades. In such conditions turnover in the account would remain quite low. Both short-term and long-term capital gains will be generated in the portfolio style. The portfolio style follows a multi-asset framework which allows the manager to invest in multiple asset classes depending on risk/reward opportunities and potential returns.

Exchange-Traded Fund Portfolio Risks

Investing in equity securities involves a risk of loss that the investor should be prepared to bear. Relative to mutual funds, ETFs are more transparent, trade efficiently throughout the day on stock exchanges, have better tax scenarios, give pure market access to global markets and asset classes, and are significantly less expensive on the whole. ETFs have the following risks:

- *Transaction costs:* Can erase or erode gains. Need monitoring.
- *Lack of liquidity:* New or non-supported funds can raise bid/ask spread costs and impede quick exits.
- *Fund closure:* ETF sponsor can close fund (inconvenient).
- *Trading intricacy:* Due to market exchange mechanism, trading can be more complex.
- *Rebalancing:* Due to the tactical rebalancing discipline inherent in the strategy, turnover in the account could range from exceptionally low to extremely high and will vary based on the market environment and the need to reposition capital. Security positions may be sold or closed in the very short term (within 30 days). Rebalancing in the strategy does not take into consideration any tax implications that may result. Both short-term and long-term capital gains could be generated through this strategy
- *ETN Risks:*
 - Credit Risk: ETNs are unsecured debt obligations of the issuer.
 - Market Risk: As the value of an index changes with market forces, so will the value of the ETN in general, which can result in a loss of principal for investors.
 - Liquidity Risk: Although ETNs are exchange-traded, a trading market may not develop.
 - Price-Tracking Risk: Investors should be wary of buying at a price that varies significantly from closing and intraday indicative values.
 - Holding-Period Risk: Some leveraged, inverse and inverse-leveraged ETNs, are designed to be short-term trading tools, and the performance of these products over long periods can differ significantly from the stated

multiple of the performance (or inverse of the performance) of the underlying index or benchmark during the same period.

- Call, Early Redemption and Acceleration Risk: Some ETNs are callable at the issuer's discretion.
- *Fixed Income Risk:*
 - Credit: Creditworthiness of issuers impacts ability to pay.
 - Default: Due to poor revenue, management failure, or fraud
 - Interest rate: Rising inflation erodes real value of the bonds.

The goal of the strategy is to manage risk by tactical allocation of capital across the main asset classes available to market participants.

Cash Management in Accounts

We use cash as a strategic asset in tactically managing equity portfolios. As market uncertainty increases, we will raise cash levels by degrees in the accounts. A 30-50% cash level is an extreme position, signifying that we are significantly cautious about current market prospects. We are unlikely to raise cash levels beyond 25%, even in our most cautious market view. Most cash positions range from fully invested (0% cash) to 25% cash.

MASTER LIMITED PARTNERSHIP (MLP) STRATEGY (INCLUDES K-1 PARTNERSHIPS)

Description

The strategy seeks to enable investors to invest in Master Limited Partnerships (MLPs) to obtain attractive returns offered by many of these instruments. With the assistance of a sub-advisor, Cumberland Advisors will provide investment advice to invest in MLPs.

The advisor will attempt to invest in partnerships which have stable or increasing distributions to provide investors attractive cash returns; research will focus on providing investors with an attractive risk adjusted return on their investments. Many of the partnerships invest in energy related assets that require large amounts of capital. As a result these partnerships may offer the investor tax advantaged returns. This strategy will generally require investors to file tax forms related to k-1 partnership distributions. The

sub-advisor for MLPs is RSD Advisors (see section 2B for more information on RSD Advisors). Cumberland Advisors has an agreement with Plush Smith PA in Sarasota, FL. to provide advice on the tax considerations on MLPs.

Method of Analysis and Investment Strategy

The manager will use fundamental research methods utilizing publications from various resources, including reports by securities firms and other research providers. Cumberland also has a sub-advisor agreement with RSD Advisors, LLC to provide research and trading assistance on this strategy. The manager will assess the various sub industries in the Master Limited Partnership universe including but not limited to upstream, downstream and midstream energy partnerships. Due to the costs incurred from frequent trading in these instruments, including bid/ask spreads, direct transaction costs, and tax consequences of frequent trading; the manager does not anticipate the strategy will have a high turnover rate.

Risk of Loss

Master Limited Partnerships have business risk. The risks to investing in these securities include but are not limited to corporate governance, tax changes by government entities, financial leverage, continued access to markets for funding the partnerships, liquidity risks, geographic risks, commodity price risks, and market risk.

We seek to mitigate the risk of losses by:

Cumberland will analyze financial metrics and risks of the partnerships including corporate structure and governance. The analysis will focus on business prospects and sustainability of the partnerships and take into account fundamental financial metrics of the partnerships.

ITEM 9 – DISCIPLINARY INFORMATION

There is no disciplinary information to report.

ITEM 10 – OTHER FINANCIAL ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status

Neither Cumberland nor any of its management persons is registered, or have an application to register, as a broker-dealer or a registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status

Neither Cumberland nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

C. Material Relationships or Arrangements with Related Parties which are Industry Participants

Neither Cumberland nor any of its management persons has any relationship or arrangement that is material to its advisory business or to its clients with any related person who is a broker-dealer, municipal securities dealer, or government securities dealer or broker; investment company or other pooled investment vehicle (including a mutual fund, close-end investment company, unit investment trust, private investment company or “hedge fund” and offshore fund; other investment adviser or financial planner; futures commission merchant, commodity pool operator, or commodity trading adviser; banking or thrift institution; accountant or accounting firm; lawyer or law firm, insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of limited partnerships.

D. Material Conflicts of Interest Relating to Other Investment Advisers

Cumberland does not recommend or select other investment advisers for its clients.

E. Miscellaneous

Cumberland provides Sub-Advisory services to Marlin Financial, Delray Beach Fl.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Cumberland Advisors has adopted a Code of Ethics that covers personal securities transactions by its employees and associated persons. The Code of Ethics also describes Cumberland's standards of business conduct, compliance with federal securities laws, and Cumberland's fiduciary duty to its clients.

A copy of our Code of Ethics is available, free of charge, to any client or prospective client upon request by calling 800-257-7013, extension 315.

While Cumberland believes that the individual investment activities of its employees and associated persons should be encouraged, it seeks to avoid conflicts of interest (or even the appearance of conflicts) surrounding the advisory services it provides to its clients and the personal investments of its employees and associated persons. Pursuant to the Code of Ethics, certain restrictions apply to the investment activities of persons associated with Cumberland. In general, in any situation where the potential for a conflict exists, transactions for clients must take precedence over personal transactions of such employees or associated persons. Should any situation arise which is not specifically governed by this Code of Ethics, this general intent shall govern the resolution of the matter.

Both employees of Cumberland and the firm's proprietary account may invest in the same securities as those in clients' managed accounts. This may present a conflict of interest, in that Cumberland or its employees may obtain a better execution on a trade than a managed client. In order to address this potential conflict, Cumberland has the following rules in effect.

1. All employees must request and receive approval prior to any trading being done in their personal securities accounts.

2. There is a blackout period for Cumberland's proprietary accounts or employee accounts, prohibiting these accounts from trading on the day before and the day of trading in the same securities as those being traded in managed accounts. Employees can receive permission to trade these securities the day following the completion of managed trading. Copies of employee trade confirms and monthly statements are copied to Cumberland's Compliance Department for trading review.
3. Employee and Cumberland proprietary account fixed-income trades may be included with or traded on the same day as fixed-income trades in the same securities that are traded for managed accounts. If a fixed-income trade order is not completely filled, the employee and/or Cumberland proprietary account will be the first order dropped out of the allocation procedure.
4. There is no blackout period or prior approval needed when employee or Cumberland proprietary accounts trade mutual funds.

ITEM 12 – BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

When choosing a broker to execute a trade for a client's account, Cumberland seeks to obtain the best execution for the client while taking the following into consideration: the price at which the trade will be executed, cost of effecting the transaction, the ease and speed of execution, the reliability of the broker through past experience, and the ability to work a large order without negatively affecting the market. In the case of fixed-income securities, we may also consider whether the broker provides Cumberland with liquidity and competitive pricing on smaller lots of bonds, as well as who is the lead manager on a new issue.

1. Research and other Soft Dollar Benefits. Subject to its general policy of seeking execution at reasonably competitive rates, and unless instructed by a client to use a particular broker dealer(s), Cumberland may execute transactions through broker-dealers that provide Cumberland Advisors with research and other services designed to assist in the furnishing of investment advice to its clients' accounts. A portion of the commission paid by the client is used by the broker to pay for these services provided to Cumberland.
 - a. When client brokerage commissions are used to obtain research or other products or services, Cumberland receives a benefit, because we do not have to pay for these services directly.
 - b. This could provide an incentive for Cumberland to select a broker-dealer based on our interest in receiving the research or other products or services, rather than on the best interest of our client in receiving the most favorable execution.
 - c. Commissions (or markups or markdowns) charged by brokers providing soft-dollar services may be higher than those charged by brokers not providing these services.
 - d. Soft dollar services are used to benefit all of our client accounts. Services are not allocated proportionately to the soft dollar credits each account generates.
 - e. Cumberland currently has soft-dollar arrangements with LEK Securities, Pulse Trading, Knight Capital and Wallachbeth Capital LLC, Cantor Fitzgerald and Convergenx. Cumberland has an agreement with Pulse Trading, in which trades are executed at 4 cents per share, and 3 cents of that is accrued to provide research services to Cumberland. Trades are done through LEK Securities, Wallach Beth, Cantor Fitzgerald and Convergenx at 4 cents per share and 3.992cents of that is accrued for research services.

During fiscal year 2013, the following services were provided by LEK Securities through soft dollars: Bloomberg research and pricing data; Ned

Davis economic research reports; BCA Research reports on equity markets, global and European investment strategies, and U.S. bond strategies; Strategas Economic Research, Action Economics, economic and market research reports and updates; The Bond Buyer, fixed-income market and interest-rate forecasts research; Applied Global Macro Research, statistical analysis of the economy and financial markets; ETF Index Universe, product and market developments related to index funds, ETFs, index derivatives, and investment strategies; Moody's, fixed-income and interest-rate research; S&P Ratings Direct, fixed-income ratings and market changes; The Gartman Letter, daily commentary on global capital markets; Macro Vision Research, Forward-looking, actionable investment ideas on the financial markets, with a focus on U.S. equities

During the fiscal year 2013, Pulse Trading provided the following services: Action Economics, economic and market research reports and updates;

During the fiscal year 2013, Knight provided the following services:
Macro Vision Research;

During the fiscal year 2013, Convergenx provided the following services: Bloomberg research and pricing data; Business Monitor International Emerging Mkt research; Haver Analytics, macro strategy and economic research and statistics; ; ETF Index Universe, product and market developments related to index funds, ETFs, index derivatives, and investment strategies; Robert Brusca-FAO Opinions, research on the economy, global trends, and political changes; The Gartman Letter, daily commentary on global capital markets; Standard and Poors Capital IQ, desktop research, screening, real-time market data, back-testing, portfolio management, valuations; Ned Davis economic research reports; Applied Global Macro Research, statistical analysis of the economy and financial markets; IHS Global Inc., international economic data, research and forecasts; International Strategic Analysis, international market analysis,

economic forecasting, country intelligence; Glusken Sheff-Breakfast with Dave, daily economic reports.

While there are no soft-dollar agreements in place with the following brokers, we have executed trades through these brokers and received proprietary economic and fixed-income market research material from them during fiscal year 2013: Morgan Stanley, Goldman Sachs, Citibank, Barclays, Morgan Keegan, BMO, Merrill Lynch, JP Morgan, Piper Jaffrey, and Loop.

- f. The majority of our equity trades in fiscal 2013 were done through LEK securities and Convergenx. Since LEK and Convergenx have provided electronic connectivity with our order management system, we are able to enter orders with direct access to the market. Orders are executed quickly and efficiently. In some cases, where entering a large order all at once would negatively affect the market, we have the ability to work larger orders in pieces in an efficient manner. Convergenx also has the ability to create baskets for illiquid ETFs. When necessary, in trading an illiquid security, Convergenx can combine our Direct and Wrap accounts and execute at the same price. In this case, WRAP accounts would be done as step-outs and are not charged commission fees.
2. Brokerage for client referrals – not applicable
3. Directed brokerage – In some cases, a client may be allowed to direct trades to a particular broker. This is determined on a case by case basis. When a client directs Cumberland to use a specific broker for executing a securities transaction, Cumberland may be unable to achieve the most favorable execution of the client's transaction. For example, we may not be able to aggregate trades with other accounts, which could result in higher transaction costs to the client.

Cumberland serves as a portfolio manager in several wrap-fee programs. These wrap fee programs are arrangements in which investment advisory services, brokerage execution services and custody are provided by a sponsor for a single predetermined "wrap" fee (regardless of the number of trades

completed by a client) Generally, clients participating in a wrap-fee program (“Wrap Program Clients”) pay this single, all-inclusive fee quarterly to the program sponsor, based on the net assets under management. Cumberland receives from the program sponsor a portion of the wrap fee for the portfolio management services it provides. Each program sponsor has prepared a brochure which contains detailed information about its wrap-fee program, including the wrap fee charged. Copies of each brochure are available from the program sponsor upon request. Wrap Program Clients should note that we may execute transactions for their accounts through the wrap sponsor if directed by the client or wrap sponsor. Transactions executed through a wrap sponsor may be less favorable in some respects than Cumberland’s clients whose trades are not executed through the wrap sponsor. This is because we may not have the ability to negotiate price or take advantage of combined orders or volume discounts. Cumberland may be constrained in obtaining best execution for Wrap Program Clients by sending trades to the Wrap Sponsor.

B. Order Aggregation

When executing client transactions, where the accounts involved are held at the same custodian, trades may be bunched (or aggregated) with other clients’ trades. This increases the average size of orders to brokers and can result in a better execution. Small odd-lot-sized trades can result in a negative price difference to the client. Accounts held at different custodians cannot be bunched together.

ITEM 13 – REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans

All accounts are reviewed quarterly by the investment adviser representative with staff assistance or client service representative assigned to such accounts. Such representative may also be the portfolio manager assigned to such account. Such representatives typically review the account to confirm that the account is invested according to its investment policy. Accounts are also reviewed on a

random basis by the Compliance Department to confirm that the account is invested properly.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review

Client accounts are also reviewed on a non-periodic basis, specifically when investments with respect to such accounts are being bought or sold. In addition, clients may request a review of their accounts by the portfolio manager assigned to their account at any time. Accounts are also reviewed on a random basis by Cumberland's Compliance Department to determine/confirm whether accounts are invested properly.

C. Content and Frequency of Account Reports to Clients

Clients receive from Cumberland written quarterly and annual reports regarding their accounts. These reports include the previous and current market value of the account and the performance of such accounts for the period in question. In addition, the reports list the assets that comprise the account and their respective market values. Clients may also request additional reports from Cumberland including confirms, gain and loss reports, and customized reports.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefit for Providing Services to Clients

Cumberland has a client who has their broker pay Cumberland for Cumberland's services provided to the client. Cumberland has no affiliation with and does not trade through said broker.

B. Compensation to Non-Supervised Persons for Client Referrals

Cumberland has agreements in place with various solicitors who receive a percentage of the annual investment Advisory Fee charged to clients on accounts that were introduced to Cumberland by such solicitor. The fee paid to these solicitors is deducted from the Advisory Fee received by Cumberland from its clients, and therefore, is part of and not additional to the Advisory Fee charged to Cumberland's clients. This arrangement remains in place for the life of the account as long as the solicitor agreement remains in effect.

ITEM 15 – CUSTODY

Cumberland will send an invoice to State Street Bank, U.S. Bank and Mellon Bank for investment advisory fees. The banks will then debit the accounts and forward the funds to Cumberland. If a client has designated one of these banks as the custodian for their account, the client will receive monthly statements from the bank. Clients should carefully review these statements. They should also compare these statements with the quarterly reports received from Cumberland Advisors.

Clients sign a separate custodial services agreement with a qualified custodian of their choice. Cumberland normally suggests that our direct clients use either State Street Bank and Trust or U.S. Bank when selecting a custodian. (Please see Item 12B regarding Order Aggregation). Clients should be aware that Cumberland Advisors has agreements with both State Street Bank and Trust and U.S. Bank to perform certain custodial administrative services for Cumberland Advisors accounts held at these banks. Cumberland is paid a fee of 2 ½ basis points annually (on a quarterly basis), based on the total assets of Cumberland Advisors accounts held at each bank.

ITEM 16 – DISCRETION

When opening an account, Cumberland requires that each client sign a limited power of attorney that gives Cumberland discretion over the management of the account, subject to the investment parameters designated by the client and Cumberland to meet the client's

investment objectives. In addition, clients may impose certain restrictions on their accounts such as cash restrictions, maturity restrictions, and in some cases, asset-allocation restrictions.

ITEM 17 – VOTING CLIENT SECURITIES

Cumberland Advisors shall vote proxies related to all managed securities. The authority to vote proxies is established in the client's Client Services Agreement or comparable documents. Cumberland Advisors does not have the authority to vote proxies on non-managed securities. In accordance with our fiduciary duties and SEC Rule 206(4)-6, we have adopted policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interests of our clients.

Proxies are normally reviewed and voted upon by the portfolio manager responsible for the particular account; We use Glass Lewis research to assist in these decisions and vote through a third party vendor. Should a conflict of interest arise between Cumberland Advisors and the client's best interest, the proxy will be voted in accordance with the recommendation of Glass Lewis. Clients may obtain information on how a proxy on a security held in their account was voted and/or a copy of our proxy voting policy and procedures by calling 800-257-7013, extension 315.

ITEM 18 – FINANCIAL INFORMATION

- A. Cumberland does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B. There are no financial conditions that are reasonably likely to impair Cumberland's contractual commitments to clients.
- C. Cumberland has never been the subject of a bankruptcy petition.

CUMBERLAND ADVISORS®

ADV PART 2 B

Revised 02/28/2014

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CUMBERLAND ADVISORS®
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ITEM 1 – COVER PAGE – Chairman, CEO, CIO and US Exchange Traded Funds Portfolio Mgr. As CIO, Mr. Kotok is co-manager on all styles.

- A. 1. **DAVID R. KOTOK**, 2 N. Tamiami Trail, Suite 303, Sarasota, FL 34236, 800-257-7013, extension 320.
2. Cumberland Advisors, 2 N. Tamiami Trail, Suite 303, Sarasota, FL 34236
3. Supplement dated 09/25/2013
- B. This brochure supplement provides information about David R. Kotok that supplements the Cumberland Advisors brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Therese M. Pantalione, 800-257-7013, extension 315 if you did not receive Cumberland’s brochure or if you have any questions about the contents of this supplement.

Additional information about David R. Kotok is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 – Educational Background and Business Experience

David R. Kotok co-founded 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 a Masters in Philosophy from the University of Pennsylvania. Date of Birth 3/3/1943.

ITEM 3 – Disciplinary Information

There is no disciplinary information to report on this person.

ITEM 4 – Other Business Activities

Mr. Kotok's articles and financial market commentary have appeared in *The New York Times*, *The Wall Street Journal*, *Barron's*, and other publications. He is a regular participant on Bloomberg Radio. He is a frequent contributor to Bloomberg TV, Fox Business TV, Yahoo Finance, Al Jazeera America TV, and Reuters. From time to time Mr. Kotok appears on CNBC's *Nightly Business Report*, other CNBC programs, and CNBC Asia. He authored the best-seller *From Bear to Bull with ETFs* and co-authored the book *Invest in Europe Now*.

Mr. Kotok currently serves as a Director and is Vice Chairman 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 chairs its Central Banking Series.

Mr. Kotok organized a five-continent dialogue held in Philadelphia, Paris, Zambia (Livingstone), Hanoi, Singapore, Prague, Capetown, Shanghai, Hong Kong, Rome, Milan, Tallinn, and Santiago, Chile. 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) and the National Association for Business Economics (NABE), and he formerly 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.

ITEM 5 - Additional Compensation

No one who is not a client provides an economic benefit to David R. Kotok for providing advisory services.

ITEM 6 – Supervision

The person responsible for supervising Mr. Kotok is Therese M. Pantalone, Managing Dir. /Compliance Officer. She can be reached at 800-257-7013, extension 315. Mr. Kotok is also supervised by the Board of Directors of Cumberland Advisors. As the Compliance officer Mrs. Pantalone reviews and monitors individual accounts to ensure that they meet the investment objective of the particular client. She also reviews marketing literature and e-mail sent to and from clients. Each of the supervised persons is bound by Cumberland's Code of Ethics, which, among other things, sets forth certain policies and procedures aimed at preventing abusive practices by Cumberland's supervised persons. In addition, each of the supervised persons has received a copy of and reviewed Cumberland's Investment Adviser Compliance Manual, which was reasonably designed to prevent any violation of the Advisers Act or the rules that the SEC has adopted thereunder. Cumberland believes that the Code of Ethics and the Compliance Manual are useful tools for monitoring the advice that its supervised persons give to its clients.

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ITEM 1 – COVER PAGE – Executive Vice President, Director of Fixed Income

- A.
1. **JOHN R. MOUSSEAU**, CFA¹, 2 N. Tamiami Trail, Suite 303, Sarasota, FL 34236, 800-257-7013, extension 307.
 2. Cumberland Advisors, 2 N Tamiami Trail, Suite 303, Sarasota, FL 34236
 3. Supplement dated 09/25/2013.
- B. This brochure supplement provides information about John R. Mousseau that supplements the Cumberland Advisors brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Therese M. Pantalione, 800-257-7013, extension 315, if you did not receive Cumberland's brochure or if you have any questions about the contents of this supplement.
- Additional information about John R. Mousseau is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 – Educational Background and Business Experience

Mr. Mousseau joined Cumberland in 2000 and is the Director of the Fixed Income department. In this capacity, John and his team manage portfolio construction, management, analysis, trading, and research for both tax-free and taxable bond accounts. From 1993 to 2000 John was Portfolio Manager and Director of Municipal Bond Investments for Lord Abbett & Company. Prior to that, he served as First Vice President and Director of Municipal Portfolio Analysis for Shearson Lehman Brothers and a predecessor firm, E.F. Hutton, from 1981 to 1993. Mr. Mousseau holds an A.B. degree in economics from Georgetown University and an M.A. degree in economics from Brown University. His date of birth is 9/18/1956.

¹ The **Chartered Financial Analyst** (CFA) designation is an international [professional certification](#) offered by the [CFA Institute](#) (formerly AIMR) to [financial analysts](#) who complete a series of three [examinations](#). To become a **CFA Charterholder** candidates must pass each of three six-hour exams, possess a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience. CFA charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

ITEM 3 – Disciplinary Information

There is no disciplinary information to report on this person.

ITEM 4 – Other Business Activities

A holder of the Chartered Financial Analyst designation, he is a member of the Philadelphia Chapter of Business Economists and also a member of the New York Society of Securities Analysts where he served on the Society's High Net Worth Investors Committee. Mr. Mousseau is a member and past chairman of the Municipal Bond Buyers Conference and a member of the National Federation of Municipal Analysts. In addition, he has served as an instructor at the New York Institute of Finance and Bond Market Association. Mr. Mousseau sits on the board of the Student Run Investment Fund for Florida International University where he is a guest lecturer in the Finance Department.

Mr. Mousseau's comments and analyses have appeared in The Bond Buyer, Barron's, The Wall Street Journal, Bloomberg, the New York Times, and The San Francisco Chronicle. In addition he has appeared on Bloomberg Radio and Television, Reuters, and CNBC for commentary on fixed income markets.

Mr. Mousseau is a past board member for the local YMCA and current member of the Rotary Club in Maplewood NJ where he remains involved in community activities

ITEM 5 - Additional Compensation

No one who is not a client provides an economic benefit to John Mousseau for providing advisory services.

ITEM 6 – Supervision

The person responsible for supervising Mr. Mousseau is David R. Kotok, CEO. He can be reached at 800-257-7013, extension 320. The Compliance officer reviews and monitors individual accounts to ensure that they meet the investment objective of the particular client. She

also reviews marketing literature and e-mail sent to and from clients. She then reports to the CEO. Each of the supervised persons is bound by Cumberland's Code of Ethics, which among other things, sets forth certain policies and procedures aimed at preventing abusive practices by Cumberland's supervised persons. In addition, each of the supervised person has received a copy of and reviewed Cumberland's Investment Adviser Compliance Manual, which was reasonably designed to prevent any violation of the Advisers Act or the rules that the SEC has adopted there under. Cumberland believes that the Code of Ethics and the Compliance Manual are useful tools for monitoring the advice that its supervised person gives to its clients.

CUMBERLAND ADVISORS®
ADV PART 2 B

ITEM 1 – COVER PAGE –Vice Chairman, Chief Monetary Economist, IA Representative

- A. 1. **ROBERT EISENBEIS**, 2 N. Tamiami Trail, Suite 303, Sarasota, FL 34236, 800-257-7013, ext. 311
2. Cumberland Advisors, 2 N. Tamiami Trail, Suite 303, Sarasota, FL 34236
3. Supplement dated 09/25/2013.

This brochure supplement provides information about Robert Eisenbeis that supplements the Cumberland Advisors brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Therese M. Pantalione, 800-257-7013, extension 315 if you did not receive Cumberland's brochure or if you have any questions about the contents of this supplement.

Additional information about Robert Eisenbeis is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 – Educational Background and Business Experience

Dr. Robert A. Eisenbeis joined the firm in 2007 and serves as Vice Chairman and Cumberland Advisors' 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 until 2007. Prior to joining the Atlanta Fed in May 1996, Dr. Eisenbeis was the Wachovia Professor of Banking at the Kenan-Flagler School of Business at the University of North Carolina at Chapel Hill. Previously, he was Senior Deputy Associate Director in the Division of Research and Statistics at the Board of Governors of the Federal Reserve System and served as Assistant Director of Research and Chief of the Financial and Economic Research Section at the FDIC.

He holds a Ph.D. and M.S. degree from the University of Wisconsin and a B.S. degree from Brown University. His date of birth is 4/7/41.

ITEM 3 – Disciplinary Information

There is no disciplinary information to report on this person.

ITEM 4 – Other Business Activities

Dr. Eisenbeis's research has focused on monetary policy and issues pertaining to credit scoring, banking, and finance. His more than 100 articles have appeared in such leading publications as the Journal of Finance; the Journal of Financial Services Research; the Journal of Money, Credit, and Banking; the Journal of Banking and Finance; Banking Law Journal; and the Journal of Regulatory Economics. His work has also appeared in several Federal Reserve Bank publications, as well as the Journal of Retail Banking Services and other trade journals. Dr. Eisenbeis has coauthored and/or edited five books on banking and statistics and contributed chapters to other books and was the executive editor of the Journal of Financial Services Research. He presently serves on the editorial boards of several scholarly journals. Current research has focused on the development of methods for evaluating the forecasting performance of economic forecasters, which is being used by USA Today and the Wall Street Journal, and on the implications for financial stability of the regulatory framework being implemented in the United States and European Union. In 2004 he was named a Fellow by the National Association for Business Economics. He is also a Fellow of the Wharton Financial Institutions Center, a member of the Shadow Financial Regulatory Committee and the Financial Economists Roundtable, and serves as a director of CredAbility, a non-profit credit counseling service. Most recently he has appeared frequently on Fox Business, CNBC and Bloomberg TV and radio commenting on current economic policy developments.

ITEM 5 - Additional Compensation

No one who is not a client provides an economic benefit to Mr. Eisenbeis for providing advisory services.

ITEM 6 – Supervision

The person responsible for supervising Mr. Eisenbeis is David Kotok. He can be reached at 800-257-7013, extension 320. The Compliance officer reviews and monitors individual accounts to ensure that they meet the investment objective of the particular client. She also reviews marketing literature and e-mail sent to and from clients. She then reports to the CEO. Each of the supervised persons is bound by Cumberland's Code of Ethics, which, among other things, sets forth certain policies and procedures aimed at preventing abusive practices by Cumberland's supervised persons. In addition, each of the supervised persons has received a copy of and reviewed Cumberland's Investment Adviser Compliance Manual, which was reasonably designed to prevent any violation of the Advisers Act or the rules that the SEC has adopted thereunder. Cumberland believes that the Code of Ethics and the Compliance Manual are useful tools for monitoring the advice

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ITEM 1 – COVER PAGE – Vice President, Chief Global Economist, International and Global ETF Portfolio Manager

- A. 1. **WILLIAM (BILL) WITHERELL** 2 N. Tamiami Trail, Suite 303, Sarasota, FL 34236, 800-257-7013, extension 338.
2. Cumberland Advisors, 2 N. Tamiami Trail, Suite 303, Sarasota, FL 34236
3. Supplement dated 09/25/2013

B. This brochure supplement provides information about William Witherell that supplements the Cumberland Advisors brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Therese M. Pantalione, 800-257-7013, extension 315 if you did not receive Cumberland's brochure or if you have any questions about the contents of this supplement.

Additional information about William Witherell is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 – Educational Background and Business Experience

Bill Witherell joined Cumberland Advisors as Chief Global Economist in November 2005 as the Chief Global Economist. Dr. Witherell is a graduate of Colby College and holds an M.A. and a Ph.D. in Economics from Princeton University. Dr. Witherell began his career as a business economist with Exxon and Esso Eastern (1967-73), where he held positions in the economics, treasury and corporate planning functions. He moved to the international economic and financial relations field in 1973 with positions first in the U.S. Department of State and then in the Department of the Treasury (1974-77) as Director of the Office of Financial Resources and Energy Finance. His date of birth is 3/29/1941.

ITEM 3 – Disciplinary Information

There is no disciplinary information to report on this person.

ITEM 4 – Other Business Activities

From 1989 through September 2005 he was OECD's Director for Financial and Enterprise Affairs. He joined the Secretariat of the OECD in Paris, France, in 1977.

He is a past Chairman of the International Roundtable of the National Association for Business Economics, a member of the Boston Economic Club and the Westborough MA Rotary.

ITEM 5 - Additional Compensation

No one who is not a client provides an economic benefit to William Witherell for providing advisory services.

ITEM 6 – Supervision

The person responsible for supervising Dr. Witherell is David R. Kotok, CEO. He can be reached at 800-257-7013, extension 320. The Compliance officer, reviews and monitors individual accounts to ensure that they meet the investment objective of the particular client. She also reviews marketing literature and e-mail sent to and from clients. She then reports to the CEO. Each of the supervised persons is bound by Cumberland's Code of Ethics, which, among other things, sets forth certain policies and procedures aimed at preventing abusive practices by Cumberland's supervised persons. In addition, each of the supervised persons has received a copy of and reviewed Cumberland's Investment Adviser Compliance Manual, which was reasonably designed to prevent any violation of the Advisers Act or the rules that the SEC has adopted thereunder. Cumberland believes that the Code of Ethics and the Compliance Manual are useful tools for monitoring the advice that its supervised persons give to its clients.

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**ITEM 1 – COVER PAGE – Managing Director, International and Global ETF
Portfolio Manager**

- A. 1. **MICHAEL D. MCNIVEN**, 2 N. Tamiami Trail, Suite 303, Sarasota FL 34236
2. Cumberland Advisors, 2 N. Tamiami Trail, Suite 303, Sarasota, FL 34236
3. Supplement dated 09/25/2013.
- B. This brochure supplement provides information about Michael D. McNiven that supplements the Cumberland Advisors brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Therese M. Pantalione, 800-257-7013, extension 315 if you did not receive Cumberland's brochure or if you have any questions about the contents of this supplement.
- Additional information about Michael D. McNiven is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 – Educational Background and Business Experience

Dr. Michael D. McNiven serves as a Managing Director and a Portfolio Manager for Cumberland's international and global equity portfolio styles. He is also an Investment Advisor Representative for the firm explaining all of Cumberland's investment options to individual and institutional clients. He joined Cumberland Advisors in April of 2009.

Dr. McNiven was formerly a university professor at Rowan University prior to joining Cumberland Advisors. He has taught courses and assisted at Rowan University, University of Georgia, Utah Valley University, and Brigham Young University. He began his career at the Financial Times in New York working in market research, business development and advertising sales. 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. His date of birth is 8/15/1973.

ITEM 3 – Disciplinary Information

There is no disciplinary information to report on this person.

ITEM 4 – Other Business Activities

Dr. McNiven is not involved in any other business activities.

ITEM 5 - Additional Compensation

No one who is not a client provides an economic benefit to Michael McNiven for providing advisory services.

ITEM 6 – Supervision

The person responsible for supervising Dr. McNiven is David R. Kotok, CEO. He can be reached at 800-257-7013, extension 320. The Compliance officer, reviews and monitors individual accounts to ensure that they meet the investment objective of the particular client. She also reviews marketing literature and e-mail sent to and from clients. She then reports to the CEO. Each of the supervised persons is bound by Cumberland's Code of Ethics, which, among other things, sets forth certain policies and procedures aimed at preventing abusive practices by Cumberland's supervised persons. In addition, each of the supervised persons has received a copy of and reviewed Cumberland's Investment Adviser Compliance Manual, which was reasonably designed to prevent any violation of the Advisers Act or the rules that the SEC has adopted thereunder. Cumberland believes that the Code of Ethics and the Compliance Manual are useful tools for monitoring the advice that its supervised persons give to its clients.

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ITEM 1 – COVER PAGE – Vice President, Research and Tax-Free Municipal Fixed-Income Portfolio Manager

- A.
1. **MICHAEL COMES, CFA**² 2 N. Tamiami Trail, Suite 303, Sarasota, FL 34236, 800-257-7013, ext. 313
 2. Cumberland Advisors, 2 N. Tamiami Trail, Suite 303, Sarasota, FL 34236
 3. Supplement dated 09/25/2013
- B. This brochure supplement provides information about Michael Comes that supplements the Cumberland Advisors brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Therese M. Pantalione, 800-257-7013, extension 315 if you did not receive Cumberland's brochure or if you have any questions about the contents of this supplement.

Additional information about Michael Comes is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 – Educational Background and Business Experience

Michael Comes joined Cumberland in 2008 as a Research Associate for the tax-exempt bond portfolio. He became a Vice President, assistant portfolio manager on the tax-exempt municipal and taxable fixed-income portfolios in 2012. He holds a B.A. in Economics from Dickinson College and obtained the Chartered Financial Analyst designation in Sept. 2012. His date of birth is 10/18/85.

² The **Chartered Financial Analyst** (CFA) designation is an international [professional certification](#) offered by the [CFA Institute](#) (formerly AIMR) to [financial analysts](#) who complete a series of three [examinations](#). To become a **CFA Charterholder** candidates must pass each of three six-hour exams, possess a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience. CFA charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

ITEM 3 – Disciplinary Information

There is no disciplinary information to report on this person.

ITEM 4 – Other Business Activities

Mr. Comes is not involved in any other business activities.

ITEM 5 - Additional Compensation

No one who is not a client provides an economic benefit to Mr. Comes for providing advisory services.

ITEM 6 – Supervision

The person responsible for supervising Mr. Comes is John Mousseau. He can be reached at 800-257-7013, extension 307. The Compliance officer, reviews and monitors individual accounts to ensure that they meet the investment objective of the particular client. She also reviews marketing literature and e-mail sent to and from clients. She then reports to the CEO. Each of the supervised persons is bound by Cumberland's Code of Ethics, which, among other things, sets forth certain policies and procedures aimed at preventing abusive practices by Cumberland's supervised persons. In addition, each of the supervised persons has received a copy of and reviewed Cumberland's Investment Adviser Compliance Manual, which was reasonably designed to prevent any violation of the Advisers Act or the rules that the SEC has adopted thereunder. Cumberland believes that the Code of Ethics and the Compliance Manual are useful tools for monitoring the advice that its supervised persons give to its clients.

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ITEM 1 – COVER PAGE – Vice President, Taxable Fixed Income Trading and Portfolio Manager

- A. 1. **NANNETTE SABO** 2 N. Tamiami Trail, Suite 303, Sarasota, FL 34236, 800-257-7013, ext. 313
2. Cumberland Advisors, 2 N. Tamiami Trail, Suite 303, Sarasota, FL 34236
3. Supplement dated 09/25/2013

B. This brochure supplement provides information about Nannette Sabo that supplements the Cumberland Advisors brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Therese M. Pantalione, 800-257-7013, extension 315 if you did not receive Cumberland's brochure or if you have any questions about the contents of this supplement.

Additional information about Nannette Sabo is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 – Educational Background and Business Experience

Nannette L. Sabo joined Cumberland Advisors in 2012. She began her career in capital markets in 1993 with First Union Trust Operations and Derivatives P&L reporting. Ms. Sabo has also worked for Raymond James Financial as a registered representative for Institutional Taxable Fixed Income Sales and as Vice President for Institutional Debt Capital Market Sales with Cantor Fitzgerald and SMH Capital. Ms. Sabo has held various positions in capital markets sales and trading, but has focused her career within fixed-income markets.

Ms. Sabo holds a Bachelor of Science in Business Administration from the University of North Carolina at Charlotte, a Master of Business Administration from Nova Southeastern University, and a Master of Science in Accounting from Kaplan University. Ms. Sabo graduated with honors from both her MBA and MSA programs. Her date of birth is 12/26/68.

ITEM 3 – Disciplinary Information

There is no disciplinary information to report on this person.

ITEM 4 – Other Business Activities

Ms. Sabo is not involved in any other business activities.

ITEM 5 - Additional Compensation

No one who is not a client provides an economic benefit to Ms. Sabo for providing advisory services.

ITEM 6 – Supervision

The person responsible for supervising Ms. Sabo is John Mousseau. He can be reached at 800-257-7013, extension 307. The Compliance officer, reviews and monitors individual accounts to ensure that they meet the investment objective of the particular client. She also reviews marketing literature and e-mail sent to and from clients. She then reports to the CEO. Each of the supervised persons is bound by Cumberland's Code of Ethics, which, among other things, sets forth certain policies and procedures aimed at preventing abusive practices by Cumberland's supervised persons. In addition, each of the supervised persons has received a copy of and reviewed Cumberland's Investment Adviser Compliance Manual, which was reasonably designed to prevent any violation of the Advisers Act or the rules that the SEC has adopted thereunder. Cumberland believes that the Code of Ethics and the Compliance Manual are useful tools for monitoring the advice that its supervised persons give to its clients.

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ITEM 1 – COVER PAGE – Sr. Vice President, Portfolio Manager – US and International Equities

- A.
1. **MATTHEW C. McALEER** 2 N. Tamiami Trail, Suite 303, Sarasota, FL 34236, 800-257-7013, ext. 346
 2. Cumberland Advisors, 2 N. Tamiami Trail, Suite 303, Sarasota, FL 34236
 3. Supplement dated 02/28/2014
- B. This brochure supplement provides information about Matthew C. McAleer that supplements the Cumberland Advisors brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Therese M. Pantalione, 800-257-7013, extension 315 if you did not receive Cumberland's brochure or if you have any questions about the contents of this supplement.

Additional information about Matthew C. McAleer is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 – Educational Background and Business Experience

Mr. McAleer joined Cumberland in February, 2014. He serves as Sr. Vice President and Portfolio Manager for US and International Equities, including the Tactical Trend Allocation Style. With a focus on quantitative research, Mr. McAleer uses detailed trend and relative strength analysis to manage portfolio construction and identify investment opportunities across multiple asset classes. Matt has over 20 years of investment management experience and previously led the tactical asset allocation strategies at Hudson Canyon Investment Counselors and Classic Asset Management.

Mr. McAleer holds a BS degree in marketing/economics from Rider University, where he also competed for the wrestling team. His date of birth is 04/19/1965.

ITEM 3 – Disciplinary Information

There is no disciplinary information to report on this person.

ITEM 4 – Other Business Activities

Mr. McAleer is not involved in any other business activities.

ITEM 5 - Additional Compensation

No one who is not a client provides an economic benefit to Mr. McAleer for providing advisory services.

ITEM 6 – Supervision

The person responsible for supervising Mr. McAleer is David Kotok. He can be reached at 800-257-7013, extension 320. The Compliance officer, reviews and monitors individual accounts to ensure that they meet the investment objective of the particular client. She also reviews marketing literature and e-mail sent to and from clients. She then reports to the CEO. Each of the supervised persons is bound by Cumberland's Code of Ethics, which, among other things, sets forth certain policies and procedures aimed at preventing abusive practices by Cumberland's supervised persons. In addition, each of the supervised persons has received a copy of and reviewed Cumberland's Investment Adviser Compliance Manual, which was reasonably designed to prevent any violation of the Advisers Act or the rules that the SEC has adopted thereunder. Cumberland believes that the Code of Ethics and the Compliance Manual are useful tools for monitoring the advice that its supervised persons give to its clients.

ITEM 1 – COVER PAGE – Vice President, Portfolio Manager

- A.
1. **KELLI K. HILL**, 614 Landis Ave., Vineland, NJ 08360, 800-257-7013, ext. 348
 2. Cumberland Advisors, 2 N. Tamiami Trail, Suite 303, Sarasota, FL 34236
 3. Supplement dated 02/28/2014
- B. This brochure supplement provides information about Kelli K. Hill that supplements the Cumberland Advisors brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Therese M. Pantalione, 800-257-7013, extension 315 if you did not receive Cumberland's brochure or if you have any questions about the contents of this supplement.

Additional information about Kelli K. Hill is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 – Educational Background and Business Experience

Miss Hill joined Cumberland Advisors in February, 2014. She serves as a Vice President and Portfolio Manager. Prior to joining Cumberland, Ms. Hill was a lead portfolio manager for the Sentinel Capital Growth and Growth Leaders portfolios at Sentinel Investments. She also served as lead portfolio manager for Sentinel's All-Cap portfolio and was a member of the investment team for Sentinel's Large Cap Growth portfolio. Ms. Hill was an institutional portfolio manager and member of the International Core and Large Cap Growth portfolio teams at Putnam Investments in Boston. She also held portfolio management positions at Wells Capital Management and Wells Fargo, both in San Francisco, CA.

Ms. Hill holds a BA degree in International Relations from the University of Southern California. Her date of birth is 07/14/1960.

ITEM 3 – Disciplinary Information

There is no disciplinary information to report on this person.

ITEM 4 – Other Business Activities

Ms. Hill is not involved in any other business activities.

ITEM 5 - Additional Compensation

No one who is not a client provides an economic benefit to Ms. Hill for providing advisory services.

ITEM 6 – Supervision

The person responsible for supervising Ms. Hill is David Kotok. He can be reached at 800-257-7013, extension 320. The Compliance officer, reviews and monitors individual accounts to ensure that they meet the investment objective of the particular client. She also reviews marketing literature and e-mail sent to and from clients. She then reports to the CEO. Each of the supervised persons is bound by Cumberland's Code of Ethics, which, among other things, sets forth certain policies and procedures aimed at preventing abusive practices by Cumberland's supervised persons. In addition, each of the supervised persons has received a copy of and reviewed Cumberland's Investment Adviser Compliance Manual, which was reasonably designed to prevent any violation of the Advisers Act or the rules that the SEC has adopted thereunder. Cumberland believes that the Code of Ethics and the Compliance Manual are useful tools for monitoring the advice that its supervised persons give to its clients.

CUMBERLAND ADVISORS®
ADV PART 2 B

ITEM 1 – COVER PAGE – Sub-Advisor/Master Limited Partnerships

- A.
1. **Richard Daskin**, CFA³, CFP®⁴
 2. RSD Advisors, LLC sub-advisor to Cumberland Advisors,
<http://www.rsdadvisors.net/>
 3. Supplement dated 09/25/2013
- B. This brochure supplement provides information about Richard Daskin that supplements the Cumberland Advisors brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Therese M. Pantalione, 800-257-7013, extension 315, if you did not receive Cumberland's brochure or if you have any questions about the contents of this supplement.
- Additional information about Richard Daskin is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 – Educational Background and Business Experience

Richard Daskin CFA, CFP® is the CIO for RSD Advisors, LLC a registered investment advisor based in New York City. Mr. Daskin has over 30 years experience on both the "buy" and "sell" side of Wall Street in fixed income and investment management and has been a research analyst, trader, portfolio manager, and salesperson. Mr. Daskin formerly worked at the Goldstein Capital

³ The **Chartered Financial Analyst** (CFA) designation is an international [professional certification](#) offered by the [CFA Institute](#) (formerly AIMR) to [financial analysts](#) who complete a series of three [examinations](#). To become a **CFA Charterholder** candidates must pass each of three six-hour exams, possess a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience. CFA charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

⁴ **Certified Financial Planner**. (CFP®). To attain the right to use the CFP® marks, an individual must complete an advanced college-level course of study addressing the financial planning subject areas, including insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning; and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). They must also pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances. Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals. Individuals who become certified must complete ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks.

hedge fund, as well as First Albany Capital, DLJ, Alex Brown, Lazard Frères, Chemical Bank and US Trust Company of New York. He recently wrote a chapter for the book, "Investing in the High Yield Municipal Market: How to Profit from the Current Credit Crisis and earn Attractive Tax Exempt Interest Income". Mr. Daskin has a B.A. in Economics from the University at Albany. He is a holder of a Chartered Financial Analyst designation and is a member of the New York Society of Securities Analysts. He has also obtained a Certified Financial Planner designation and a life and health insurance broker's license. Date of Birth 5/20/1957

ITEM 3 – Disciplinary Information

There is no disciplinary information to report on this person.

ITEM 4 – Other Business Activities

Mr. Daskin has been an instructor at the New York Institute of Finance

ITEM 5 - Additional Compensation

RSD Advisors, LLC offers financial planning services, investment management services and insurance services and is compensated by RSD Advisors clients for these services accordingly.

ITEM 6 – Supervision

The person responsible for supervising Mr. Daskin is David R. Kotok, CEO. He can be reached at 800-257-7013, extension 320. The Compliance officer reviews and monitors individual accounts to ensure that they meet the investment objective of the particular client. She also reviews marketing literature and e-mail sent to and from clients. She then reports to the CEO. Mr. Daskin is bound by the Code of Ethics of RSD Advisors, LLC. which among other things, sets forth certain policies and procedures aimed at preventing abusive practices by Mr. Daskin.

The Code of Ethics of RSD Advisors is available upon request.