

MANAGED ETF
PORTFOLIO
CHARACTERISTICS**
AS OF: 8/31/2013

Tactical Muni ETF:

Duration: 3.56yrs
Average Maturity: 4.57yrs
Indicated Yield: 2.43%
Blended 30-Day
SEC Yield: 2.21%

Core Plus ETF:

Duration: 2.64yrs
Average Maturity: 3.60yrs
Indicated Yield: 1.98%
Blended 30-Day
SEC Yield: 1.82%

Tactical Opportunity ETF:

Duration: 3.27yrs
Average Maturity: 4.54yrs
Indicated Yield: 2.53%
Blended 30-Day
SEC Yield: 2.20%

**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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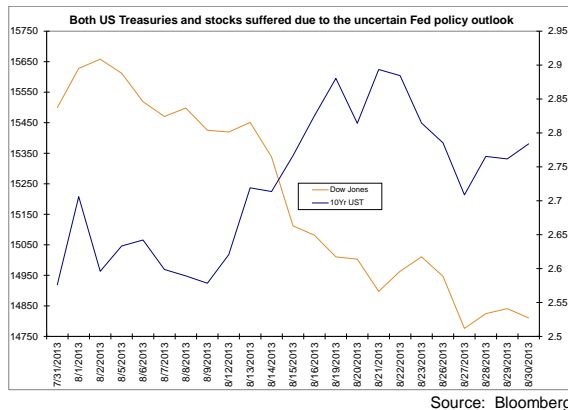
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Strategic Overview

- All eyes were on August economic releases as strategists and traders sought to refine Fed 'Taper' expectations. Reports pointed toward a slowly improving US economy (with the exception of weaker New Home Sales) and markets favored a Fed stimulus reduction in mid September. 10-year US Treasury yields rose 21 basis points (0.21%). In late August, a potential US involvement in Syria muddled the rate outlook. Shifting news on multiple fronts has produced bond market volatility, and this will continue as these issues progress toward resolution. Our strategy moves will be executed as our conviction solidifies.
- Muni sector outflows continued throughout August, leaving many Muni ETFs trading at discounts but at lower levels than late June. Muni credit concerns driven by Puerto Rico and Detroit were overwhelmed by Fed Taper anxieties. Longer-dated Muni ETFs felt the most pressure from market drivers but we have not owned them for some time. Our strategy remained defensive via Inverse UST ETFs to keep duration at roughly 50% of benchmark.
- Longer dated US Treasury ETFs endured significant pain in August. The prospect of less Fed support also stymied US equities and corporate debt, leaving few sectors undisturbed by persistent Fed speculation. In both the Core Plus and Tactical Opportunity ETF strategies, we maintained our defensive duration profile via Inverse UST ETFs.

Chart of Interest



What We Are Reading

- [Treasury Yields Reach Highest Since 2011 on Bets Fed to Taper QE](#)
- [Puerto Rico Debt Poised for Worst Year Since 2000](#)
- [Wall Street Sees Debt-Limit Talks Past Mid-October Target](#)
- [Debt Mutual Fund Investors Now Worry About Credit Risks](#)

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: Broad bond market weakness in August continued to push Muni returns into negative territory. Inverse Treasury ETF allocation helped improve strategy return versus benchmarks.

	August 2013	YTD 2013	12 Months Ending 8/13
Tactical Muni ETF Strategy	-1.24%	-4.95%	-4.88%
iShares National Tax Free Muni ETF (MUB)	-1.71%	-6.36%	-6.13%
Barclays Municipal Bond Index	-1.43%	-4.92%	-3.70%

Core Plus ETF: Shorter duration strategy via Inverse Treasury ETFs lowered interest rate risk relative to the broader market. High Yield and Corporate allocations underperformed Treasury sector during the month.

	August 2013	YTD 2013	12 Months Ending 8/13
Core Plus ETF Strategy	-0.61%	-2.92%	-2.63%
iShares US Aggregate Bonds ETF (AGG)	-0.83%	-3.08%	-2.84%
Barclays US Aggregate Bond Index	-0.51%	-2.81%	-2.46%

Tactical Opportunity ETF: Inverse Treasury ETF helped soften a negative month, but Muni overweight caused a headwind as the sector underperformed Taxables.

	August 2013	YTD 2013	12 Months Ending 8/13
Tactical Opportunity ETF Strategy	-1.02%	-4.30%	-3.78%
50% MUB/ 50% AGG	-1.27%	-4.72%	-4.48%
50% Muni Index/ 50% Taxable Index	-0.97%	-3.86%	-3.07%