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# Forbes *TAX ADVANTAGED INVESTOR*

By MARILYN COHEN

## Fainting Goat Syndrome

Crank up your computer and go to YouTube.com. Search for fainting goats. The fainting goats you will see on YouTube have a genetic predisposition to fainting when startled. The spell only lasts a few seconds, and then they get up and trot away.

Well, that was the reception I received at the Orlando Money Show when I told investors about the perils of too much money continuing to flood bond funds. My point was that fund prices will surely fall when the masses decide to high-tail it out. It's time for investors to take some profits in their bond mutual funds. Apparently bond fund investors have a genetic predisposition to riding investments down. When they have profits they faint out of fear they are leaving money on the table if they sell. Hence, we see so many fainting investors, frozen into inaction, unable to accept victory and book their profits.

In a few instances, the dialogue got downright nasty. Especially when the discussion turned to TIPS funds. Treasury Inflation Protected Securities had a great run during 2008 and 2009. TIPS fund returns gave comfort and profits to investors who had lost money out their whazoos from the stock market meltdown.

You TIPS fund investors have had two great back-to-back years. Yes, you made money. But for all the wrong reasons. It is now time to sell and take some of your profits. When I said this, my words were followed by the sound of thuds...one thud after another from TIPS fund investors fainting at the scary thought of taking profits.

When an investment makes money for the wrong reasons, you must grab your profits and run. That's what happened with TIPS. Did TIPS funds appreciate because the CPI increased so dramatically? No. Instead, TIPS funds appreciated because herds of investors stampeded into them. They were afraid of the depressed and volatile markets resulting from the credit crisis. Treasury yields plunged (some to negative yields). To these people, TIPS seemed a safe haven. When massive amounts of money flooded into relatively small markets--you guessed it--prices advanced. The TIPS market is small compared to the regular coupon paying Treasury bond market. As supply of TIPS remained small and demand turned

voracious, prices increased.

If my story of the fainting goats pinch a nerve, look at the facts:

- Some TIPS funds have omitted dividends in 2008 and 2009
- Investors buy bond funds for income. Total return is the butter cream frosting on that income cake. Once the frosting is licked away, you must have income (in the form of bond fund dividends) to make the investment worthwhile.
- There's no "hold to maturity" because bond funds never mature. They are in perpetuity.

Here are the stats on the TIP Exchange Traded Fund you may own and should sell. You can always repurchase if the CPI moves upward.

Declared	Ex-Date	Record	Payable	Amt.
1/29/201	2/1/10	2/3/10	2/5/10	0.20808
12/28/09	12/29/09	12/31/09	1/5/10	0.23886
11/30/09	12/1/09	12/3/09	12/7/09	0.20801
10/30/09	11/2/09	11/4/09	11/6/09	0.34211
9/30/09	10/1/09	10/5/09	10/7/09	0.04744
8/31/09	9/1/09	9/3/09	9/8/09	0.92041
7/31/09	8/3/09	8/5/09	8/7/09	0.42915
6/30/09	7/1/09	7/6/09	7/8/09	0.38875

Enough said...thud. ■

**ASK QUESTIONS...**  
**DEMAND INFORMATION...**  
**TAKE ACTION.**



# Attention Yield Seeking Tax Deferred Portfolios

With rates so painfully low, this month's recommendations for your tax deferred accounts are a bit on the yield-ier, less credit-worthy side. For those of you who have heard me speak, I always say there's "junk" and then there's "junkety junk." These recommendations are junk, but junk that I believe will continue to make their timely interest and principle payments with ease.

Our first recommendation on the hit parade is Ford Motor Credit bonds. Anyone who reads the Wall Street Journal or the business section of their local newspapers knows that Ford is the survivor and thriver of the US auto companies. This company has its mojo back. Cars are selling in this horrible environment and they never allowed the US government to intervene into their business. When the economy finally strengthens and employment rises, Ford will again fire on all cylinders and really kick up the financial RPMs.

Although our recommendation is the credit arm of Ford, we like everything about it. From the issue size, to its short maturity date, to yield. Here are the stats: Buy:

## Ford Motor Credit

9.875% due August 10, 2011  
 CUSIP: 345397VA8  
 Rated: B3+ by Moody's & B- by Standard & Poor's  
 Maturity size: \$1.5 billion  
 Price: 103.50 Yield to maturity: 7.335%

Put in your order...do not accept the offering price unless it fits in your yield parameters. Below are some of the Broker "double sided markets":

## VIVA LAS VEGAS!

Yes, the patient is breathing again and looks healthier. Las Vegas visitor volume was up 15% from last year. The attendance at conventions in December was up 11.6% but down 23.9% for the full calendar 2009 versus 2008.

Airline passengers going through McCarran Airport in December was down 2.1% but auto traffic was up 1.6%. Vegas' rate of descent is abating. That's a beginning for America's playground for adults.

The credit we like most is the Wynn Las Vegas 1st Mortgage Bonds. This luxury hotel/casino has first mortgage bonds we believe will survive and keep on paying without any runs, hits or errors. Buy:

## Wynn Las Vegas 1st Mtg.

6.625% due December 1, 2014, callable 3.12.10 @ 103.3  
 CUSIP: 983130AK1  
 Rated: Ba3+ by Moody's & BB+ by Standard & Poor's  
 Maturity size: \$400 million  
 Price: 94.60 Yield to worst call: 8.00%  
 Yield to maturity: 8.00%  
 Poison put @ 101%

Call schedule in part or full, 30 days notice:

Date	Price
3.12.10	103.310
12.01.10	102.208
12.01.11	101.104
12.01.12	100.000

Abbr	Firm Name	Bid Price / Ask Price	Bid Yield / Ask Yield	Bid Sz x Ask Sz (M)
CBBT	BONDTRADER COMPOSITE	103.000 / 103.500	7.690 / 7.335	500 x 100
FCMT	FIDELITY CAPITAL MKT	/ 103.500	/ 7.335	x 205
MSRX	MORGAN STANLEY GWMG	103.00 / 103.50	7.690 / 7.335	500 x 495
MAXM	MAXIM GROUP	103.000 / 103.875	7.690 / 7.070	108 x 397
IBCO	INTERACTIVE BROKERS	103.00 / 103.50	7.690 / 7.335	500 x 75
CGRT	CITIGROUP - GLOBAL	102.750 / 103.750	7.868 / 7.158	250 x 225
PERS	Pershing LLC	102.750 / 103.750	7.868 / 7.158	1500 x 2351
SWST	Southwest Sec. Inc.	103.000 / 103.750	7.690 / 7.158	50 x 50
HCW	H.C. WAINWRIGHT CO.	/ 107.000	/ 4.914	x 50
VSCB	VINING SPARKS	/ 105.25	/ 6.110	x 294

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# Attention Yield Seeking Tax Deferred Portfolios

Continued from previous page

Below are some of the Broker "double-sided" market for the Wynn 6.625% bonds:

Abbr	Firm Name	Bid Price / Ask Price	Bid Yield / Ask Yield	Bid Sz x Ask Sz (M)
ADAM	ADVISORS ASSET MGMT	94.00 / 95.63	8.160 / 7.732	100 x 100
HCW	H.C. WAINWRIGHT CO.	94.000 /	8.160 /	107 x
PERS	Pershing LLC	94.050 / 96.500	8.146 / 7.505	500 x 500
MAXM	MAXIM GROUP	94.500 / 96.500	8.027 / 7.505	100 x 100
EXCH	EXCHANGE TRADED	95.500 / 95.500	7.764 / 7.764	x
TRAC	NASD - TRACE	95.500 / 95.500	7.764 / 7.764	x
TRST	NASD TRACE (<=1MM)	95.500 / 95.500	7.764 / 7.764	x
BVAL	BVAL	95.625 /	7.732 /	x
TRMT	NASD TRACE (>=250M)	94.750 / 94.750	7.961 / 7.961	x

## A GOODYEAR FOR TIRES

With auto sales down, people are keeping their older cars and maintaining them. That means tire purchases. There's nothing sexy or noteworthy about Goodyear bonds...they keep on rolling. Buy either of these:

Call schedule in part or full, 30 days notice. Date: 12.01.10,  
Price: 102.156

Below are some of the Broker "double sided markets" for the Goodyear 8.625% bonds:

### Goodyear Tire & Rubber

8.625% due December 1, 2011 callable 3.15.10 @ 104.31  
CUSIP: 38255OAX9  
Rated: B1 by Moody's & B+ by Standard & Poor's  
Maturity size: \$325 million  
Price: 102.250 Yield to worst call: 7.10%  
Yield to maturity: 7.10%

Abbr	Firm Name	Bid Price / Ask Price	Bid Yield / Ask Yield	Bid Sz x Ask Sz (M)
IBCO	INTERACTIVE BROKERS	100.50 / 104.45	8.305 / 5.477	500 x 550
MAXM	MAXIM GROUP	101.000 / 104.500	8.001 / 5.415	200 x 200
PERS	Pershing LLC	103.000 / 104.500	6.805 / 5.415	185 x 157
TRAC	NASD - TRACE	102.500 / 102.500	7.101 / 7.101	x
TRST	NASD TRACE (<=1MM)	102.500 / 102.500	7.101 / 7.101	x
TRMT	NASD TRACE (>=250M)	102.500 / 102.500	7.101 / 7.101	x
BVAL	BVAL	103.625 /	6.437 /	x
TRCM	NASD TRACE 1MM+/5MM+	102.500 / 102.500	7.101 / 7.101	x
TRL1	NASD TRACE (>=1MM)	102.500 / 102.500	7.101 / 7.101	x

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# Attention Yield Seeking Tax Deferred Portfolios

Continued from previous page

## Goodyear Tire & Rubber

9% due July 1, 2015 callable 7.1.10 @ 104.50  
 CUSIP: 38255OAU5  
 Rated: B1 by Moody's & B+ by Standard & Poor's  
 Maturity size: \$260 million  
 Price: 103 Yield to worst call: 7.96%  
 Yield to maturity: 8.29%



Call schedule in part or full, 30 days notice.

<u>Date</u>	<u>Price</u>
7.01.10	104.50
7.01.11	103.00
7.01.12	101.50
7.01.13	100.00

Call schedule in part or full, 30 days notice. Date: 12.01.10,  
 Price: 102.156

Here are some of the Broker "double sided markets" for the Goodyear 9% bonds.

Abbr	Firm Name	Bid Price / Ask Price	Bid Yield / Ask Yield	Bid Sz x Ask Sz (M)
CGRT	CITIGROUP - GLOBAL	102.125 /	8.259 /	100 x
MAXM	MAXIM GROUP	101.000 / 103.090	8.646 / 7.932	300 x 281
PERS	Pershing LLC	101.000 / 102.750	8.646 / 8.047	250 x 228
IBCO	INTERACTIVE BROKERS	100.00 / 103.13	8.993 / 7.920	500 x 500
FRNK	FRANKFURT EXCH	107.000 / 107.250	2.111 / 1.487	10 x
GERM	GERMAN EXCHANGE	107.000 / 107.250	2.111 / 1.487	10 x
BVAL	BVAL	102.875 /	8.005 /	x
TRAC	NASD - TRACE	102.750 / 102.750	8.047 / 8.047	x
TRST	NASD TRACE (<=1MM)	102.750 / 102.750	8.047 / 8.047	x
TRMT	NASD TRACE (>=250M)	102.375 / 102.375	8.174 / 8.174	x
TRCM	NASD TRACE 1MM+/5MM+	102.000 / 102.000	8.302 / 8.302	x
TRL1	NASD TRACE (>=1MM)	102.000 / 102.000	8.302 / 8.302	x



# Not All BABs Were Created Equal

By Alex Anderson

Are BABs bonds an alternative to corporates? Maybe. Corporate bond demand has skyrocketed into a feeding frenzy over the past year. Because of this, yields have dropped and attractive investment opportunities have been few and far between. In this challenging environment, we bond managers have to consider alternatives. One such alternative to corporate bonds are the Build America Bonds (BABs). In many instances, these taxable municipals can make sense for your taxable portfolio. Below we give a comparison of BABs versus corporate bonds and describe when they might be appropriate for your portfolio.

## BABs BONDS HIGHLIGHTED

For those who haven't heard, Build America Bonds were introduced by the American Recovery and Reinvestment Act as a means to stimulate the economy. The federal government is helping out municipalities by subsidizing the interest that they pay on bonds. The goal is to encourage building and other improvement projects within state and local governments. So far, these bonds have been quite popular among issuers, as it saves them significant amounts on borrowing charges.

## AN ALTERNATIVE

BABs bonds can make sense as an alternative for corporate bonds in some instances. Unfortunately, most BABs have very long final maturities, between 15 and 30 years out. We don't recommend such long maturity bonds for value sensitive investors. Especially as we head into a rising interest rate environment. Fortunately, finding shorter BABs isn't very difficult. Some of these short to intermediate maturity BAB bonds might make sense for you, but that's only if they stack up better than a similar maturity and credit quality corporate bond.

## YIELD AND CREDIT QUALITY COMPARISON:

Always consider two important factors when choosing whether to buy a corporate or BAB bond: Yield and credit quality. Choosing the higher yield is a no-brainer. We want to get as much income possible from a bond. From a credit quality perspective, municipals have historically been considered stronger than a corporate. However, currently, that is not the case. The recession has depleted municipal finances as income tax and property tax revenues to the government fall. This is very much the opposite of the corporate sector, where balance sheets have vastly improved. With all that being said, bond selection should come down to careful analysis of each individual issuer, whether corporate or municipal.

## A CHOICE OF THREE BONDS

Here are three bonds with similar maturity and credit ratings. Two are BABs and one is a corporate.

### Buy:

#### Dorchester County, MD Build America Bond, General Obligation

3.000% due 2/1/15  
CUSIP: 258129QE8  
Rated: A2 by Moody's  
Issue Size: \$8.65 million  
Price 100.55 Yield 2.88%

#### Boeing Corporation

3.500% due 2/15/15  
CUSIP: 097023AY1  
Rated: A2 by Moody's  
Issue Size: \$750 million  
Price 102.30 Yield: 3.00%

### Dont' buy:

#### Illinois State Build America Bond, General Obligation

3.986% due 2/1/15  
CUSIP: 452152BD2  
Rated: A2 by Moody's  
Issue Size: \$1 billion  
Price 101.283 Yield: 3.70%

From only looking at the yields, it is clear that the bond buyers feel safer buying taxable Maryland and Boeing bonds as opposed to the taxable Illinois GO's. Normally Illinois bonds would not be priced so cheaply, but that State's municipal finances are deteriorating. Illinois is in bad financial shape, and it's on negative watch by Moody's. The state faces a massive budget deficit of \$12.8 billion with no sign of repair. The weakness is exhibited in the bond yield. Illinois pays a whopping 70 and 82 basis points more than the Boeing and Maryland bonds.

If yield is the primary objective, Illinois BABs might make sense. If preservation of capital is a top priority, then the best bet would be to stick with safer credit like Boeing or Maryland.

As always, select bonds that fit your financial objectives. We are sticklers for good credit quality. Our choice among these three bonds is the Dorchester and Boeing bonds as opposed to Illinois. As always, if you can't find the exact bonds we recommend, look for something similar. ■

# Muniland Insurance

By Chris Malburg

This is the latest story of the last man standing in Muni-land. In this case, it's the last bond insurer standing. With the departure of Ambac and MBIA from the new issue municipal bond market and with the limited participation of Berkshire Hathaway, there is just one bond insurer doing business: Assured Guaranty Corp. Last year Assured Guaranty Corp. and its subsidiary, Assured Guaranty Municipal Corp. (formerly Financial Security Assurance) accounted for over 98% of the insurance written on newly issued municipal bonds. Put into dollars and cents, that is a whopping \$35 billion.

Certainly, there was opportunity for other insurers to step into the pool. With \$409 billion in debt issued in 2009, only \$35 billion (8.5%) carried any insurance. So many in the municipal bond arena thought that Berkshire Hathaway Assurance Corp. would soon become the 800-pound guerrilla in the bond insurance industry. Instead, Berkshire insured just seven deals totaling \$634 million. It just may be that Warren Buffett thought that bond insurance risk exceeds the potential profits. We're certainly not one to argue.

## LESSON LEARNED

Astute bond investors should have learned not to put all their eggs in the basket of a single insurer. Today it seems Assured Guarantee has taken that place for new issue municipal bonds. From this we take these lessons:

1. Be sure that no significant portion of your bond portfolio is insured by any single carrier.
2. Regardless of whether a bond is insured or not, know the underlying credit quality of the issuer. This is important just in case the insurance turns out to be insufficient to cover the claims of default. You want enough credit quality for the issuer to be able to stand behind the bond.
3. Know the issuer's revenue sources. Ideally, these should be from significant, vital projects such as water and sewer. These are things the issuer cannot afford to be without. A sports stadium, on the other hand, is not a necessity.
4. Interest coverage ratios should be at least greater than 1:1.

## ELEMENTARY BOND ANALYSIS

There are well educated professionals who make a very nice living analyzing bonds. Here are just a few of the things they look at when judging a bond:

- Issuer location: Don't concentrate too much of your portfolio in a single geographic area
- Revenue trends. Theoretically, you want an issuer whose revenue base is growing rather than falling--difficult to find in this economy. We'll settle for a flat revenue trend or as close to it as we can get.
- Review management's background. Do they have a history of timely bond repayment?

- Check out the sufficiency of the reserve fund. Is it still in tact? Is it large enough to weather an economic storm of consequence and duration?

For a comprehensive look at bond analysis that investors cannot afford to be without, see Chapter 11, Bond Analysis, of our new book, Bonds Now! (John Wiley & Sons, 2009) available on Amazon.com and at all fine book stores.

## CATEGORIES OF STRENGTH

If you suspect a bond is either uninsured or inadequately insured (by a shaky carrier) these are the bond categories that offer the least risk (rising to more risky):

1. Prerefunded and/or escrowed to maturity
2. State General Obligation bonds
3. County and City General Obligation bonds
4. Essential service revenue bonds like water and sewer bonds in areas with low foreclosure rates

We aren't saying that you can't go wrong by sticking with these five categories--just that you'll go wrong much less often. ■

Insurer	Moody's	S&P
ACA	Not rated	Withdrawn
Ambac	Caa2/Dev.	CC/+
AGO	Aa3/-	AAA/-
BHAC	Aa1/Stable	AA+/Stable
CIFG	Ca/Dev.	CC/-
FGIC	Withdrawn	Withdrawn
FSA	Aa3/-	AAA/-
Nat'l Re	Baa1/Developing	A/Dev.
RDN	Ba1/Stable	BB/-

# When in Doubt, Get Out

Wall Street has a lot of sayings, or should I say truisms, that one should follow. Here are a few:

- When they're yellin' you should be sellin'
- When they're crying you should be buying
- Don't be a dick for a tick
- Sell first, ask questions later
- Bulls and bears make money, pigs never do
- When in doubt, get out

So here we are...in the sweet spot of the corporate bond market. Corporate balance sheets are repaired. Cash has been raised from equity offerings. High coupon debt has been called and replaced with lower coupon debt. Debt distribution is manageable. No more crazy share repurchases. No insane, highly leveraged takeovers of huge magnitudes. All is well in corporate bond land--for the moment.

Alas, nirvana won't last. The mergers and acquisitions machine is getting greased and ready to be kick started. We saw the precursor in the recent Kraft and Cadbury deal. Kraft, with an already moderately leveraged balance sheet, purchased Cadbury for \$19.5 billion. "Pro forma debt will be around \$32 billion," said to the rating agency, Fitch, "resulting in pro forma leverage of around four times total debt to operating EBITDA." This takeover gives the combined company about \$50 billion in sales but on top of a mountain of BBB- debt. This is scary for us bondholders.

Just like debit-funded acquisitions, any ego-driven share repurchases rather than using cash flow to pay down debt will be punishing to bondholders. Yes, we held Kraft bonds in client accounts. As the mating dance between the two companies became more amicable and it appeared the dance would culminate, we sold our bonds. No bondholder wants a company so highly leveraged without being compensated for the new risk.

The next stages in this credit cycle will see M&A getting cranked up. If you own a bond who's CEO becomes acquisitive or if you own a bond in a company that will be taken over by a private equity firm using debt, get out while the getting is good. Your only insulation from certain catastrophe is a poison put within the bond covenant that is triggered by a change in control. For more on the mechanics of how poison puts work, please see the November 2009 issue of this news letter.

**WHEN IN DOUBT, GET OUT. ■**

## Dear Greece (the entire country):

Many thanks for your near death collapse, economic mismanagement and careless fiscal policies. Your budget shortfall, self-inflicted enslavement to the Greek labor unions and lack of credibility makes the United States, even with our troubles, almost look good.

A million, no, \$3 trillion thanks for your impeccable timing. The world has pounded the Euro and lifted the dollar. This has allowed the recent Treasury auction of \$81 billion to go seamlessly. There is no way you can cut your present deficit, currently standing at 12.7% of your GDP down to the 3% you have promised by 2012. Who are you trying to fool? Elementary school children have a play yard rhyme they sing about such promises: Liar, liar, pants on fire.

The world currency and bond traders worry that your problems are becoming an EU contagion. Yet for us, there is an upside: The flight to US currency and bonds continues because of your self-inflicted troubles. We will greatly appreciate any additional fear and dread you publicly announce as long as it doesn't transfer to our markets. Afterall, we still have trillions of dollars left to paper over with new Treasury Notes, Bonds and Bills.

[signed]

The American Taxpayers

# Phrases You Want To See

**W**hen reading current news on your municipal bond positions, here's a phrase you should look for: There is no risk of coverage dilution from additional senior lien debt issuance. Its senior lien is closed.

You may run across this phrase with airport revenue bonds, community development agency tax allocation bonds, redevelopment agency bonds, water projects, building projects and hospitals. In plain English, it means that the issuer cannot pile any additional debt on top of yours. This guarantees that the interest coverage ratio can only be diluted by a reduction in revenue, not by more debt. Further, it guarantees that your position in the capital food chain will be maintained in the event of default. This little phrase can save your bacon on a bond issue that goes south. Watch for it. ■

## Never Go Naked

**E**ven with all our ranting...in this market do not go naked. Simply put: If you sell a bond fund, individual bonds or Exchange Traded Bond funds, have something to immediately buy. Going naked--sitting in 0% money markets waiting for interest rates to spike up--is not what we want you to do. The opportunity cost is too great. That is precisely why we love high coupon yield to call paper. ■



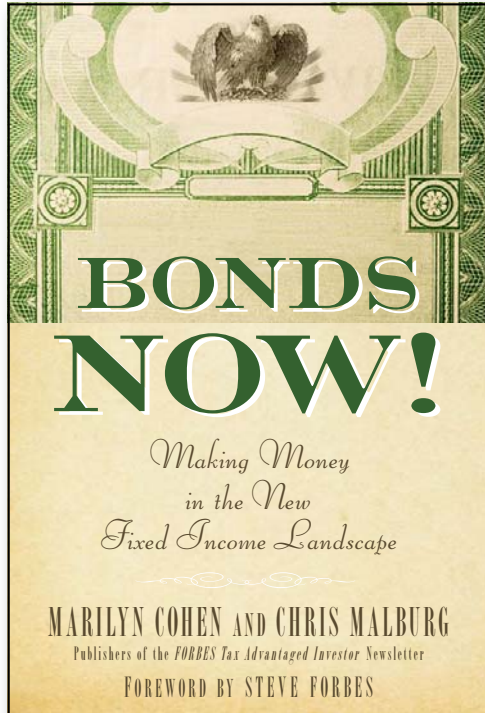
## MTA Heading for Derailment

**I**f you own New York Metropolitan Transportation Authority (MTA) municipal bonds ...get out. Sell Them. Now. Their deficits continue to mount. According to the New York Post, "The MTA had to scramble recently to cover its immediate cash needs. Last June it borrowed \$600 million to meet payroll." Although that money was paid back, the finances of the MTA continue to deteriorate.

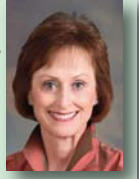
It's not just less ridership during this economic downturn that is killing the New York MTA. Its labor contracts are off track. The MTA mounts deficit on top of deficit by continuing to issue more and more paper. Further--and contributing to the MTA's cash crunch--the New York State legislature is diverting transit tax revenues earmarked for the MTA to other purposes to shore up its own deficits. The MTA is a runaway train, thundering down the tracks to a bloody derailment. Sell all MTA municipal bonds you may still own. ■



# Lessons from the Credit Crisis



By Marilyn Cohen, CEO of Los Angeles based Envision Capital Management, Inc., and publisher of this newsletter.



Marilyn Cohen's latest book, *Bonds Now!* on how to make money in the **New Fixed Income Landscape** is now available on Amazon.com and at all fine book stores. To order your copy go to [www.amazon.com](http://www.amazon.com) and search *Bonds Now!* by Marilyn Cohen.

Bond investors are talking about *Bonds Now!* It has steadily clawed its way up Amazon's Bond Book Best Seller list to Number 2 behind a book written over 20 years ago. A lot has changed since then and *Bonds Now!* shows you how to make money in the new fixed income landscape.

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## EXCERPT FROM *BONDS NOW!*

### Chapter 4: Bond Execution: *Checklist for corporate bonds*

Before you place an order for a corporate bond there are eight things you need to consider. We've put them in the form of the checklist below. With practice this checklist will become second nature. You'll run through it automatically--like Tiger Woods addressing the golf ball before he pulls the trigger that fires the cannon. Here are the checklist items to resolve about any corporate bond you are considering:

1. Diversification: Does the industry and business of this company help diversify your bond portfolio?
2. Credit quality: Look at the bond's underlying rating to determine the relative risk compared to similar bonds.
3. Debt coverage: Does the debt coverage leave sufficient margin of error for unanticipated future problems?
4. Issue size: Is there sufficient liquidity to support a market that will allow you to get out if necessary?
5. Maturity distribution: Where is the bond in the company's maturity distribution? How much debt must be paid to others before they get to you?
6. TRACE history: Look up the bond on TRACE to see where it has been trading and the liquidity the bond has.
7. Yield: Does the yield you are offered justify the risk you are taking. If yes, then find out the spread over a comparable maturing bond on the US Treasury curve to determine what your yield should be.

# Tax Advantaged Recommendations (Green = New this month)

Tax Free Municipal Recommendations			Report			Yield at	Ratings:
Ticker/CUSIP	Name	Action	Date	Report	Current	Current	Moody's/ S&P
			Cost	Date	Price	Price	
13062PS52	CALIFORNIA STATE REF GO	HOLD	104.95	Jun-08	104.53	4.00	Baa1/A-
	5.000% Due 03-01-18 Callable 3-1-15						
13062RM54	CALIFORNIA STATE REF GO	HOLD	105.00	Apr-08	102.62	4.50	Baa1/A-
	5.000% Due 03-01-21 Callable 3-1-16						
64966GR95	NEW YORK NY SUBSER I-1 GO	HOLD	98.50	Apr-08	102.50	3.63	Aa3/AA
	4.000% Due 02-01-22 Callable 2-1-18						
452151WD1	ILLINOIS STATE GO	HOLD	108.00	Apr-08	112.31	2.60	A1/AA-
	5.000% Due 09-01-17 Callable 9-1-15						
341150TL4	FLORIDA STATE GENERAL OBLIGATION	HOLD	108.00	Sep-08	112.94	1.90	Aa1/AAA
	5.000% Due 07-01-14						
01170PDK9	ALASKA HOUSING FIN CORP HOME MTG REV	HOLD	100.00	Sep-08	103.00	3.75	Aa2/AA
	4.200% Due 12-01-17						
13067JBE0	CAL ECONOMIC RECOVERY DOUBLE BARREL	HOLD	111.25	Jan-09	112.63	2.20	A1/A+
	5.250% Due 7-1-14						
974450PX0	WINNEBAGO CTY, IL MATCHING AID DBL BARREL	HOLD	107.80	Jan-09	111.23	2.20	A1
	3.000% Due 12-30-15						
604129BN5	MINNESOTA GENERAL OBLIGATION	HOLD	112.75	Mar-09	114.48	1.50	Aa1/AAA
	5.000% Due 6-1-14						
311142NV1	FARMINGTON ARKANSAS GENERAL OBLIGATION	HOLD	98.63	Mar-09	101.25	1.81	A1
	2.200% Due 6-1-13						
35483LCN3	FRANKLIN TWP IN INDEPENDENT SCHOOL BLDG	HOLD	103.06	Mar-09	105.33	1.10	A
	5.000% Due 7-5-17 Callable 7-5-11						
97705LNM5	WISCONSIN STATE GENERAL OBLIGATION	HOLD	108.60	Apr-09	114.35	1.70	Aa3/AA
	5.250% Due 5-1-15 Callable 5-1-14						
93974BCM2	WASHINGTON STATE GENERAL OBLIGATION	HOLD	108.99	Apr-09	112.87	2.20	Aa1/AA+
	5.000% Due 1-1-17 Callable 1-1-15						
50825JCJ3	LAKE COUNTY FLORIDA SCHOOL BOARD COP	HOLD	101.25	May-09	104.36	2.35	NR/A
	4.250% Due 7-1-14 Callable 7-1-12						
725304QD4	PITTSBURG PA WATER AND SEWER REVENUE	HOLD	102.58	May-09	107.15	1.90	NR/AAA
	4.000% Due 9-1-14 Callable 9-1-13						
73358TB59	PORT AUTHORITY OF NEW YORK & NEW JERSEY	HOLD	112.11	Jun-09	113.11	2.77	Aa3/AA-
	5.000% Due 8-15-16						
452252AT6	ILLINOIS STATE TOLL HIGHWAY REVENUE	HOLD	110.87	Jul-09	111.50	2.68	Aa3/AA-
	5.000% Due 1-1-16 Callable 7-1-15						
902273PS4	TYLER TEXAS INDEPENDENT SCHOOL DISTRICT	HOLD	107.67	Aug-09	108.84	1.70	AA
	4.000% Due 2-15-14						
196454EZ1	COLORADO DEPT OF TRANSPORTATION	HOLD	110.91	Sep-09	112.47	2.25	Aa3/AA
	5.000% Due 12-15-16 Callable 12-1-15						
167501Q65	CHICAGO BOARD OF ED GENERAL OBLIGATION	HOLD	109.19	Oct-09	110.91	2.56	A1/AA-
	5.000% Due 12-1-16 Callable 12-1-14						
590545JU4	MESA AZ UTILITY SYSTEM REVENUE	BUY	110.55	Nov-09	113.55	2.00	A1/AA-
	5.250% Due 7-1-2014						

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Tax Free Municipal Recommendations			Report			Yield at	Ratings:
			Date	Report	Current	Current	Moody's/
Ticker/CUSIP	Name	Action	Cost	Date	Price	Price	S&P
775082VK3	ROGERS ARKANSAS SCHOOL DISTRICT G.O.	HOLD	104.70	Dec-09	106.00	1.50	A1
	4.000% Due 2-1-2015 Callable 2-1-2012						
018163CV5	ALLENDALE COUNTY, SC SCHOOL DISTRICT G.O.	BUY	103.08	Jan-10	103.32	1.90	AA
	3.000% Due 4-1-2015 Callable 4-1-2013						
Taxable Municipal Recommendations			Report			Yield at	Ratings:
			Date	Report	Current	Current	Moody's/
Ticker/CUSIP	Name	Action	Cost	Date	Price	Price	S&P
544399CJ5	LOS ANGELES, CA CONVENTION CENTER	BUY	100.00	Oct-09	100.00	6.91	A1/AA-
	7.125% Due 8-15-24 Callable 11-16-09						
258129QE8	DORCHESTER CTY, MD GENERAL OBLIGATION	BUY	100.55	Feb-10	100.55	2.88	A2
	3.000% Due 2-1-15						
Tax Advantaged Recommendations			Report			Yield at	Ratings:
			Date	Report	Current	Current	Moody's/
Ticker/CUSIP	Name	Action	Cost	Date	Price	Price	S&P
06739H362	BARCLAYS BK PLC 8.125% PERP NON CUM PFD AD	HOLD	24.17	Apr-08	24.97	8.28	Baa2/BBB
25150L108	DEUTSCH BK CONTINGENT CAP TR V TR 8.05%	HOLD	24.33	May-08	25.32	8.01	Aa3/BBB+
018805200	ALLIANZ SE NON-CUM PREF 8.375%	HOLD	24.55	Jun-08	25.20	8.46	A3/A+
ERF	ENERPLUS RESOURCES FUND	HOLD	43.60	Jul-08	21.68	9.30	
PVX	PROVIDENT ENERGY TRUST	HOLD	10.99	Jul-08	8.04	8.51	
PWE	PENN WEST ENERGY	HOLD	31.39	Jul-08	18.23	9.25	
Tax Deferred Recommendations			Report			Yield at	Ratings:
			Date	Report	Current	Current	Moody's/
Ticker/CUSIP	Name	Action	Cost	Date	Price	Price	S&P
91913YAD2	VALERO ENERGY CORP	HOLD	105.00	May-08	108.50	2.79	Baa2/BBB
	6.875% Due 04-15-12						
338032BB0	FISHER SCIENTIFIC	HOLD	92.50	Jan-09	103.86	3.78	Baa3/BBB
	6.125% Due 7-1-15						
947074AJ9	WEATHERFORD INC.	BUY	88.70	Feb-09	106.97	5.19	Baa1/BBB
	6.35% Due 6-15-17						
842400EY5	SOUTHERN CALIFORNIA EDISON 1ST MORTGAGE	HOLD	101.44	Feb-09	108.78	3.33	A2/A
	5% Due 1-15-16						

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Tax Deferred Recommendations			Report			Yield at	Ratings:
Ticker/CUSIP	Name	Action	Date	Report	Current	Current	Moody's/ S&P
			Cost	Date	Price	Price	
74834LAL4	QUEST DIAGNOSTICS	HOLD	92.98	Apr-09	109.09	3.66	Baa3/BBB
	5.45% Due 11-01-15						
472319AB8	JEFFERIES GROUP SENIOR UNSECURED	BUY	79.00	May-09	100.00	5.49	Baa2/BBB
	5.50% Due 3-15-16						
24702RAE1	DELL INC.	HOLD	101.67	May-09	105.75	4.78	A2/A-
	5.65% Due 4-15-18						
219350AP0	CORNING INC.	HOLD	102.03	Jun-09	108.00	3.76	Baa1/BBB
	5.90% Due 3-15-14						
219350AN5	CORNING INC.	HOLD	103.10	Jun-09	107.91	4.68	Baa1/BBB
	6.20% Due 3-15-16						
893830AV1	TRANSOCEAN INC. CONVERTIBLE BONDS	BUY	90.50	Jun-09	97.13	3.13	Baa2/BBB
	1.50% Due 12-15-37 Optional Put 12-15-11						
635405AW3	PNC FINANCIAL (NATIONAL CITY CORP)	BUY	100.50	Aug-09	102.40	1.45	A3/A
	4.000% Due 2-1-11						
65473QAL7	NISOURCE FINANCE	BUY	99.70	Aug-09	106.00	3.90	Baa3/BBB
	5.400% Due 7-15-14						
529772AD7	LEXMARK INTERNATIONAL	BUY	100.5	Sep-09	105.5	4.09	Baa3/BBB
	5.900% Due 6-1-13						
01958XBF3	ALLIED WASTE	BUY	103.00	Sep-09	102.20	5.50	Baa3/BBB
	6.125% Due 2-15-14 Callable 3-8-10						
96332HCA5	WHIRLPOOL CORP.	BUY	102.00	Oct-09	105.75	3.49	Baa3/BBB
	5.500% Due 3-1-13						
260543CA9	DOW CHEMICAL CO.	BUY	102.80	Oct-09	106.60	4.41	Baa3/BBB
	5.900% Due 2-15-15						
576203AH6	MASSEY ENERGY	BUY	97.50	Oct-09	97.60	7.60	B2/BB-
	6.875% Due 12-15-13 Callable 12-1-09						
87927VAQ1	TELECOM ITALIA CAPITAL	BUY	103.76	Nov-09	105.11	4.22	Baa2/BBB
	5.250% Due 10-1-15						
127055AG6	CABOT CORPORATION	BUY	99.96	Nov-09	100.27	4.95	Baa1/BBB
	5.000% Due 10-1-16						
883203BL4	TEXTRON INCORPORATED	BUY	94.13	Nov-09	98.88	5.77	Baa3/BBB
	5.600% Due 12-1-17						
78442FAG3	SLM CORP	BUY	88.00	Nov-09	94.30	7.59	Ba1/BBB-
	5.375% Due 1-15-13						
89346DAD9	TRANSALTA CORP	BUY	101.78	Dec-09	103.16	4.03	Baa2/BBB
	4.750% Due 1-15-15						
577778BS1	MACYS RETAIL HOLDINGS	BUY	96.00	Dec-09	99.38	5.91	Ba2/BB
	5.750% Due 7-15-14						
35671DAT2	FREEMPORT_MCMORAN FLOATING RATE NOTE	BUY	101.00	Jan-10	100.50	3.62	Ba2/BBB-
	3.250% + LIBOR Due 4-1-15						
984121BM4	XEROX CORP	BUY	102.74	Jan-10	102.53	3.82	Baa2/BBB
	7.625% Due 6-15-13 Callable 2-16-10						
552676AN8	MDC HOLDINGS	BUY	101.5	Jan-10	103.5	4.32	Baa3/BBB
	5.500% Due 5-15-13						

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Tax Deferred Recommendations			Report			Yield at	Ratings:
Ticker/CUSIP	Name	Action	Date	Report	Current	Current	Moody's/ S&P
345397VA8	FORD MOTOR CREDIT 9.875% Due 8-10-11	BUY	103.50	Feb-10	103.50	7.33	B3+/B-
983130AK1	WYNN LAS VEGAS 1ST MORTGAGE 6.625% Due 12-1-14 Callable 3-12-10	BUY	94.60	Feb-10	94.60	8.00	Ba3/BB+
38255OAX9	GOODYEAR TIRE & RUBBER 8.625% Due 12-1-11 Callable 3-15-10	BUY	102.50	Feb-10	102.50	7.10	B1/B+
38255OAU5	GOODYEAR TIRE & RUBBER 9.000% Due 7-1-15 Callable 7-1-10	BUY	103.00	Feb-10	103.00	7.96	B1/B+
097023AY1	BOEING CORPORATION 3.500% Due 2-15-15	BUY	102.30	Feb-10	102.30	3.00	A2/A
Tax Free Money Market Recommendations			Report			Yield at	Ratings:
Ticker/CUSIP	Name	Action	Date	Report	Current	Current	Moody's/ S&P
956704UE8	WEST VIRGINIA UNIV REVS PREREFUNDED 5.75% Refunding 4-1-10	HOLD	106.58	Jan-09	101.67	0.15	SLGS
495224YU5	KING COUNTY WASHINGTON SCH DIST PRERE- 6.25% Refunding 06-01-10	HOLD	107.03	Jan-09	101.74	0.17	SLGS
157411JY6	CHAFFEE, CA UNI HIGH SCH DIST PREREFUNDED 5.50% Refunding 08-01-10	HOLD	107.88	Jan-09	103.39	0.22	SLGS
546415NM8	LOUISIANA, ST SER A PREREFUNDED 5.00% Refunding 11-15-10	HOLD	105.84	Jan-09	103.49	0.28	SLGS
97710VF52	WISCONSIN STATE HEALTH & ED PREREFUNDED 5.35% Refunding 10-1-11	HOLD	110.54	May-09	108.76	0.55	SLGS
931065LF1	WAKEFIELD MASS PREREFUNDED 5.25% Refunding 2-1-12	HOLD	111.11	May-09	109.69	0.75	SLGS
791638SG5	ST. LOUIS MO AIRPORT PREREFUNDED 5.00% Refunding 7-1-12	HOLD	109.27	May-09	109.59	0.90	SLGS
745190J74	PUERTO RICO COMMONWEALTH PREREFUNDED 5.25% Refunding 7-1-13	HOLD	114.77	May-09	113.87	1.05	SLGS
235416ZS6	DALLAS TX WATERWORKS PREREFUNDED 5.00% Refunding 10-1-13	HOLD	113.10	May-09	113.42	1.20	SLGS
592646EQ2	METRO WASHINGTON DC AIRPORT PRERE- 4.875% Refunding 10-1-12	HOLD	111.18	Jun-09	110.13	0.95	SLGS
Bond Fund Recommendations			Report			Yield at	Ratings:
Ticker/CUSIP	Name	Action	Date	Report	Current	Current	Moody's/ S&P
VWITX	VANGUARD INTERMEDIATE TAX EXEMPT FUND	HOLD	13.19	Jul-08	13.56	3.79	
LSBRX	LOOMIS SAYLES BOND FUND	HOLD	11.11	May-09	13.31	6.06	
FLTMX	FIDELITY INTERMEDIATE MUNICIPAL BOND	HOLD	10.00	May-09	10.21	3.51	
BSV	VANGUARD SHORT_TERM BOND ETF	HOLD	79.26	Jul-09	80.23	2.44	
PST	PROSHARES ULTRASHORT 7-10 YEAR TREAS-	BUY	52.66	Jan-10	51.46		
TBT	PROSHARES ULTRASHORT 20 YEAR TREASURY	BUY	49.19	Jan-10	48.81		

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Marilyn Cohen is one of the financial community's most respected fixed income securities experts. She has been a *Forbes* magazine columnist for 13 years and is author of the recently released *Bonds Now!* published by John Wiley & Sons, Inc. Marilyn is a sought after expert appearing on *Nightly Business Report*, CNBC, Fox Business News, National Public Radio and other business shows as well a frequent authoritative source for the *Wall Street Journal*, *New York Times* and *Barron's*. She is the CEO of Envision Capital Management, Inc. a money management firm specializing in separately managed fixed income portfolios for individuals. Minimum account size is \$500,000.



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