

MANAGED ETF
PORTFOLIO
CHARACTERISTICS**
AS OF: 7/31/2013

Tactical Muni ETF:

Duration: 3.25yrs
Average Maturity: 4.45yrs
Indicated Yield: 2.41%
Blended 30-Day
SEC Yield: 2.06%

Core Plus ETF:

Duration: 2.60yrs
Average Maturity: 3.71yrs
Indicated Yield: 2.06%
Blended 30-Day
SEC Yield: 1.96%

Tactical Opportunity ETF:

Duration: 3.18yrs
Average Maturity: 5.48yrs
Indicated Yield: 2.59%
Blended 30-Day
SEC Yield: 2.31%

**Blended Portfolio
Characteristics based upon
official Fund data published by
each sponsor firm and have
been compiled using weighted
averages of then current
portfolio positioning. These
characteristics are believed to
be accurate but are not
guaranteed.

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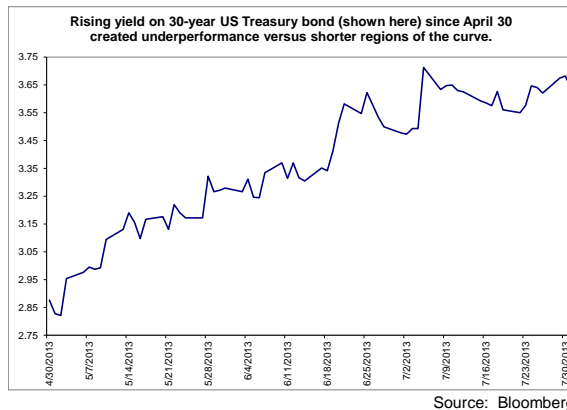
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Strategic Overview

- The Fed maintained its stronghold over market sentiment in the month of July. Reactions to FOMC Chairman Bernanke's and other Fed officials' comments steered interest rate movement as participants tried to gauge the likelihood of a reduction to the Fed's ongoing stimulus programs. The 10-year US Treasury bond touched 2.73% intra-month in July only to rally back to within 9 basis points (0.09%) of its starting point by month-end. The language that emerged from the Fed's July 31st meeting showed no formal plans of tapering and even hinted at a slight downward revision of future economic expectations in 2013.
- The Municipal ETF market found some stability in July following a historically volatile month in June that saw many Municipal ETFs trading well below their NAVs. A firmer rate environment as July progressed helped Muni ETFs find their footing, though outflows from the Muni fund sector continues to apply pressure, especially in funds/ETFs with longer-dated maturity profiles.
- A solid earnings season, continued Fed stimulus, and moderately better US economic activity fostered a "risk on" bias among Taxable strategies. Investment Grade and High Yield Corporate Bond ETFs benefited from the renewed risk appetite while longer-dated US Treasury (TLT, TLH) and Build America Bond (BAB) ETFs continued to struggle as a result of the disproportionate weakness in the long end of the yield curve.

Chart of Interest



What We Are Reading

- [Detroit's Bankruptcy Doesn't Faze the Municipal Bond Market](#)
- [Yields Renew Overseas Demand at U.S. \\$72 Billion Debt Auctions](#)
- [Another Perspective On Munis: The Road To Revenue - Infrastructure Bonds](#)
- [Don't Let Detroit Bankruptcy Throw You Off Muni Bond ETFs](#)

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product made reference to directly or indirectly in this piece, will be profitable, equal any corresponding indicated historical performance level(s), or be suitable for your portfolio. Due to various factors, including changing market conditions, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion of information contained in this piece serves as the receipt of, or as a substitute for, personalized advice from Caprin Asset Management. To the extent that a reader has any questions regarding the applicability to their situation of any specific issue discussed above, they are encouraged to consult with the professional advisor of their choosing. A copy of our current written disclosure statement discussing our advisory services and fees is available for review upon request.

Managed ETF Performance (Net of Fees)

Tactical Muni ETF: Our Inverse UST ETF exposure created a more defensive posture as bond prices declined in the month of July, resulting in our outperformance of the Tactical Muni strategy's benchmarks.

	July 2013	YTD 2013	12 Months Ending 7/13
Tactical Muni ETF Strategy	-0.46%	-3.75%	-3.72%
iShares National Tax Free Muni ETF (MUB)	-0.79%	-4.73%	-4.64%
Barclays Municipal Bond Index	-0.88%	-3.54%	-2.20%

Core Plus ETF: With participants in "risk on" mode, overweights in both High Yield and Investment Grade Corporate bond ETFs, as well as our more defensive duration profile as a result of our Inverse UST ETFs, boosted performance beyond both benchmarks.

	July 2013	YTD 2013	12 Months Ending 7/13
Core Plus ETF Strategy	0.55%	-2.32%	-1.92%
iShares US Aggregate Bonds ETF (AGG)	0.27%	-2.27%	-2.03%
Barclays US Aggregate Bond Index	0.14%	-2.31%	-1.89%

Tactical Opportunity ETF: Benefited from a shortened duration relative to our benchmarks via Inverse UST ETF exposure as rates moved higher across the month. Our overweight in Municipal ETFs also contributed, enjoying general stabilization on the heels of an extremely volatile June.

	July 2013	YTD 2013	12 Months Ending 7/13
Tactical Opportunity ETF Strategy	0.12%	-3.31%	-2.62%
50% MUB/ 50% AGG	-0.26%	-3.50%	-3.32%
50% Muni Index/ 50% Taxable Index	-0.37%	-2.92%	-2.03%