

September 2015 Observations

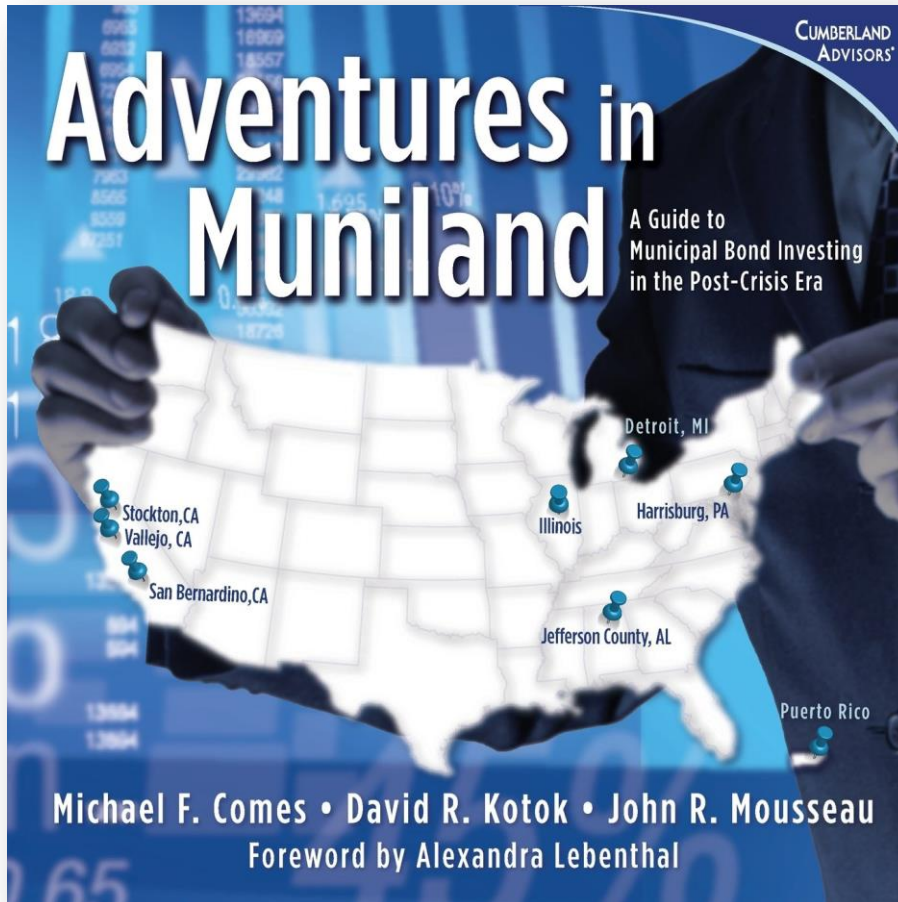
CFA Society of Indianapolis
Annual Joint Investor Forum

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Adventures in Muniland!



Adventures in Muniland:
*A Guide to Municipal Bond
Investing in the Post-Crisis Era*

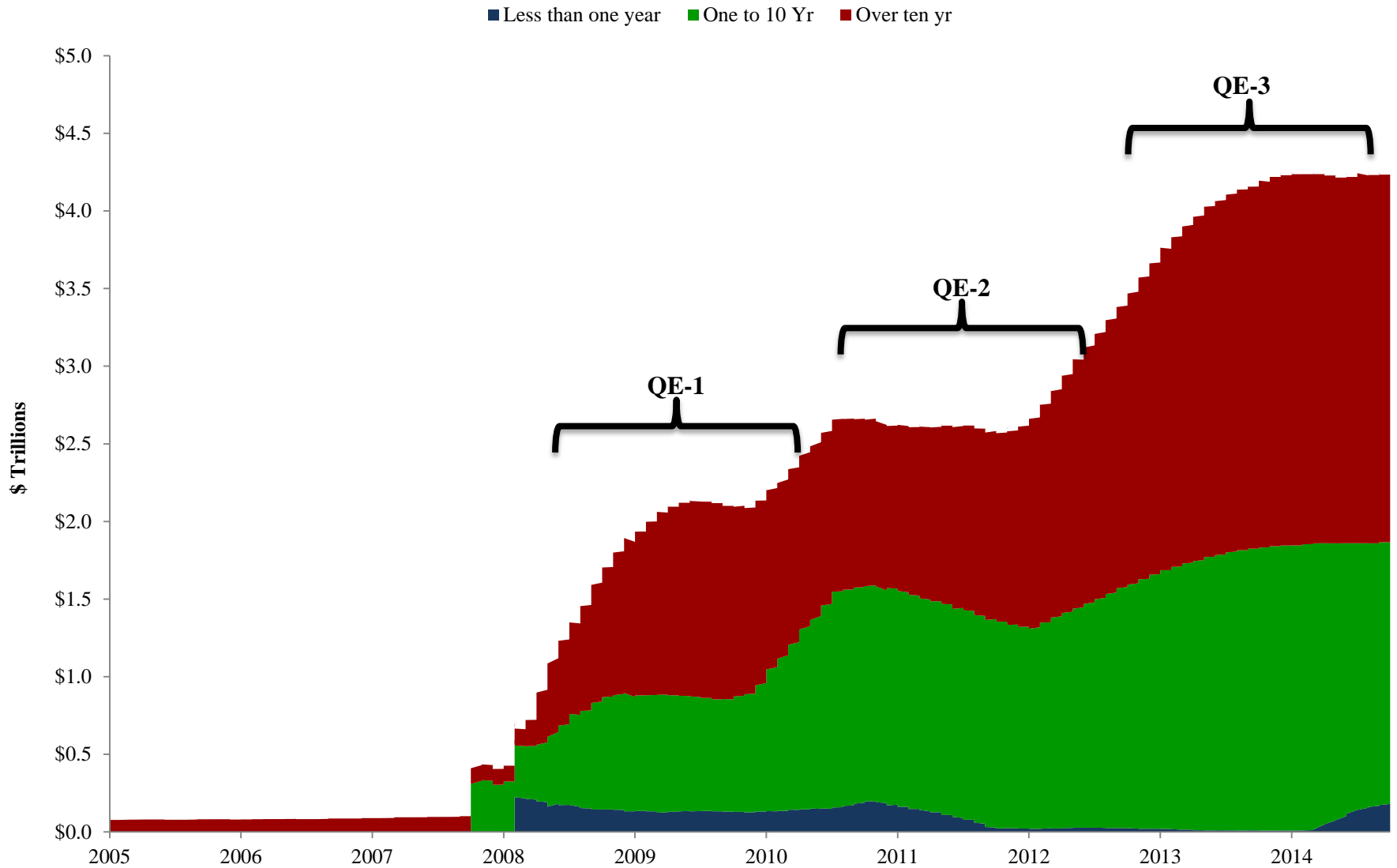
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Foreword by: Alexandra Lebenthal

**Available for purchase on
[Amazon.com](https://www.amazon.com)**

With a perspective that only decades of experience can bring, *Adventures in Muniland* captures the municipal bond market's transformation from stodgy to dynamic. This concise, yet comprehensive stroll offers an insider's view, brings the reader right up to today's discussions, and carries the added benefit of providing a clear understanding of what can at times appear to be an opaque marketplace. The Cumberland team has produced an insightful review for the seasoned professional and a must read for newcomers and investors.

Fed Maturity Structure: Assets



Source: Haver Analytics

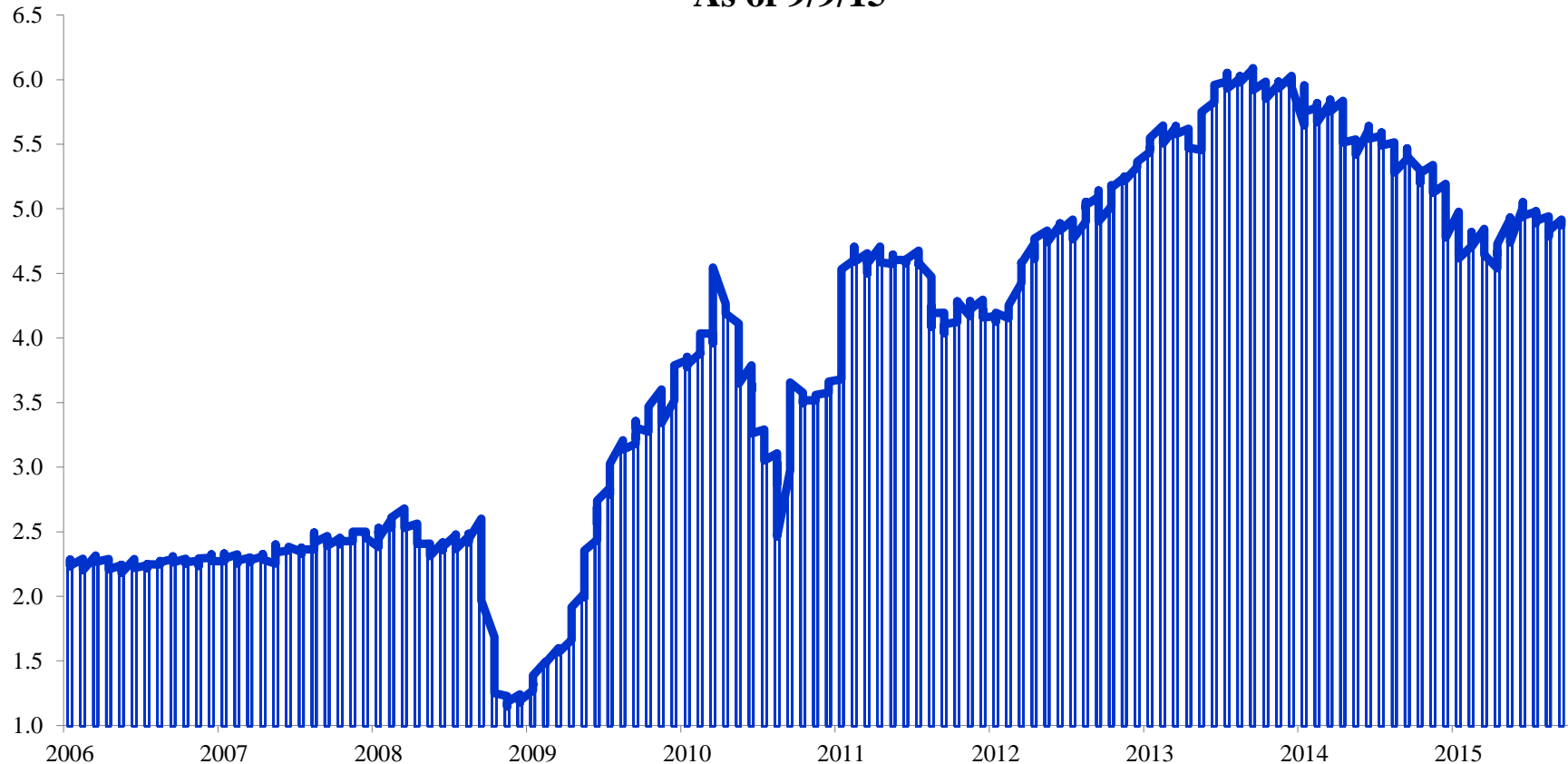
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Estimated Duration of Fed Assets

Estimated Federal Reserve Duration, Leverage and Reliance Upon Bank Excess Reserves to Fund Assets As of 9/9/15



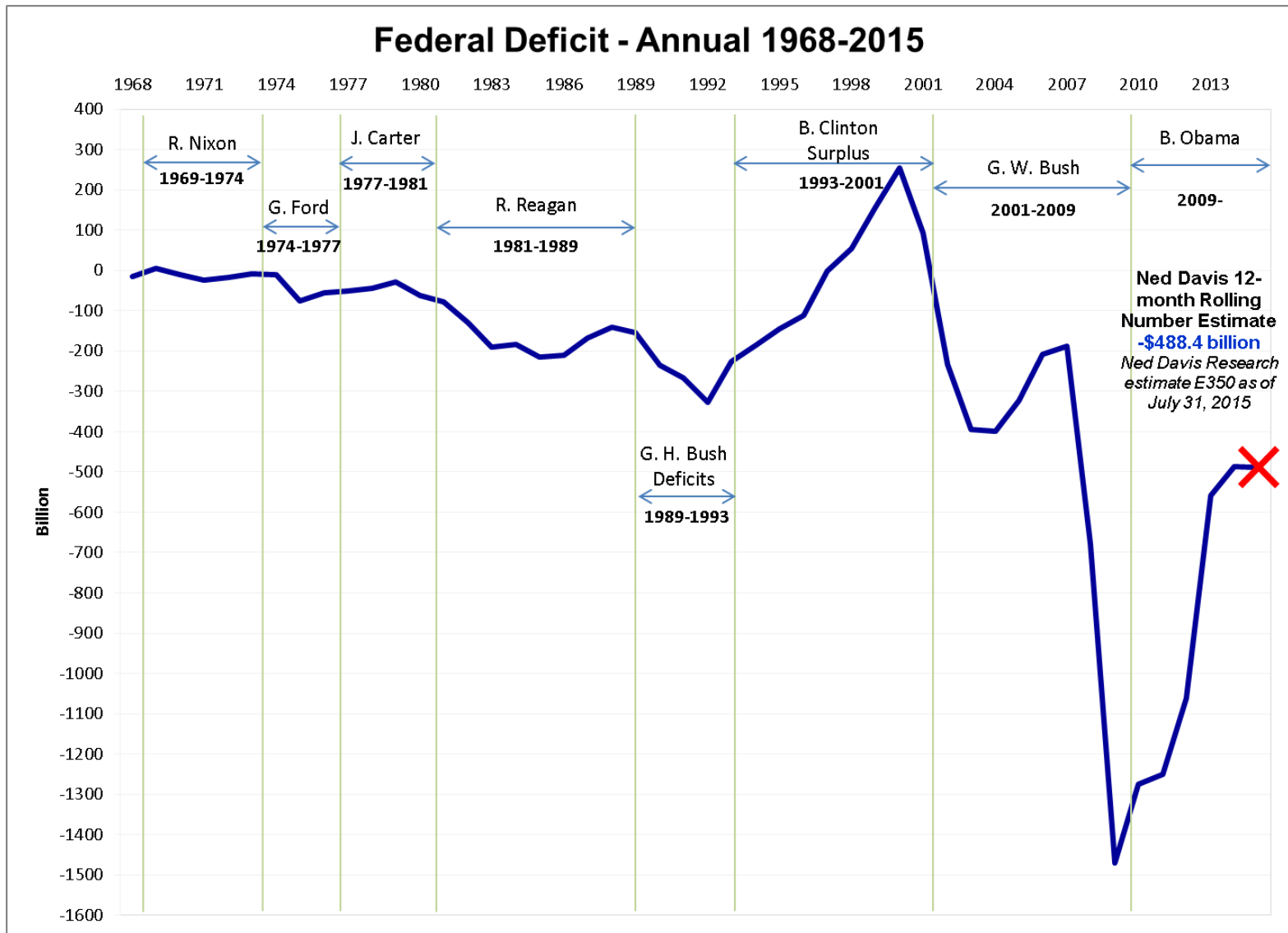
Weekly Data

Source: Federal Reserve Statistics, Haver Analytics

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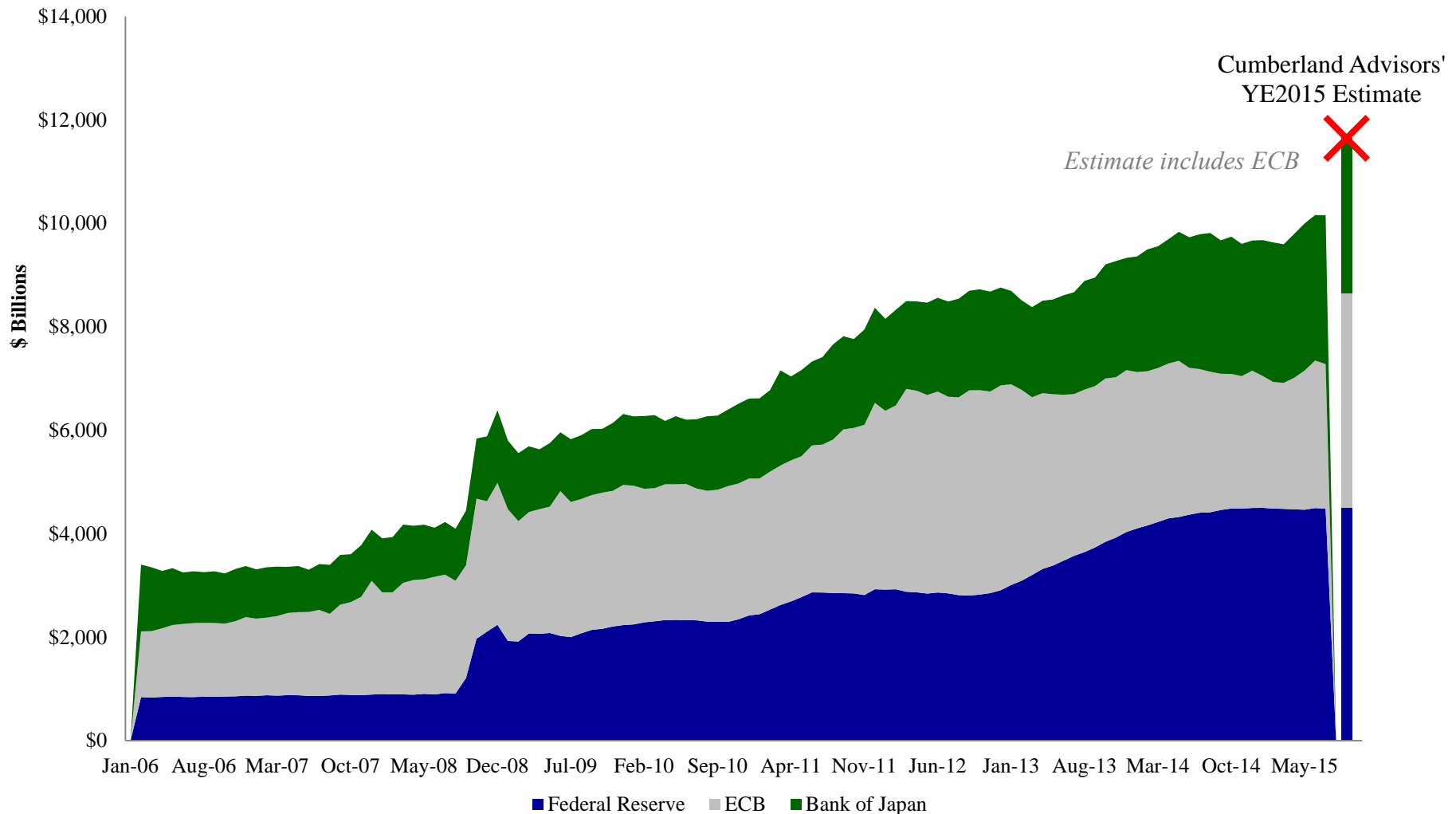
Federal Deficit



Source: Haver Analytics and Congressional Budget Office

Monthly Central Bank Assets

Monthly Central Bank Assets for US, Japan, and Euro Area
June-06 to Aug-15



G7 Government Bond Yields

Country	2-year Yields	10-year Yields
As of September 10, 2015		
USA	0.737	2.210
Canada	0.452	1.487
UK	0.623	1.852
France	-0.174	1.084
Germany	-0.229	0.686
Italy	0.093	1.830
Japan	0.007	0.340
Swiss	-0.850	-0.139

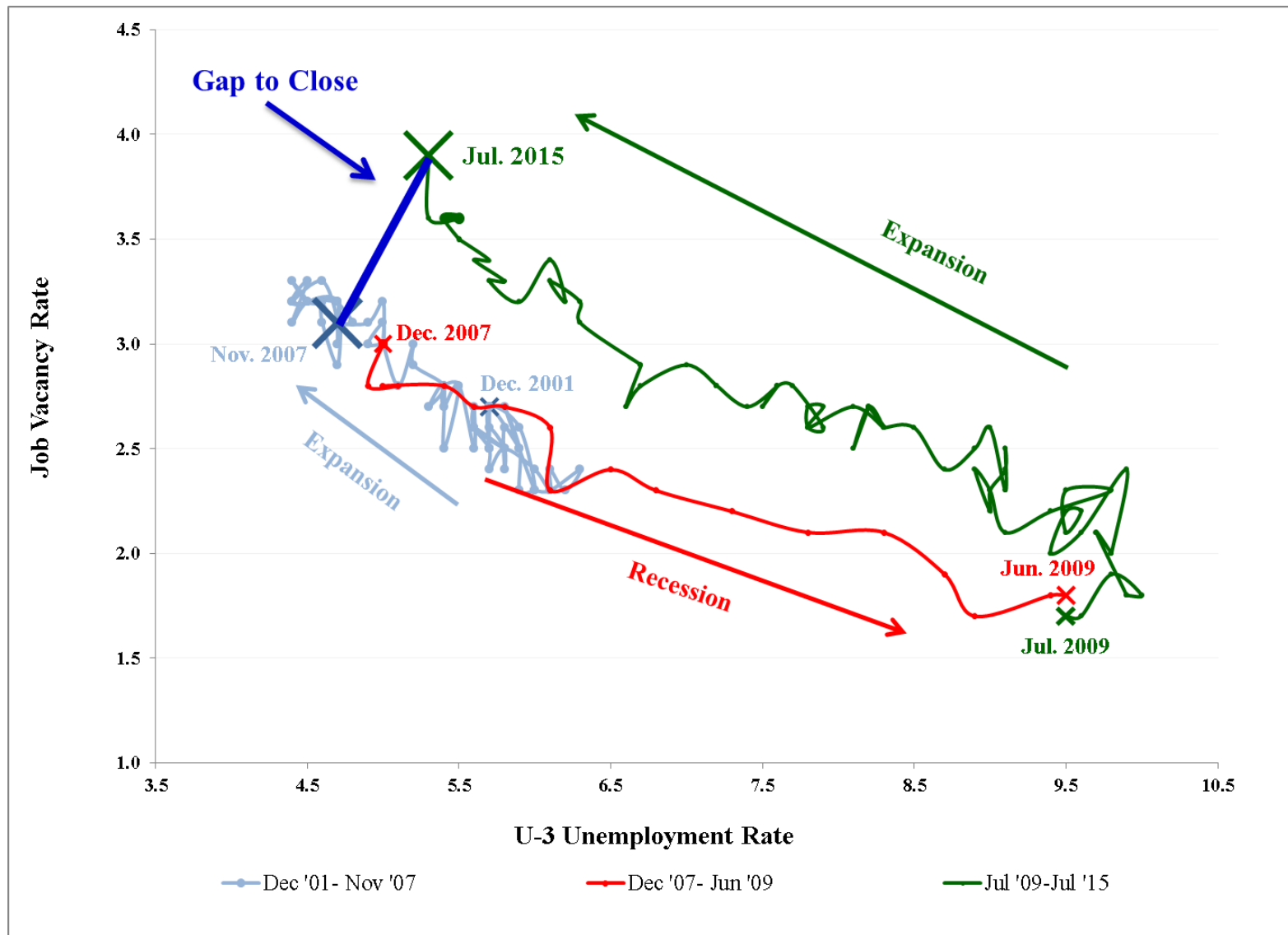
Source: Bloomberg

Interest Rate Comparison



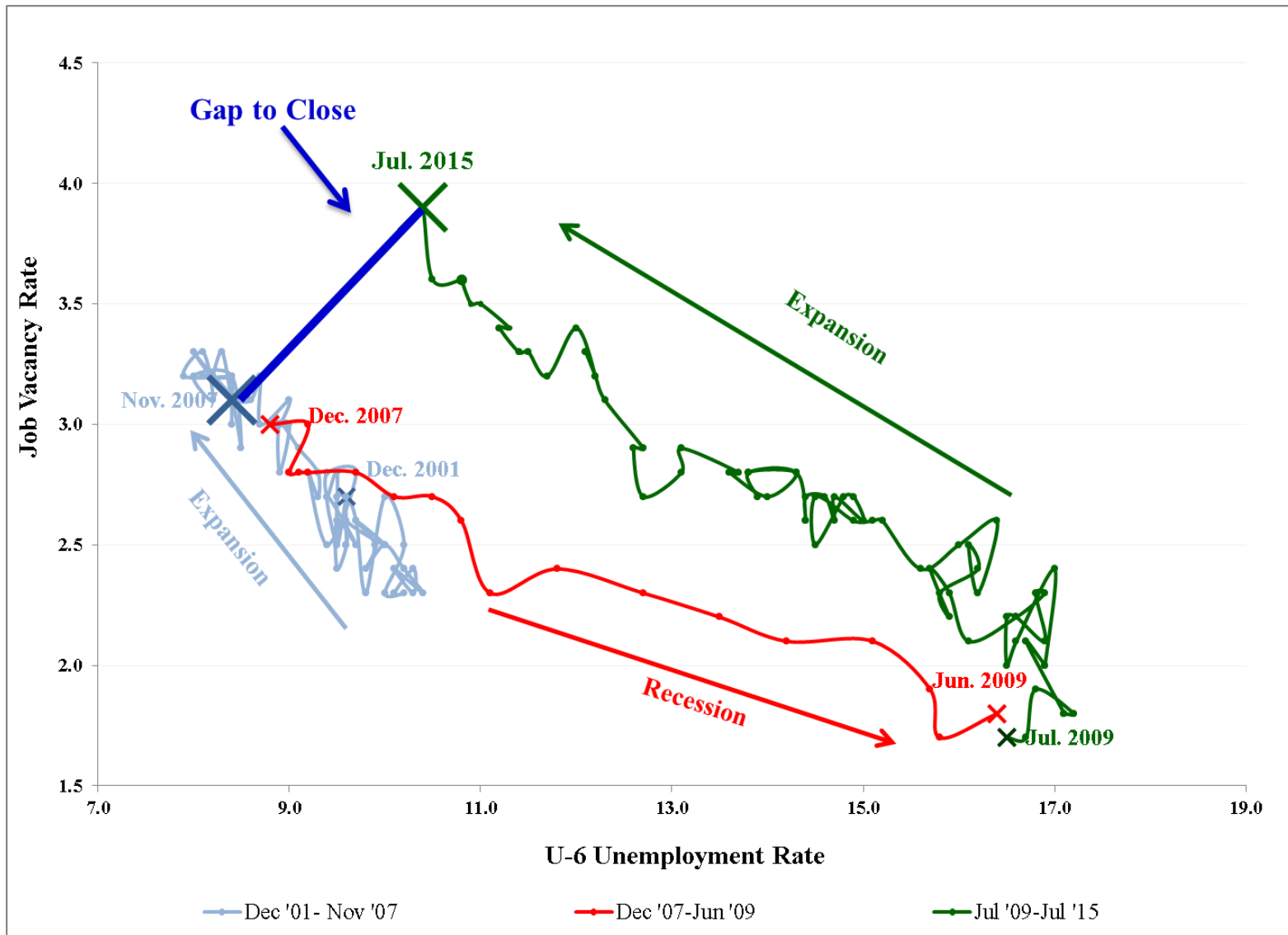
Source: Bloomberg

U-3 Unemployment Rate



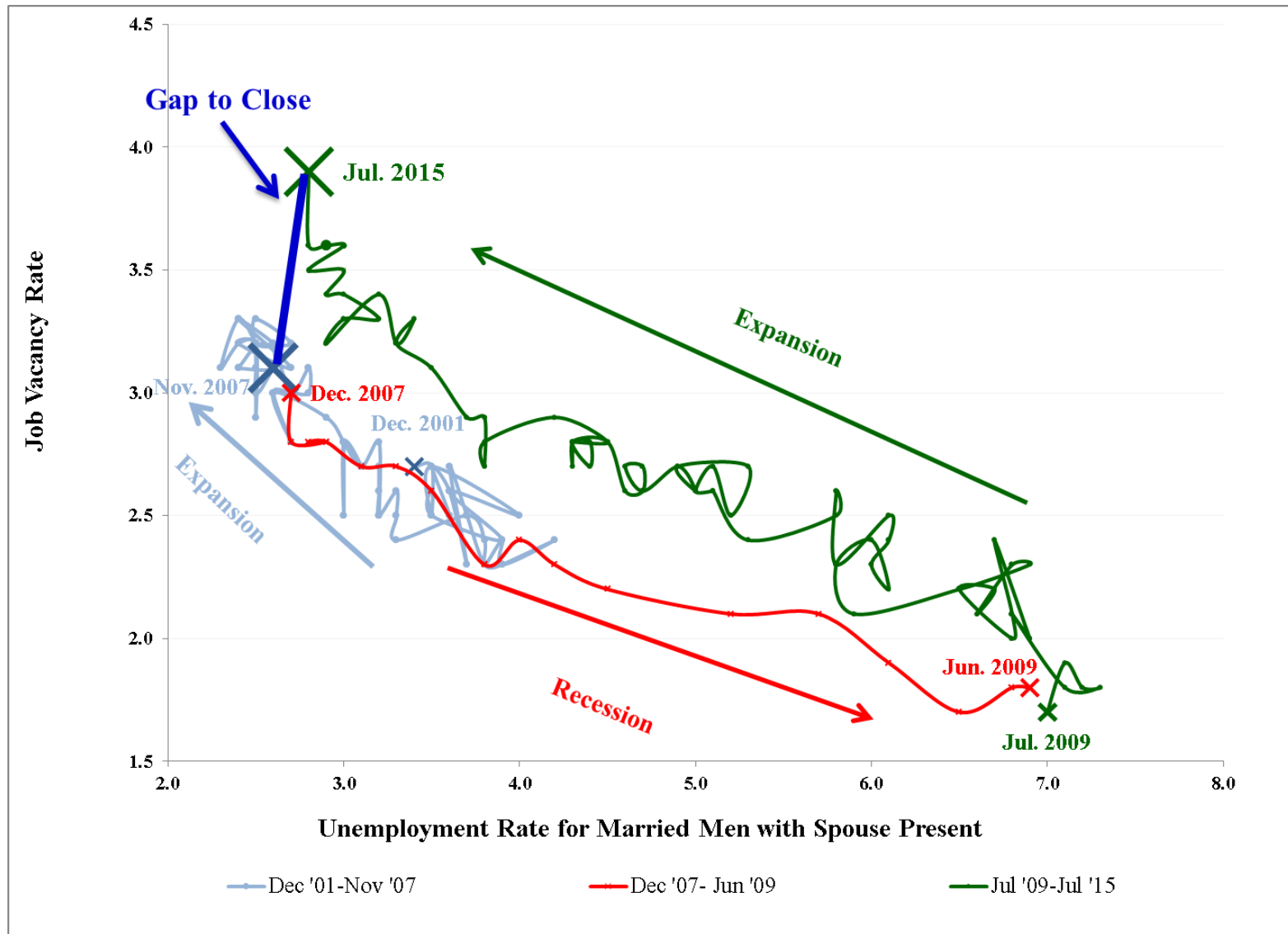
Source: Bureau of Labor Statistics

U-6 Unemployment Rate



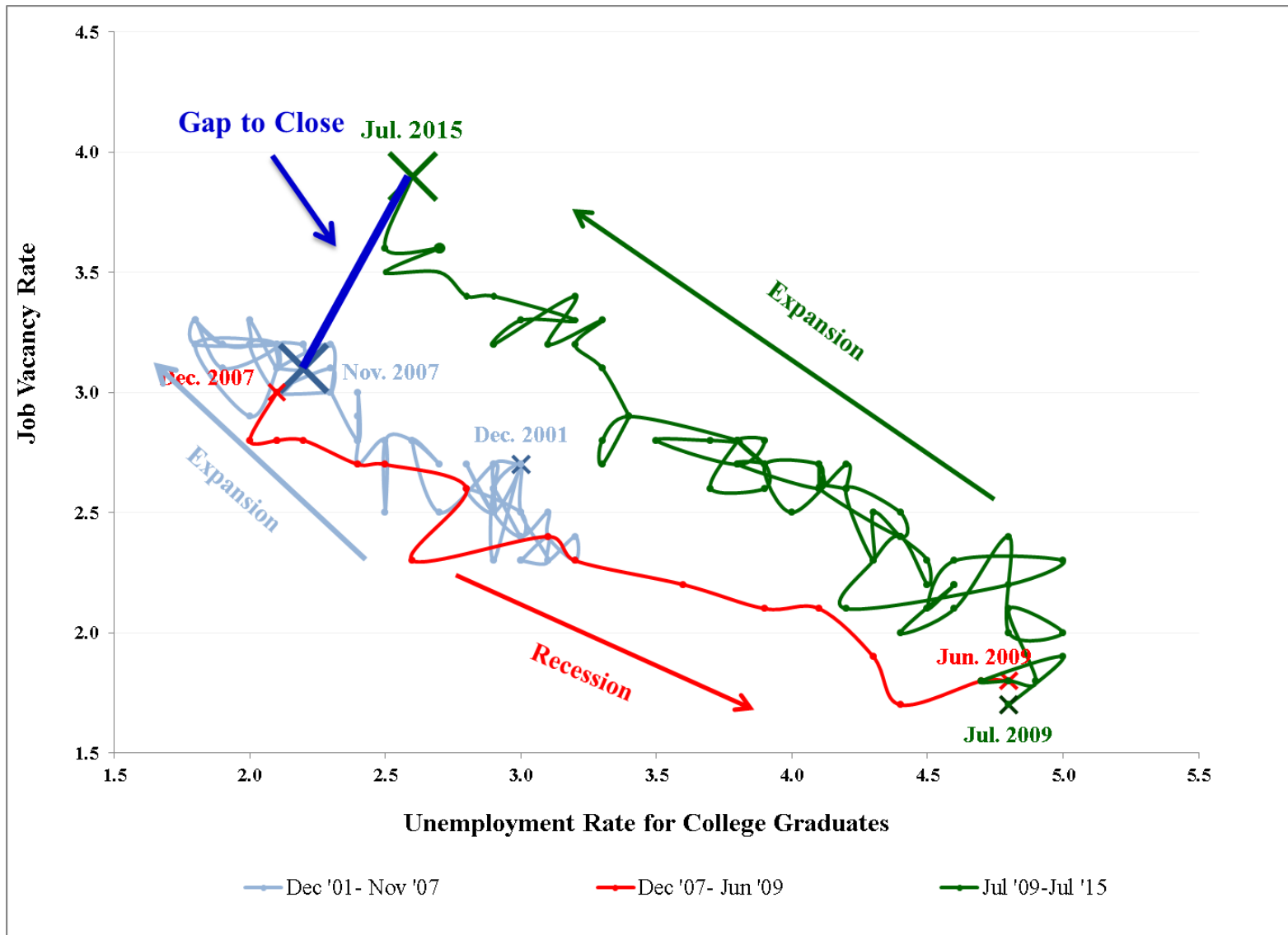
Source: Bureau of Labor Statistics

Married Men Spouse Present



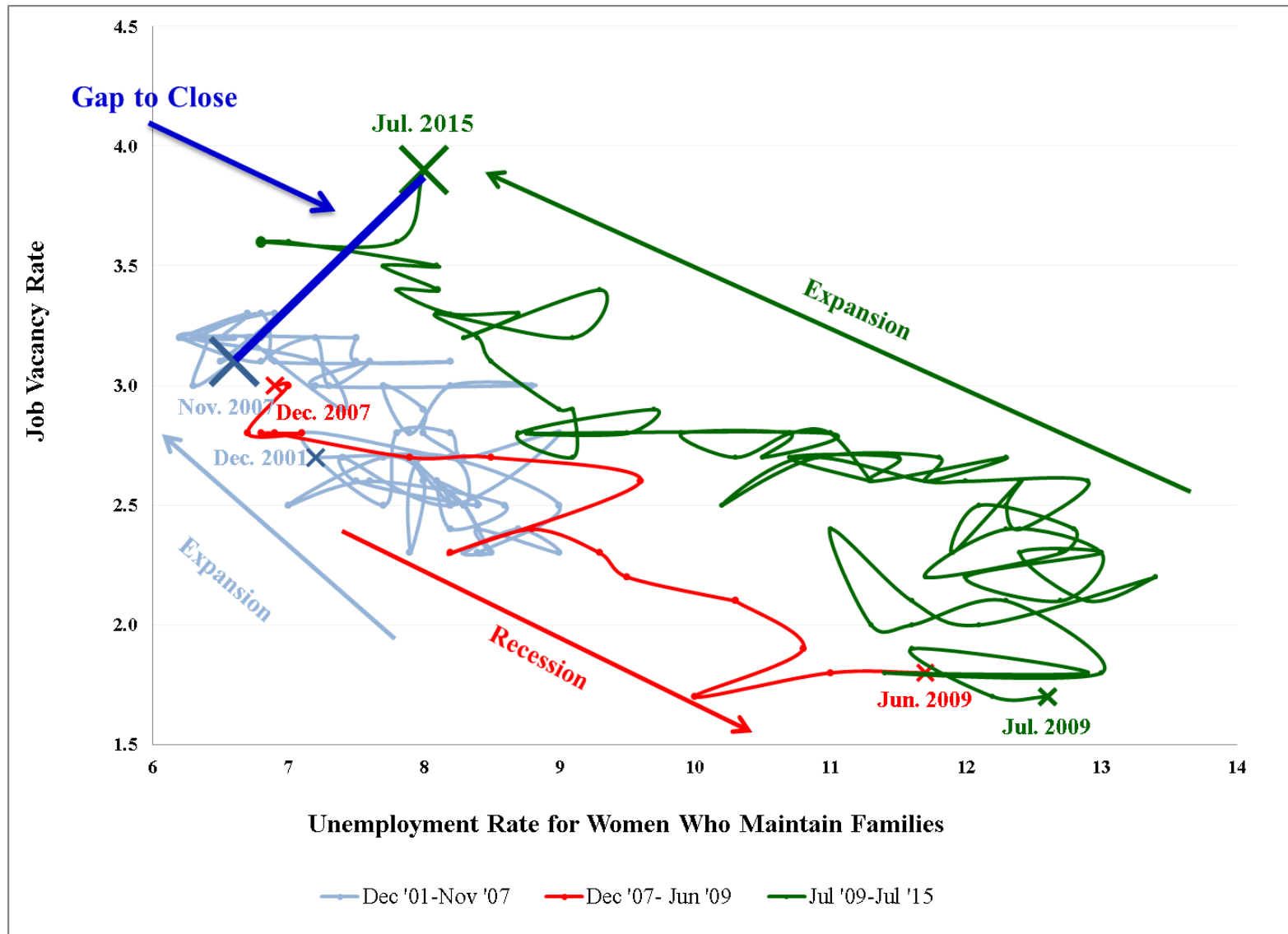
Source: Bureau of Labor Statistics

College Graduates



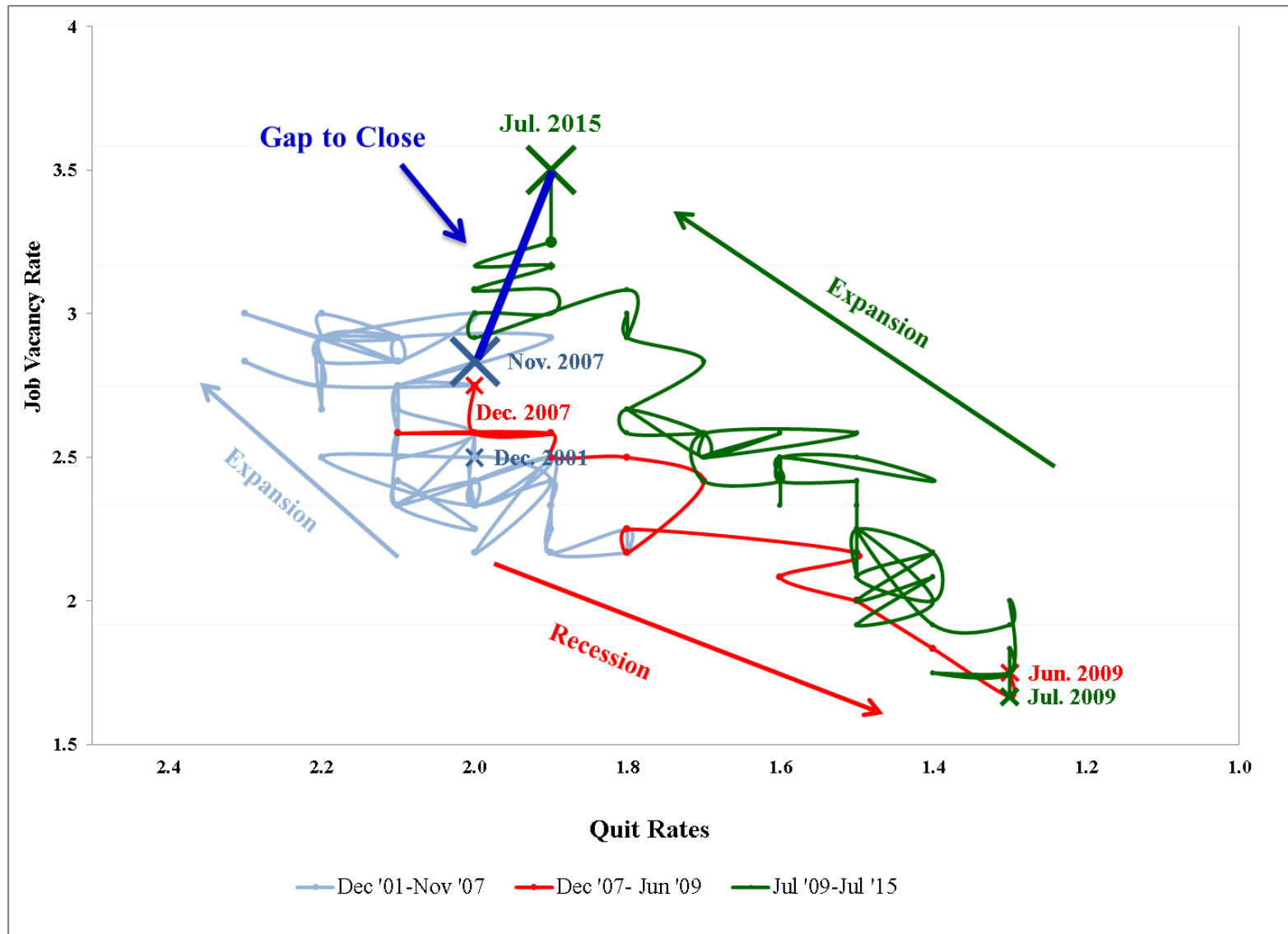
Source: Bureau of Labor Statistics

Women Who Maintain Families



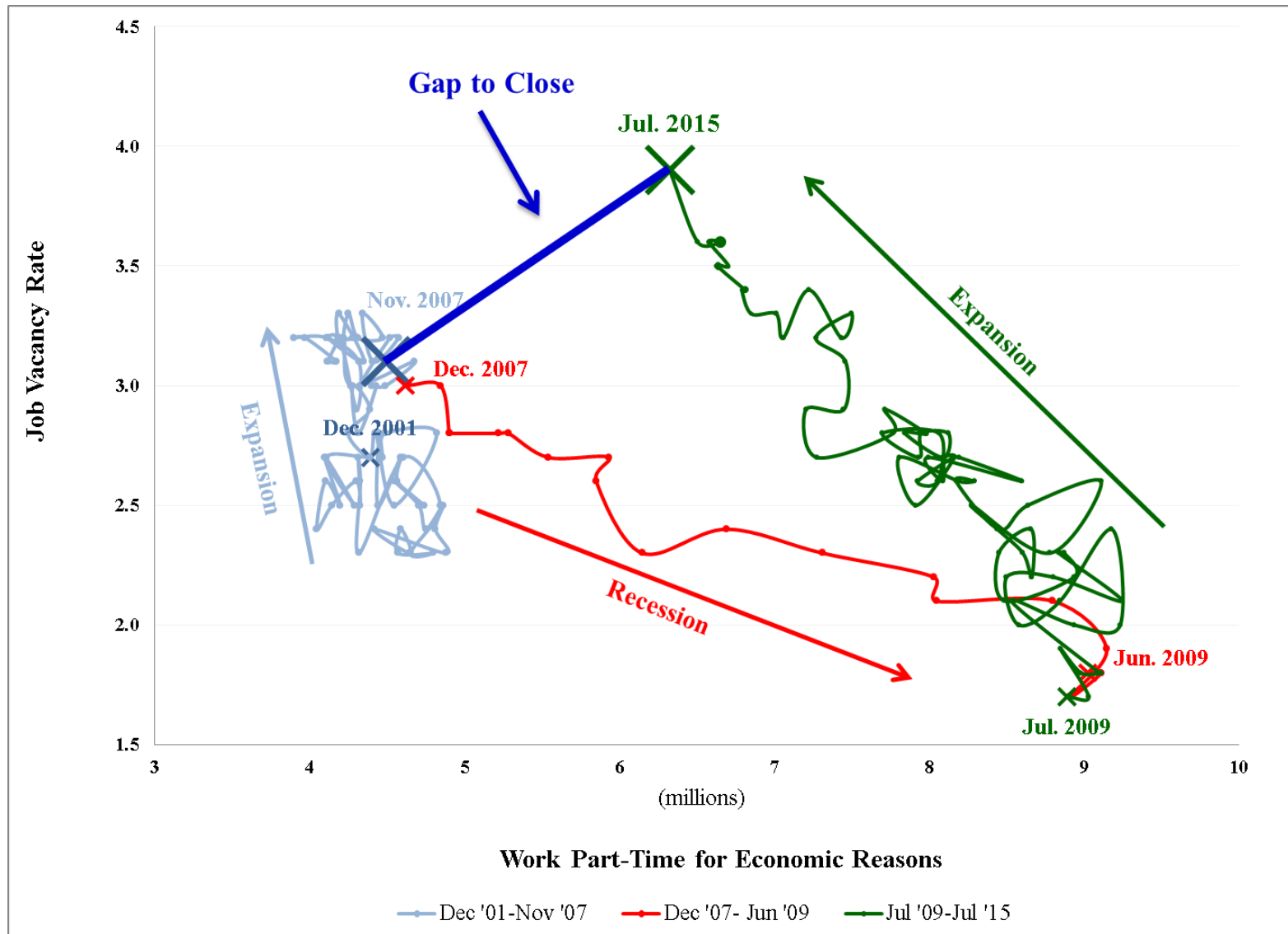
Source: Bureau of Labor Statistics

Take This Job & Shove It



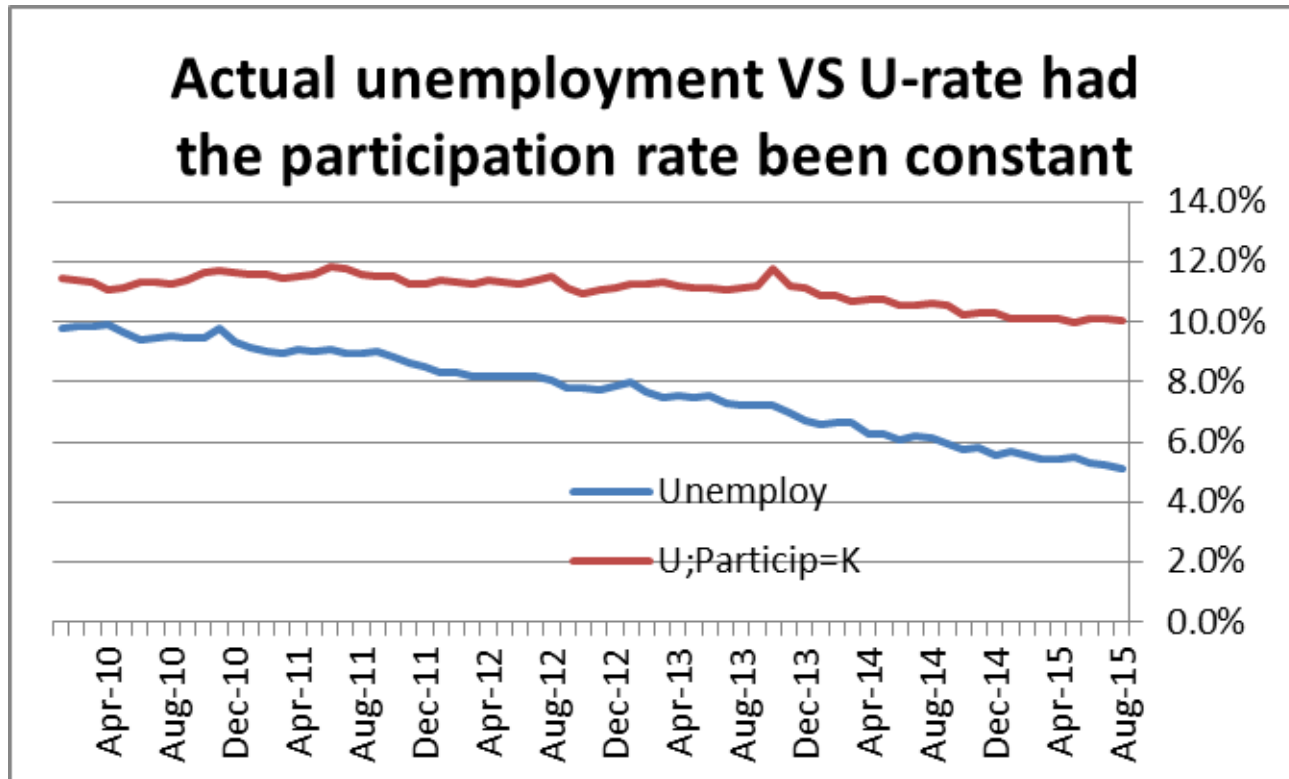
Source: Bureau of Labor Statistics

Part-Time for Economic Reasons



Source: Bureau of Labor Statistics

Unemployment vs. U-Rate



Income Disparity



\$831,000

Average difference in total lifetime earnings in the US between college graduates and people with only a high school education.

Source: TIME, May, 2014, Federal Reserve Bank, Richmond: 3rd Quarter 2014,
https://www.richmondfed.org/publications/research/econ_focus/2014/q3/pdf/feature1.pdf

High School Dropouts

High school dropouts also have a much higher probability of ending up in prison or jail.

- Nearly 80% of all prisoners are high school dropouts or recipients of the General Education Development (GED) credential.
- More than half of inmates with a GED earned it while incarcerated.
- About 41% of all inmates have no high school credential at all.

Source: ECON FOCUS | THIRD QUARTER | 2014 13

October 7, 2014

- “In 5 years, half of every kindergarten class in America is going to be made up of children of single moms!”
- “presently 40% of all single moms under the age of 30”

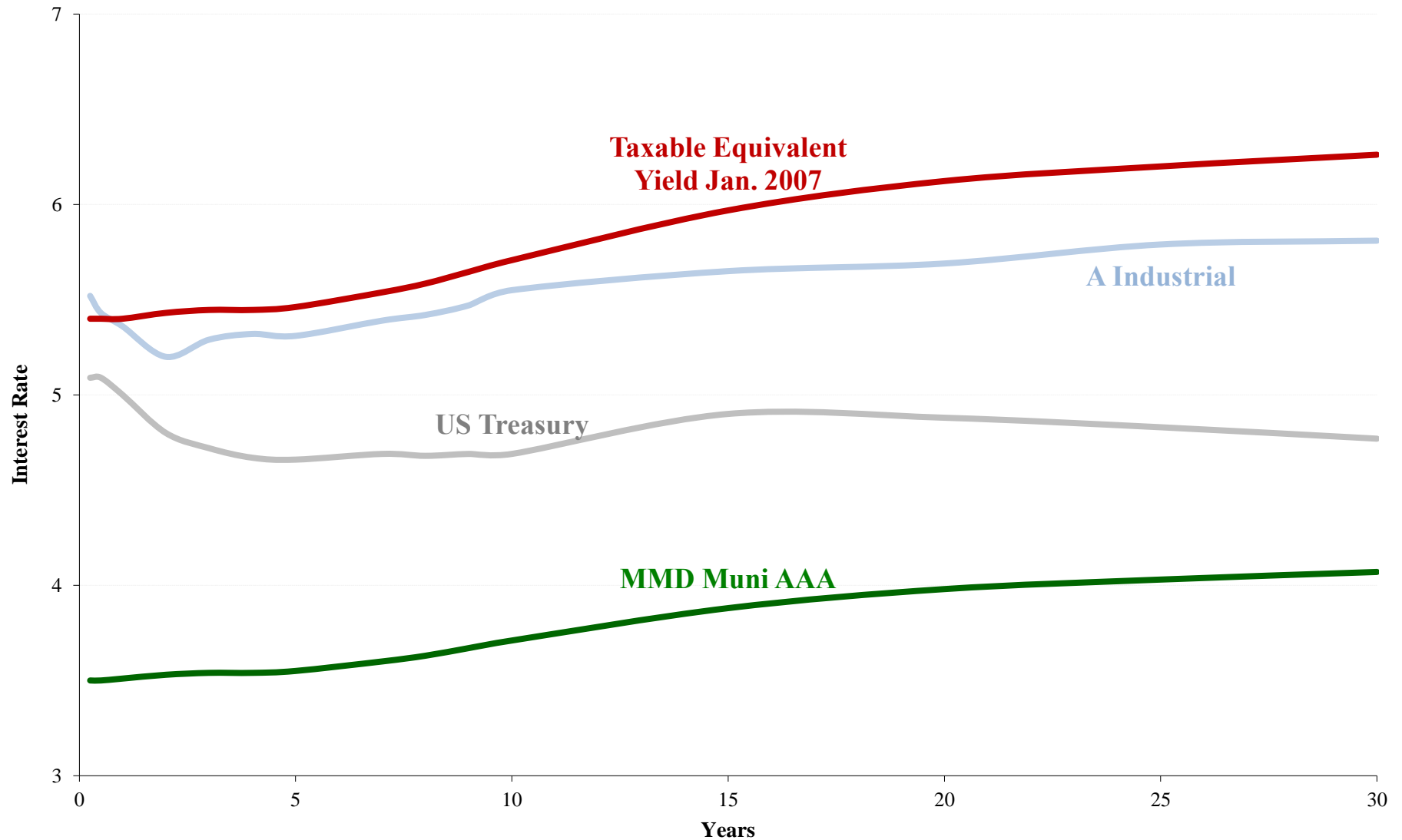
Source: Celinda Lake, Aspen Institute Ascend Program October 2014

The Pentagon, 2009

- The pentagon reports that 75% of Americans aged 17 to 24 cannot join the United States military – 26 million young Americans.
- Three of the most common barriers for potential recruits are failure to graduate high school, a criminal record, and physical fitness issues, including obesity.

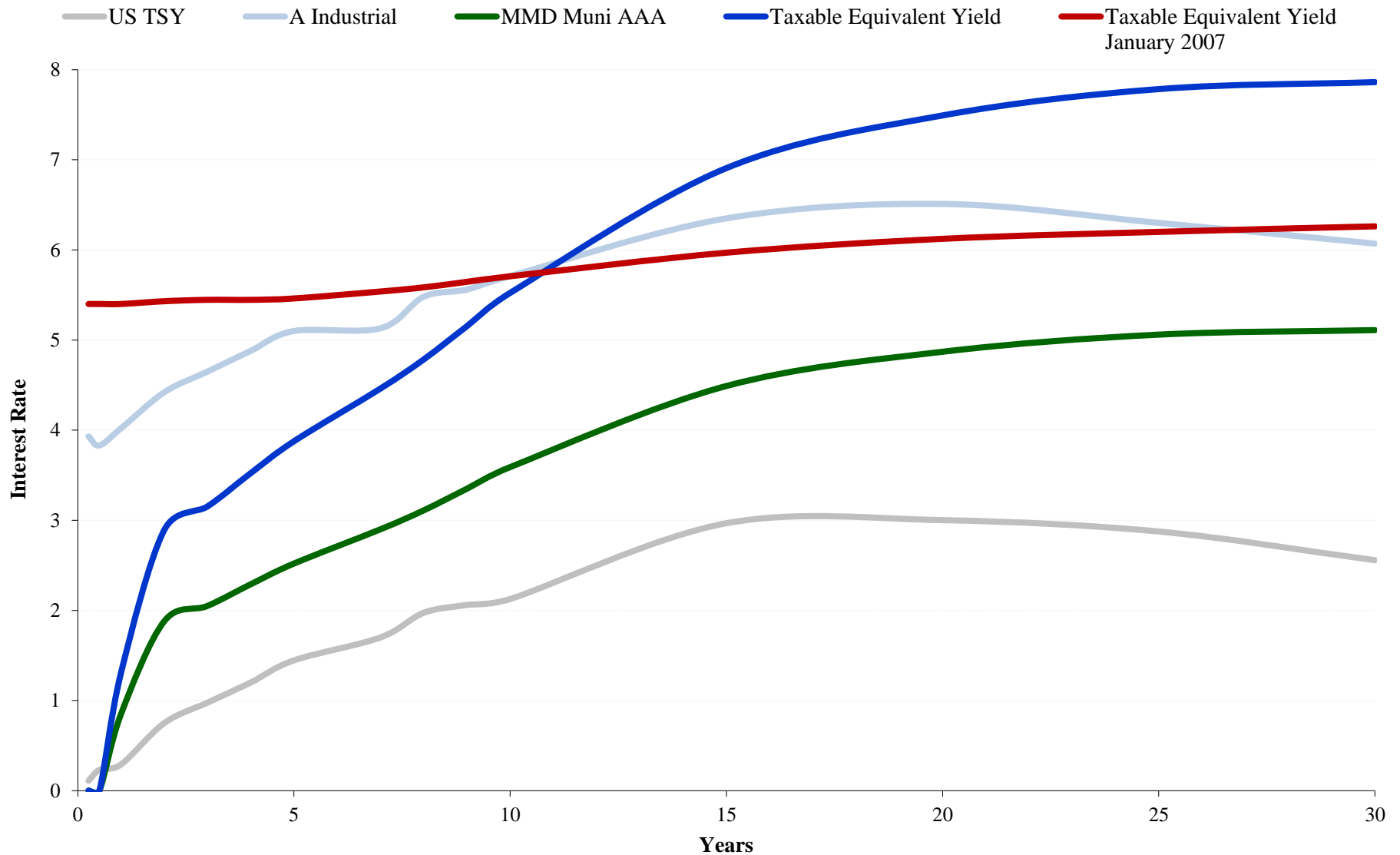
Source: “Ready Willing and Unable to Serve” – Pentagon 2009

Munis & Tsys: Jan. 2, 2007



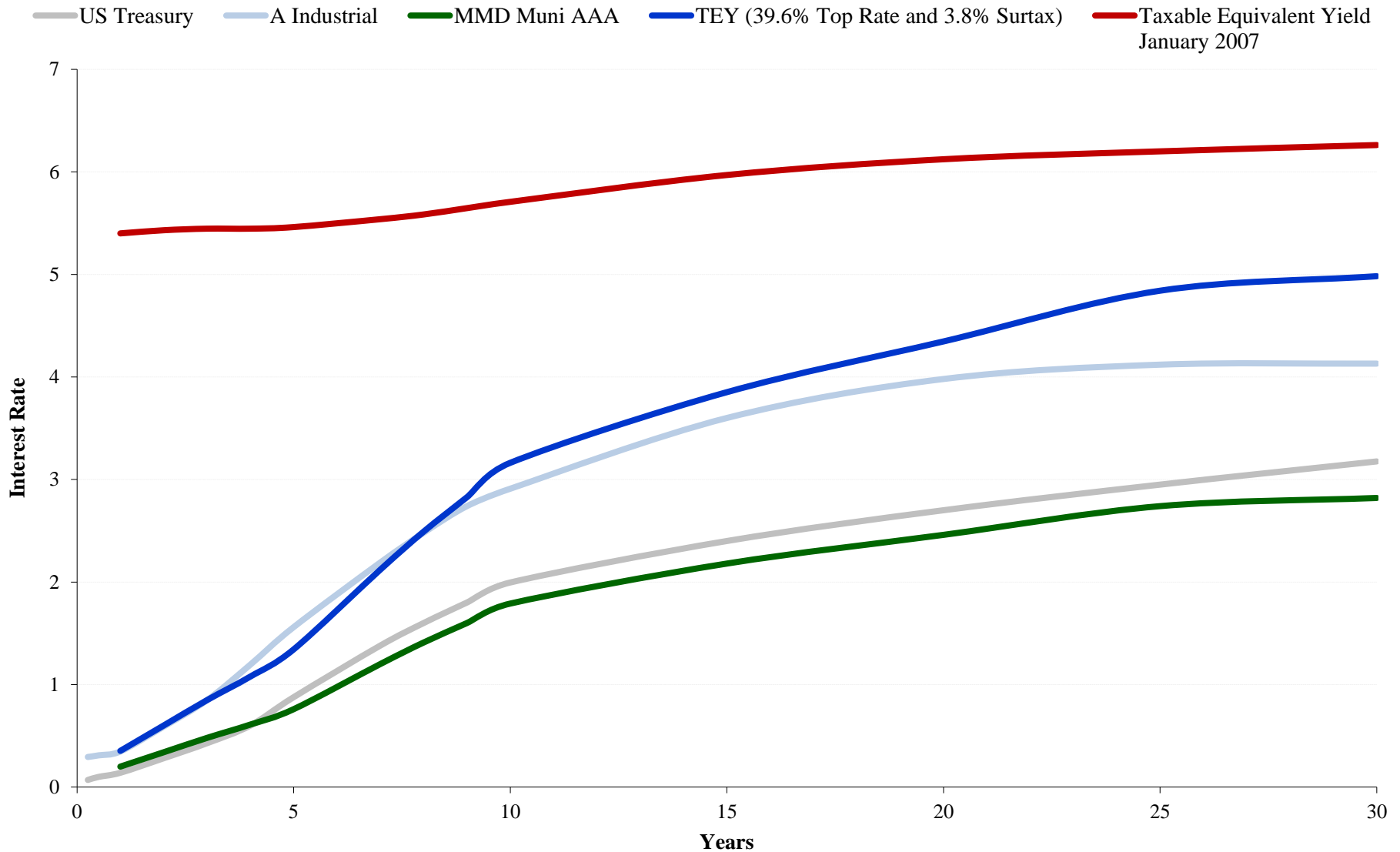
Source: Bloomberg

Munis & Tsys: Dec. 29, 2008



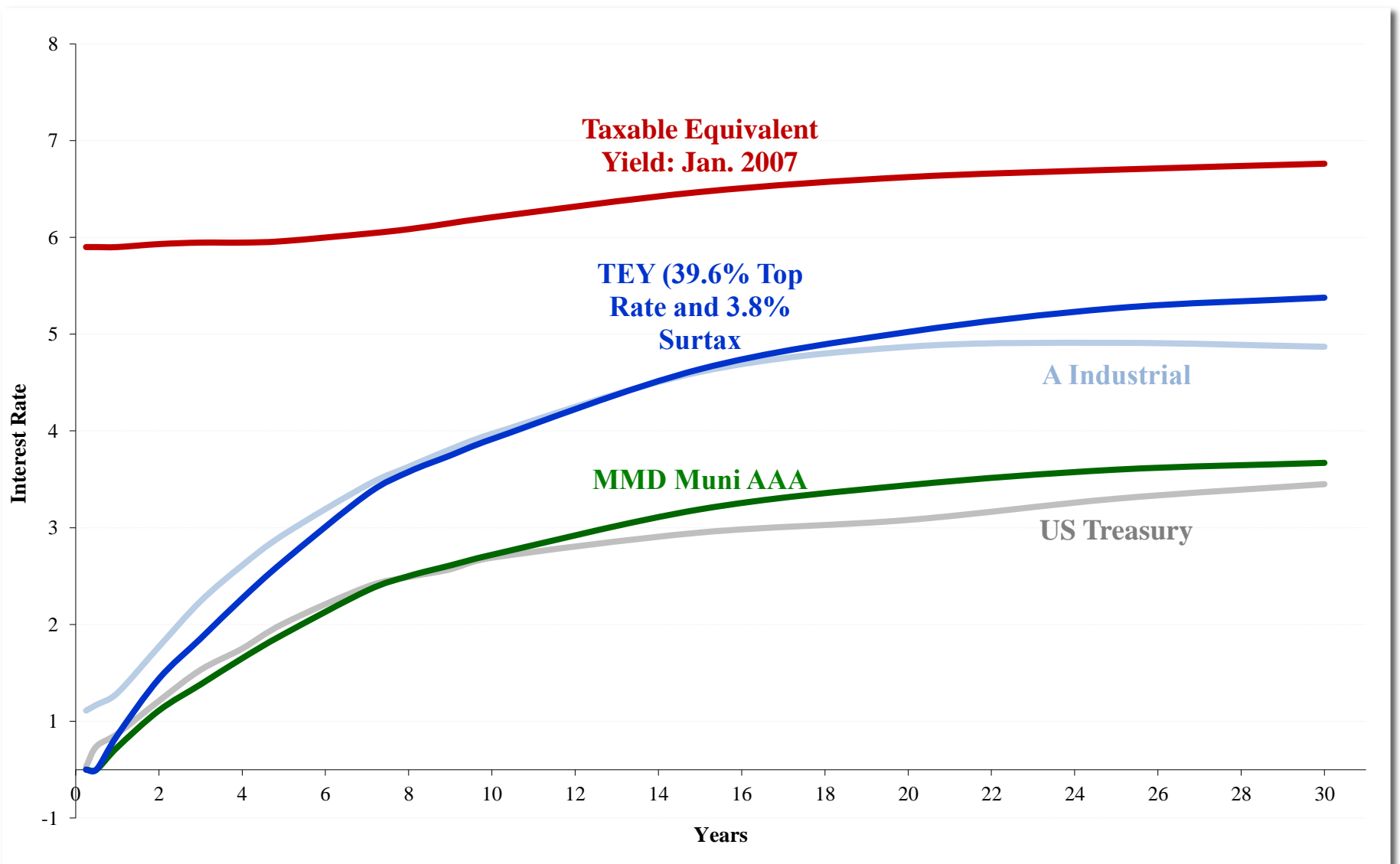
Source: Bloomberg

Munis & Tsys: Jan. 23, 2013



Source: Bloomberg

Munis & Tsys: Sept. 11, 2015



Source: Bloomberg

Disclosure

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