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FORBES *TAX ADVANTAGED INVESTOR*

By MARILYN COHEN

Hallelujah, I'm Converted

Last month's Forbes Tax Advantaged Investor profiled and recommended purchasing a Transocean busted convertible bond. You may recall that a busted convertible bond is one with little chance of converting it to common stock because the strike price is so far above the current stock price. Owners of busted converts will likely hold their bonds until maturity. This month I'm coming at you with another busted convert--busted, bruised and only for investors who can buy BB rated junk. The credit is:

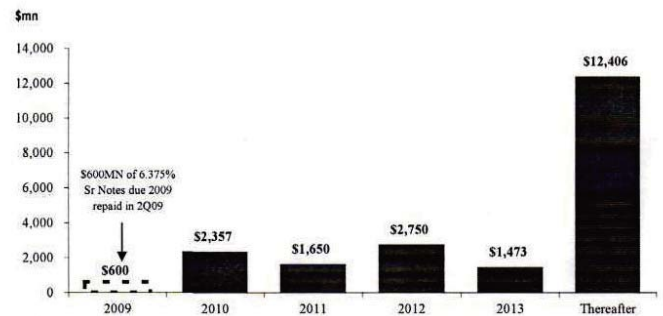
Sprint Nextel 5.25% due January 15, 2010
 CUSIP: 65332VAY9
 Rated: Ba2 by Moody's and BB by Standard & Poor's
 Issue size: \$607 million
 Price: 99.875 Yield: 5.50%
 Callable August 14, 2009
 Label Warning: Even though bonds mature in 6 months they are junk credits

For those readers hungry for yield this bond has your name on it. Telecom investors are very aware of the problems Sprint and Nextel have: Poor service, declining customer base and huge operating expenses. Yet the company is now in position to address its balance sheet problem: Refinancing some of its longer dated maturities. But for this short-term bond, here are all the stats you need to know:

- Liquidity: Approximately \$5.3 billion that includes:
 - o \$3.9 billion in cash
 - o \$1.4 billion available on the \$4.5 billion revolver
- The May 1st \$750 million bond issue fully matured
- THE COMPANY HAS ENOUGH CASH TO PAY OFF THESE CONVERTS AT MATURITY AND TO FUND THE \$4 BILLION OF MATURING BONDS THROUGH 2011.

Sprint Nextel's bank facility expires in 2010. But there's an excellent probability the facility will be refinanced in the high yield market. So far Sprint Nextel is in compliance with all its financial covenants as the stated in the 1st Quarter 2009 Form 10Q.

Here's the debt amortization schedule showing the maturities ahead of the Sprint Nextel bond:



* Maturities exclude capital lease obligations; only encompass Sprint-Nextel's senior notes, debentures, and bank debt.

Source: Company reports and J.P. Morgan.


At the price of 99.875, that is a 5.50 % yield to maturity. This is 550 basis points over the January 15, 2010 Treasury bond. Stealing a tag line from Guy Fieri of the Food Channel: Winner, winner, looks like dinner.

For investors who aren't ultra conservative this bond is for you.

ASK QUESTIONS...

DEMAND INFORMATION...

TAKE ACTION.



Non-Rated Bonds: Investors Dig For Answers *by Alex Anderson*

Municipal finances are under a ton of pressure due to the economic recession. Do you own any tax exempt bonds that aren't rated by the major credit rating agencies? If you do, they might be at risk, especially now. For tax exempt bonds, doing a little homework right now is vital to protecting your wealth. Read on for what you need to know before your next trading day.

Bonds with no underlying credit rating are more common than most people think. For owners of these bonds, there's no easy way to monitor the credit worthiness of the debt. Investors often do nothing and hope the unrated bonds remain money-good. But that approach is too high risk in today's credit environment. Bonds performing well one or two years ago may now be down and out. Fortunately, there are ways for bondholders to stay informed and protected, but leg work is required.

WHY NO RATING?

Some municipalities can't afford the expense to be rated. Many tax exempt issuers are small municipalities that borrow relatively small amounts. For the small amount of debt, the high fees of the rating agencies are simply not worth it. Unfortunately, when the municipality declines to be rated, it deprives investors of an enormously useful tool: the independent analysis and opinion of a professional bond rating organization.

STUDY YOUR BONDS

So how can an amateur bond investor stay in the loop about non-rated holdings? First, gain access to the bond's Official Statement. Ask your broker to get it or search online at www.emma.msrb.org. The Official Statement provides valuable information on the purpose of the bond financing, sources and uses of funds. At the very least, this information gives investors an overview of the bond issuer and a sense of the issuer's economic viability.

Once you've got the basics of the bond, determine its financial health. One way to do that is to research recent trade activity, specifically transaction yields. This is helpful because yield is a great indicator of risk. The higher the yield, the more risk.

Again, consult www.emma.msrb.org for the prices at which your bond has recently traded. Enter the bond's CUSIP number, pull up the trade history, and compare recent transaction yields versus a municipal bond yield scale. If the transaction yields seem higher than the market, there is likely a problem. There's a rate for every risk. The market reflects that risk in its pricing.

BEWARE THE LIMITATIONS

There are drawbacks. Because most non-rated bonds are issued by very small municipalities, trading may be infrequent. You may be unable to find your bond's recent transac-

tion history.

If that's you, look for the recent financial disclosures of the issuer. Your broker may be able provide these for you, or you can try contacting the issuer directly. However, because municipalities aren't held to strict reporting standards their financial disclosures may be hard to find. However, if you can come up with a recent financial report, you'll have a much better idea of the financial health of your bond issuer.

Here's an example of how recent trades and financial disclosures can be useful in determining the health of an unrated bond:

Westchester County NY Continuing Care Retirement Facility, Kendal on Hudson
5.375% Due 1/01/2011
CUSIP: 957370AG4
No trades since March

This unrated bond appeared during a routine portfolio review. It was sold to its current owner by a broker who pitched it as a pristine retirement facility that is in great financial shape. A little research showed that the exact opposite was true. The bond's short maturity (2011) is its only positive element. The first chart at the end shows recent trade activity. Note that only 50 bonds traded: Twice on March 27, 2009, at yields of 6% and 7.212%. These yield levels are way above market. They don't indicate any sort of financial health as the selling broker claimed. Rather, such yields are found in junk bonds with a high risk of default. Before March 27, 2009, these bonds had not traded since 2006. Even then, there were only 10 trades since April 2005. This thin trading history tells us the bonds are not liquid and the owner couldn't get out of them even if he wanted to.

A recent financial report of the issuer confirmed the bad news. The issuer has breached its debt service coverage requirement. The bond indenture's requirement is a 1.2 debt coverage ratio. The facility can only manage .47. The issuer is struggling.

RECOMMENDATION

As a rule of thumb, steer clear of unrated bonds. They are hard to sell and buyers won't pay as much for them. Stick with credits that have an underlying rating, large issue size, and clear purpose. Here's one that we recommend. It would be a worthy addition to any portfolio.

Illinois State Toll Highway Revenue
5% due January 1, 2016
CUSIP: 452252AT6
Rated AA- by S&P, Aa3 by Moody's
Price: 110.87 YTW: 3.06%

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Non-Rated Bonds: Investors Dig For Answers

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This quality bond boasts a solid Aa3/AA- rating. It generates steady revenues from the toll fees charged by the Illinois transportation system. Its 3.06% yield to worst call (2015) is 112% of that of a similar maturity Treasury bond, plus it is exempt from federal tax. It also has an extra safety net in the form of one of the last reliable bond insurers standing, FSA. ■

Trade Date/Time	Settlement Date	Price (%)	Yield (%)	Trade Amt (\$)	Trade Type
03/24/2009 : 12:12 PM	03/27/2009	98.96	6	50,000	Customer bought
03/24/2009 : 12:07 PM	03/27/2009	97	7.212	50,000	Customer sold
03/10/2008 : 09:11 AM	03/13/2008	102	4.901	10,000	Customer bought
03/10/2008 : 09:08 AM	03/13/2008	100.50	5.254	10,000	Customer sold
04/29/2005 : 10:29 AM	05/04/2005	104.09	4.546	10,000	Customer bought
04/28/2005 : 02:41 PM		101.09		10,000	Inter-dealer Trade
04/28/2005 : 02:36 PM	05/03/2005	101.09	5.149	10,000	Customer sold
04/28/2005 : 02:33 PM		102.09		10,000	Inter-dealer Trade
04/27/2005 : 03:49 PM	05/02/2005	104.3250	4.5	25,000	Customer bought
04/27/2005 : 01:37 PM	05/02/2005	104.3250	4.5	25,000	Customer bought
04/19/2005 : 01:41 PM	04/22/2005	101	5.168	50,000	Customer sold

Kendall on Hudson 2003 Debt Covenant Calculations as of June 30th, 2008	
Debt Service Coverage	
Revenue, YTD	12,371,834
add:	
Depreciation and Amortization	2,355,832
Interest Expense	1,991,361
Net entrance fees (net of refunds)	158,325.00
subtract:	
Amortized Entrance fees	(2,431,023)
Operating Expenses YTD	(12,073,628)
Cash available to fund debt service	2,372,701
Maximum annual debt service	5,096,000
Debt Service Coverage Requirement	0.47 1.2
<i>Note: We are required to meet upon 12 months of operations, or at 12/31/2008. This is for illustrative purposes only</i>	
Reserve Ratio	
Cash and Cash Equivalents	\$30,422,313
Trustee funds held for bond interest payments	(6,617,173)
Net Cash	\$ 23,805,140
Long-term debt	\$ 77,385,034
Reserve Ratio Actual	0.308
Reserve Ratio required	0.30

Follow-up on PSF Bonds

One year ago the Forbes Tax Advantaged Investor told you what you needed to know about Texas' Permanent School Fund Guarantee program. We have continued telling readers that PSF bonds are among the safest fixed income investments around. The PSF program has been operating since 1854 when Texas settled its boundary dispute with the US government. Part of the settlement required Texas to dedicate \$2 million to the state's Permanent School Fund.



Over the ensuing years the Fund has grown to \$51 billion from its three modes of investment: Mineral royalties, rents from state-owned land and capital gains from appreciation of its considerable stock and bond portfolios. The State used these funds to guarantee school bonds issued by its school districts. The Fund never guaranteed more than 2.5 times the value of its assets--pretty conservative by Wall Street standards.

Sadly, due to withering market conditions, Texas' PSF Fund has suffered significant losses. The value of its holdings has plummeted from a peak of \$26 billion in mid-2007 to just \$17 billion earlier this year. As of May 31, 2009 its holdings had recovered to a value of \$23 billion. With the limitation of 2.5

times the value of its holdings, bonds it has already guaranteed and a 5% mandatory reserve just in case, the Fund has only \$1.7 billion left it can guarantee.

This doesn't affect PSF bonds that you may already own. Those are still guaranteed under the PSF charter. However, there won't be any more PSF guaranteed bonds issued in the foreseeable future.

A point we want to stress to Forbes Tax Advantaged Investor readers: Keep your eye on the PSF fund balance. As we understand the PSF charter, the Fund cannot guarantee more than 2.5 times less a reserve of the value of its fund balance. We have always thought this was a great conservative approach to a bond guarantee program. Just think if AMBAC and MBIA would have been as financially prudent as the PSF program we wouldn't be in such a pickle.

In theory all PSF bonds issued should not suffer any lack of guarantee. However, strange and unforeseen things can happen. For example, say the Fund suffered cataclysmic losses at the same time a large number of guaranteed bonds failed to perform and the Fund received huge claims. There could be a cash shortfall. The probability of this happening is doubtful. Nevertheless, we will continue watching PSF bonds and as always let you know what we find as soon as we find it. ■

Why Care About Swaps?

In our April cover story we discussed and cautioned against holding municipal bonds that have interest rate swaps. Well, AMBAC which the Forbes Tax Advantaged Investor advised was going down the tubes was the insurer of many derivative swaps.

Enter the Massachusetts Turnpike administrators. These financial savants entered into multiple swap agreements with UBS, insured by AMBAC. Things went well for a while. Then the credit crisis melted the glue holding the derivatives house of cards together. AMBAC has had multiple credit quality downgrades and now resides at BBB. This latest downgrade induced a “termination event” on the derivatives.

All the verbal gobbly-gook boils down to: The Turnpike now owes UBS \$268 million. According to BondBuyer, “under the five swap agreements that total \$800 million, MassPike must pay UBS fixed rates of 4.75%, 4.875% and 5.000% and receives in return 68% of LIBOR from the bank. Additionally, the floating-to-fixed rate derivatives are attached to \$800 million of fixed rate debt, which the Authority has been unable to refinance into variable mode.” Does this make sense to you?



Hear this loud and clear: Wall Street preyed on inept, ill-informed municipal bond issuers to get them to buy derivatives. Many of these swap agreements have imploded. Our message is: Check and double check if any of your municipal bonds have interest rate swaps that can impair your municipal bond credit quality that will lead to severe price declines.

Our guess is the state of Massachusetts will have no choice but to bail out the Turnpike. But that’s just a guess.

Dividends, Dividends, Wherefore Art Thou?

People who invest in stocks with expectations that dividend payments will supplement their cash flow have had their plans shattered. Dividend reductions and suspensions are now the norm, not the unusual.

There are numerous treatises written on the subject of dividends. Research from the famous stock market guru, Jeremy Siegel, discovered that from 1871 to 2003, 97% of all equity returns came from dividend payments. Dependable dividends were one of the critical stock market propellants. Operative word is were.

Since April, 46 companies in the S&P 500 have cut their dividends. How much does that represent? A tidy \$42 billion. This reduction in dividend payments occurred in just four months. It surpasses the \$40.6 billion in dividend payment re-

ductions that occurred for all of 2008. These statistics came from S&P, not our own abacuses. Even worse, these corporate dividend reductions do not address the bond fund dividend reductions that have also occurred.

How to replace lost dividends in your investment portfolio? A good start is to buy individual bonds whose coupons cannot be interrupted by anything short of bankruptcy.

Bond Fund Recommendations

Here is this month’s bond fund recommendation for your IRAs and tax deferred accounts. It isn’t sexy. Nor is it worthy of cocktail chatter. But it just may get your tax deferred account to first base. The fund is Vanguard Short Term Bond ETF (BSV). This ETF came to market in April of 2007. The bonds that constitute the ETF are 70% US Governments. The rest are corporates. Fees are 14 basis points. Maturities are between 1-5 years with duration of 2.6 years. Price: 79.26 Dividend yield: 2.70%

Our apologies for the quality of the charts. Go to www.vanguard.com for all the information of this ETF.



Jefferies Part Deux

Our May recommendation and cover article on Jefferies bonds has paid off handsomely. The Jefferies 7.75% due 2012 are over 103, up from our buy signal at 93.50. If you are a total return investor and believe in the Jefferies story, then you may want to take your profits and move into their new bond issue.

Before we go any further, the news about Jefferies is all good. I believe their earnings scheduled for release later this month will exceed analysts' estimates. The bonds have rallied and ...drum roll...in June the Federal Reserve Bank of New York added Jefferies to their list of 17 primary US Government bond dealers. This is a big deal. Big.

As a primary dealer, Jefferies serves as a counter party to the Fed in its open market operations. Jefferies will participate in Treasury auctions and relay market information to the Fed's trading desk.

At the end of June, Jefferies issued \$400 million ten year notes. If you were unable to purchase either of the Jefferies 7.75% bonds due March 15, 2012 (CUSIP 472319AA0) or the 5.50% due March 15, 2016 (CUSIP 472319AB8) that we recommended in May, then this larger and longer term bond is for you.

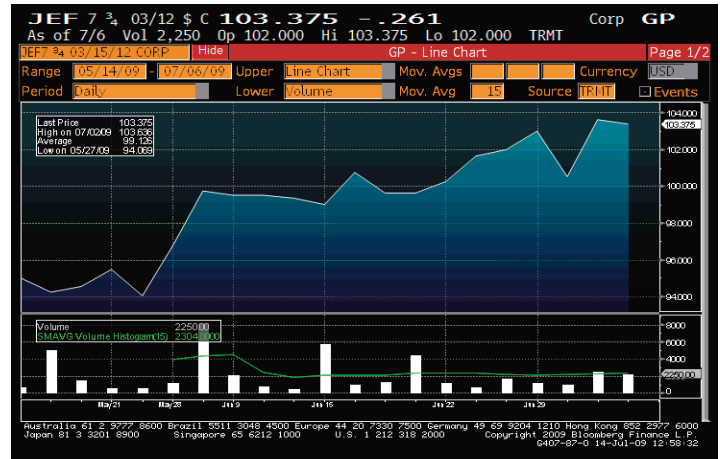
Jefferies 8.50% due July 15, 2019
 CUSIP: 472319AF9
 Rated: Baa2 by Moody's and BBB by Standard & Poor's
 Issue size: \$400 million
 Price: 99.5 Yield: 8.57%

We received emails from readers frustrated at the scarcity of the Jefferies bonds we recommended. We warned of the scarcity problem at the outset. Now, this larger, more frequently traded Jefferies bond should alleviate the problem.

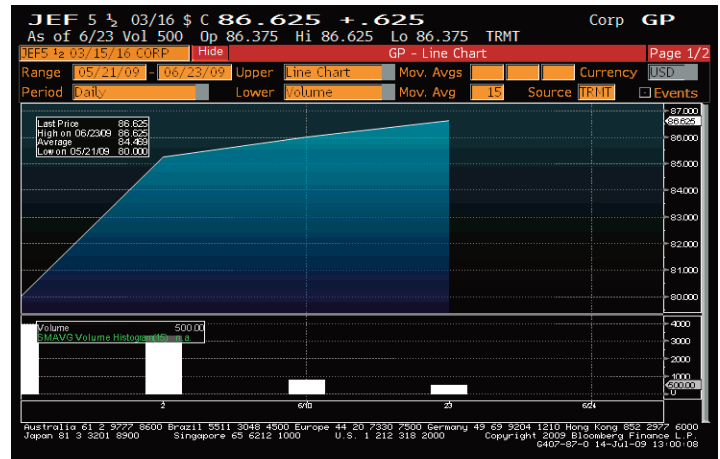
I still love Jefferies name, maturity dates and story. If this BBB name interests you as well, then buy it. I think the surprise in a year will be that the bonds get upgraded. How refreshing if it happens.

Here are the price charts for the three Jefferies bonds:

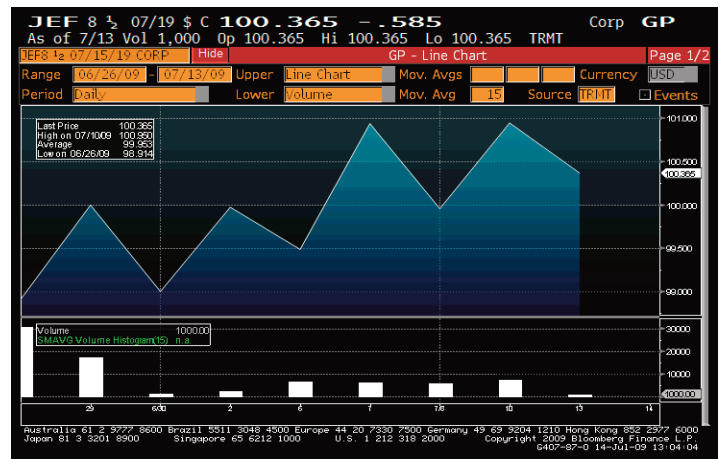
Jefferies 7.75% due 2012



Jefferies 5.50 due 2016



Jefferies 8.50% due 2019



The Great Disconnect

California General Obligation, California University and School bonds, California State Department of Water Resources, Economic Recovery bonds, California State Public works, Housing finance Agency bonds--

The California complex of bonds either directly or indirectly supported by California has been hurt by the budget impasse. Fitch rating agency downgraded our state to BBB. The legislature is a bunch of self-serving idiots whose only goal is re-election.

The recent California referendum--voters by a large majority voted down four propositions. We voted "No" to business as usual in California; no to increased taxes; no to borrow from one fund to stop the budget blood letting. We said that all their smoke and mirrors was not the solution. But Sacramento chose to ignore our majority voices. They turned a deaf ear to the referendum results.

BLASTING HEADLINES

So now, investors are terrified by the horrible 24-hour news headlines. To read the California news, you'd think 25-30 year California General Obligation bonds would yield 7-7.5%. But that's not even close to correct. These bonds actually yield 6.05%. There is a disconnect between blasting headlines and the bond yields.

Here are two graphs of a California GO 4.80% due 2.1.2028 (CUSIP 13062PDX7). Certainly the price and yield gyrations aren't pretty. They aren't any worse than frenzied gyrations we saw at the height of the credit crisis in December.

PRICE CHART



YIELD CHART



DOWNGRADES CONTINUE

The bond market has already priced in the ratings downgrade. Headlines are scary. Investors are worried--institutional investors, especially. The bond funds are on edge. Further downgrades to junk and below will mean many funds can no longer keep the bonds. Since bond funds are the biggest owners, where do they think they'll find buyers if they have to dump the California GOs? And what issues are large enough for replacement?

The California constitution gives public school funding the first payment priority. Next comes general obligation debt service. Bottom line: Budget resolution will happen. There is no Federal protection for states under the bankruptcy code.

Since voters continue to vote into office the same nincompoops, we need a Financial Control Board to run California's fiscal operations like New York did during its crisis in the 1970s. It was difficult, but the Board got New York back on the fiscal responsibility highway--the same one California veered off of.

California's tax system is all screwed up. Just 1% of its taxpayers pay 50% of the income taxes.

Should we buy more General Obligation bonds now? NO. The timeline is specific--wait for the budget impasse to be over. We'll sift through it. Then, when California comes to market with its first humungous new issue, that's when to buy.

Here's the essence of the situation: There are multiple tiers of expenses that will be cut off before anything happens to our California G.O. bond coupons. The cost of prolonged passivity is too great -- even for the politicians who control the California Legislature.

Ye Olde Collateral Difference

We've been beating the drum for you to buy Prerefunded and Escrowed to Maturity municipal bonds issued by your state of residence. The idea was to get you a significantly higher interest rate than your tax free money market fund. Also, to provide the safety and security of US Treasury bonds, all neatly domiciled in an escrow account that throws off your interest and principal.

In our government's current bail out mentality, the market trusts nothing but Treasurys. You can easily see this in the yields versus collateral behind the Preres and ETM's.

The California State bonds using FNMA as collateral have to yield .99% to be competitive with the California Infrastructure bonds using Treasury SLGS, but yielding just .60%. The same thing occurs in the 2011 examples, though the yield difference isn't quite so great. It all boils down to risk. The more dicey the collateral; the greater the risk. The larger yield compensates for that added risk.

2010 MATURITY

California State Prerefunded
5.75% Prere 5.1.10 @ 101
Collateral: FNMA 100%, 0.99% Yield to Prere date

California Infrastructure Prerefunded
5.50% Prere 6.1.10 @ 101
Collateral: 100% SLGS .60% Yield to Prere date

2011 MATURITY

New York, NY Prerefunded
5.50% Prere 12.1.11 @ 100
Collateral: US Govts. .99% Yield to Prere date

Met. Trans. NY Prerefunded
5.25% Prere 7.1.11 @ 100
Collateral: SLGS .82% yield to Prere date

Sure this is just a smattering, but it's the norm now. The yields versus collateral clearly imply the safety of Treasury collateral and the frothy appetite in the municipal market for that short term safety. Prerefunded munis are richly priced--there are no bargains.

Fallen Angels

We have written about Fallen Angels before. Those were once investment bonds that have been downgraded below BBB- and are now considered junk bonds. So far this year there are 60 fallen angels. The combined debt of these downgraded bonds amounts to \$209 billion.

You don't want your investment grade bonds to become fallen angels. The price decline is fast and brutal. Moody's and Standard & Poor's maintain a list of the 75 issues now teetering on the edge of becoming fallen angels. The combined total of their debt amounts to \$255 billion. Ask your broker to get you the list of potential fallen angels. If you currently own one, better get out while you still can. ■



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	100.61	4.87	A2/A
	5.000% Due 03-01-18 Callable 3-1-15						
13062RM54	CALIFORNIA STATE REF GO	HOLD	105.00	Apr-08	99.92	5.01	A2/A
	5.000% Due 03-01-21 Callable 3-1-16						
64966GR95	NEW YORK NY SUBSER I-1 GO	HOLD	98.50	Apr-08	98.68	4.14	Aa3/AA
	4.000% Due 02-01-22 Callable 2-1-18						
452151WD1	ILLINOIS STATE GO	HOLD	108.00	Apr-08	107.63	3.60	A1/AA-
	5.000% Due 09-01-17 Callable 9-1-15						
341150TL4	FLORIDA STATE GENERAL OBLIGATION	HOLD	108.00	Sep-08	110.11	2.80	Aa1/AAA
	5.000% Due 07-01-14						
01170PDK9	ALASKA HOUSING FIN CORP HOME MTG REV	HOLD	100.00	Sep-08	100.81	4.08	Aa2/AA
	4.200% Due 12-01-17						
13067JBE0	CAL ECONOMIC RECOVERY DOUBLE BARREL	HOLD	111.25	Jan-09	107.61	3.56	A2/A+
	5.250% Due 7-1-14						
974450PX0	WINNEBAGO CTY, IL MATCHING AID DBL BARREL	HOLD	107.80	Jan-09	104.53	3.46	A1
	3.000% Due 12-30-15						
604129BN5	MINNESOTA GENERAL OBLIGATION	HOLD	112.75	Mar-09	113.96	1.98	Aa1/AAA
	5.000% Due 6-1-14						
311142NV1	FARMINGTON ARKANSAS GENERAL OBLIGATION	BUY	98.63	Mar-09	100.37	2.10	A1
	2.200% Due 6-1-13						
35483LCN3	FRANKLIN TWP IN INDEPENDENT SCHOOL BLDG	BUY	103.06	Mar-09	102.16	3.84	A
	5.000% Due 7-5-17 Callable 7-5-11						
97705LNM5	WISCONSIN STATE GENERAL OBLIGATION	HOLD	108.60	Apr-09	114.33	2.09	Aa3/AA
	5.250% Due 5-1-15 Callable 5-1-14						
93974BCM2	WASHINGTON STATE GENERAL OBLIGATION	BUY	108.99	Apr-09	109.99	3.00	Aa1/AA+
	5.000% Due 1-1-17 Callable 1-1-15						
50825JCJ3	LAKE COUNTY FLORIDA SCHOOL BOARD COP	BUY	101.25	May-09	102.75	3.26	NR/A
	4.250% Due 7-1-14 Callable 7-1-12						
725304QD4	PITTSBURG PA WATER AND SEWER REVENUE	BUY	102.58	May-09	106.66	2.29	NR/AAA
	4.000% Due 9-1-14 Callable 9-1-13						
73358TB59	PORT AUTHORITY OF NEW YORK & NEW JERSEY	BUY	112.11	Jun-09	112.66	3.00	Aa3/AA-
	5.000% Due 8-15-16						
452252AT6	ILLINOIS STATE TOLL HIGHWAY REVENUE	BUY	110.87	Jul-09	110.87	3.06	Aa3/AA-
	5.000% Due 1-1-16						
Tax Advantaged Recommendations			Report			Yield at	Ratings:
Ticker/CUSIP	Name	Action	Date	Report	Current	Current	Moody's/ S&P
			Cost	Date	Price	Price	
06739H362	BARCLAYS BK PLC 8.125% PERP NON CUM PFD AD	HOLD	24.17	Apr-08	20.96	9.81	Baa2/BBB
25150L108	DEUTSCH BK CONTINGENT CAP TR V TR 8.05%	HOLD	24.33	May-08	21.25	9.52	Aa3/BBB+
91913YAD2	VALERO ENERGY CORP	HOLD	105.00	May-08	106.67	4.27	Baa2/BBB
	6.875% Due 04-15-12						
018805200	ALLIANZ SE NON-CUM PREF 8.375%	HOLD	24.55	Jun-08	22.90	9.25	A3/A+
ERF	ENERPLUS RESOURCES FUND	HOLD	43.60	Jul-08	19.67	9.38	
PVX	PROVIDENT ENERGY TRUST	HOLD	10.99	Jul-08	4.75	13.20	
PWE	PENN WEST ENERGY	HOLD	31.39	Jul-08	11.94	13.11	
812293AB4	SEARIVER MARITIME (EXXON MOBIL CORP)	HOLD	84.43	Sep-08	91.50	2.87	AAA/AAA
	0.000% Due 09-01-12						

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Tax Advantaged Recommendations

Continued from previous page

Tax Deferred Recommendations			Report			Yield at	Ratings:
Ticker/CUSIP	Name	Action	Date	Report	Current	Current	Moody's/ S&P
			Cost	Date	Price	Price	
338032BB0	FISHER SCIENTIFIC	BUY	92.50	Jan-09	101.00	5.83	Baa3/BBB
	6.125% Due 7-1-15						
461202AA1	INTUIT	BUY	95.00	Jan-09	101.51	4.78	Baa2/BBB
	5.40% Due 3-15-12						
637432LM5	NATIONAL RURAL UTILITIES	BUY	103.89	Jan-09	106.73	3.66	A2/A
	5.50% Due 7-1-13						
902118BL1	TYCO INTERNATIONAL	BUY	103.25	Jan-09	110.73	3.93	Baa1/BBB
	8.50% Due 1-15-19						
086516aj0	BEST BUY CO.	BUY	95.75	Feb-09	104.58	5.46	Baa2/BBB-
	6.75% Due 7-15-13						
947074AJ9	WEATHERFORD INC.	BUY	88.70	Feb-09	101.61	6.08	Baa1/BBB
	6.35% Due 6-15-17						
902911AM8	ALTRIA GROUP	BUY	102.45	Feb-09	107.95	3.79	Baa1/BBB
	6.625% Due 7-15-12						
842400EY5	SOUTHERN CALIFORNIA EDISON 1ST MORTGAGE	BUY	101.44	Feb-09	101.81	4.68	A2/A
	5% Due 1-15-16						
053332AF9	AUTOZONE INC	BUY	88.96	Apr-09	100.26	5.45	Baa2/BBB
	5.50% Due 11-15-15						
695156AM1	PACKAGING CORP	BUY	92.66	Apr-09	100.32	5.66	Baa3/BBB
	5.75% Due 8-1-13						
74834LAL4	QUEST DIAGNOSTICS	BUY	92.98	Apr-09	98.44	5.74	Baa3/BBB
	5.45% Due 11-01-15						
15189YAC0	CENTERPOINT ENERGY RESOURCES	BUY	86.60	Apr-09	94.95	7.09	Baa3/BBB
	6.15% Due 5-1-16						
472319AA0	JEFFERIES GROUP SENIOR UNSECURED	BUY	93.50	May-09	100.36	7.59	Baa2/BBB
	7.75% Due 3-15-12						
472319AB8	JEFFERIES GROUP SENIOR UNSECURED	BUY	79.00	May-09	88.66	7.71	Baa2/BBB
	5.50% Due 3-15-16						
24702RAE1	DELL INC.	BUY	101.67	May-09	102.06	5.35	A2/A-
	5.65% Due 4-15-18						
219350AP0	CORNING INC.	BUY	102.03	Jun-09	104.96	4.70	Baa1/BBB
	5.90% Due 3-15-14						
219350AN5	CORNING INC.	BUY	103.10	Jun-09	101.49	5.93	Baa1/BBB
	6.20% Due 3-15-16						
893830AV1	TRANSOCEAN INC. CONVERTIBLE BONDS	BUY	90.50	Jun-09	92.50	5.93	Baa2/BBB
	1.50% Due 12-15-37 Optional Put 12-15-11						
472319AF9	JEFFERIES GROUP SENIOR UNSECURED	BUY	99.50	Jul-09	99.50	8.57	Baa2/BBB
	8.500% Due 7-15-19						
65332VAY9	SPRINT NEXTEL	BUY	99.88	Jul-09	99.88	5.50	Ba2/BB
	5.250% Due 1-15-2010						
Tax Free Money Market Recommendations			Report			Yield at	Ratings:
Ticker/CUSIP	Name	Action	Date	Report	Current	Current	Moody's/ S&P
			Cost	Date	Price	Price	
68423PQS2	ORANGE CTY, CA PREREFUNDED	HOLD	105.46	Jan-09	102.49	0.33	SLGS
	6.70% Refunding 8-15-09						
709141LP8	PENNSYLVANIA ST, PREREFUNDED	HOLD	104.02	Jan-09	102.09	0.40	SLGS
	5.75% Refunding 10-01-09						
837152BQ9	SOUTH CAROLINA TRANS INFRA PREREFUNDED	HOLD	104.09	Jan-09	102.02	0.40	SLGS
	5.375% Refunding 10-1-09						
6497162K2	NEW YORK CITY TRANS FIN AUTH PREREFUNDED	HOLD	103.00	Jan-09	101.30	0.50	SLGS
	5.00% Refunding 11-1-09						
956704UE8	WEST VIRGINIA UNIV REVS PREREFUNDED	HOLD	106.58	Jan-09	104.69	0.50	SLGS
	5.75% Refunding 4-1-10						

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Tax Advantaged Recommendations

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Tax Free Money Market Recommendations			Report			Yield at	Ratings:
			Date	Report	Current	Current	Moody's/
Ticker/CUSIP	Name	Action	Cost	Date	Price	Price	S&P
495224YU5	KING COUNTY WASHINGTON SCH DIST PRERE- 6.25% Refunding 06-01-10	HOLD	107.03	Jan-09	104.90	0.60	SLGS
157411JY6	CHAFFEE, CA UNI HIGH SCH DIST PREREFUNDED 5.50% Refunding 08-01-10	HOLD	107.88	Jan-09	106.00	0.65	SLGS
546415NM8	LOUISIANA, ST SER A PREREFUNDED 5.00% Refunding 11-15-10	HOLD	105.84	Jan-09	105.77	0.63	SLGS
646139XX8	NEW JERSEY STATE TURNPIKE PREREFUNDED 5.75% Refunding 1-1-10	HOLD	102.63	May-09	102.47	0.30	SLGS
97710VF52	WISCONSIN STATE HEALTH & ED PREREFUNDED 5.35% Refunding 10-1-11	HOLD	110.54	May-09	110.85	0.85	SLGS
931065LF1	WAKEFIELD MASS PREREFUNDED 5.25% Refunding 2-1-12	HOLD	111.11	May-09	111.20	1.15	SLGS
791638SG5	ST. LOUIS MO AIRPORT PREREFUNDED 5.00% Refunding 7-1-12	HOLD	109.27	May-09	111.31	1.10	SLGS
745190J74	PUERTO RICO COMMONWEALTH PREREFUNDED 5.25% Refunding 7-1-13	HOLD	114.77	May-09	115.60	1.20	SLGS
235416ZS6	DALLAS TX WATERWORKS PREREFUNDED 5.00% Refunding 10-1-13	HOLD	113.10	May-09	114.21	1.50	SLGS
592646EQ2	METRO WASHINGTON DC AIRPORT PRERE- 4.875% Refunding 10-1-12	HOLD	111.18	Jun-09	111.55	1.19	SLGS
Bond Fund Recommendations			Report			Yield at	Ratings:
			Date	Report	Current	Current	Moody's/
Ticker/CUSIP	Name	Action	Cost	Date	Price	Price	S&P
VWITX	VANGUARD INTERMEDIATE TAX EXEMPT FUND	HOLD	13.19	Jul-08	13.22	3.81	
VWAHX	VANGUARD HIGH YIELD TAX EXEMPT FUND	HOLD	10.37	Jul-08	9.84	4.81	
BTFTX	AMERICAN CENTURY 2015 TARGET MATURITIES	HOLD	90.26	Aug-08	94.99	3.81	
VTENX	VANGUARD TARGET RETIREMENT 2010 FUND	HOLD	21.86	Aug-08	18.33	3.70	
LSBRX	LOOMIS SAYLES BOND FUND	BUY	11.11	May-09	11.76	5.99	
FSICX	FIDELITY STRATEGIC INCOME FUND	BUY	9.43	May-09	9.85	4.69	
FLTMX	FIDELITY INTERMEDIATE MUNICIPAL BOND	BUY	10.00	May-09	10.00	3.55	
VBMFX	VANGUARD TOTAL BOND MARKET INDEX FUND	BUY	10.06	Jun-09	10.22	4.08	
BSV	VANGUARD SHORT_TERM BOND ETF	BUY	79.26	Jul-09	79.26	2.70	

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 Bond Bible*. and the soon to be 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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