

MANAGED ETF
PORTFOLIO
CHARACTERISTICS**
AS OF: 10/31/2013

Tactical Muni ETF:
Duration: 3.96yrs
Average Maturity: 5.26yrs
Indicated Yield: 2.57%
Blended 30-Day
SEC Yield: 2.20%

Core Plus ETF:
Duration: 3.99yrs
Average Maturity: 5.18yrs
Indicated Yield: 2.13%
Blended 30-Day
SEC Yield: 2.00%

Tactical Opportunity ETF:
Duration: 4.01yrs
Average Maturity: 5.30yrs
Indicated Yield: 2.54%
Blended 30-Day
SEC Yield: 2.19%

**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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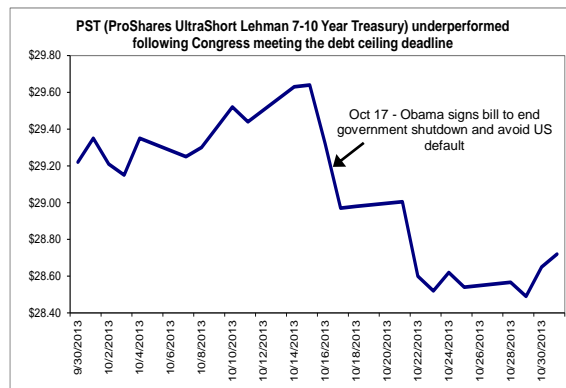
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Strategic Overview

- October brought focus on the debt ceiling battles in Washington with the Fed's September "no taper" surprise in the rear-view mirror. We saw a mild selloff leading up to the default deadline and a modest rally after reaching a temporary resolution. Despite all the drama, the 10 year Treasury closed only 5 basis points tighter on the month.
- We remained defensively positioned on both the credit and duration fronts ahead of the debt ceiling deadline. While markets seemed to be increasingly numb to the potential of chaotic outcomes from DC, we opted to protect accounts from the tail-risk of a US default, unlikely as it may have been. This more conservative profile also offered limited upside, and performance lagged benchmarks in the late October rally.
- Diversifying US Dollar risk and adding International debt exposure to our Core Plus and Tactical Opportunity strategies proved beneficial. However, our Inverse UST exposure overwhelmed those sectors that independently generated alpha in October. We have since increased our risk exposure and eliminated our inverse position in anticipation of a more "sideways" rate environment for the time being.

Chart of Interest



Source: Bloomberg

What We Are Reading

- [Dealer Inventory to Remain Light \(video\)](#)
- [Muni Issuance may fall to \\$280 Billion in 2014](#)
- [Warning Signs Flash as Stock Market Soars to Records](#)
- [Two Papers that Could Persuade the Fed to Prolong Stimulus](#)

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: Defensive duration structure hurt relative performance in October. Results benefitted from state rotation out of California ahead of heavy supply.

	October 2013	YTD 2013	12 Months Ending 10/13
Tactical Muni ETF Strategy	1.01%	-1.70%	-2.51%
iShares National Tax Free Muni ETF (MUB)	1.21%	-2.58%	-3.34%
Barclays Municipal Bond Index	0.79%	-2.10%	-1.72%

Core Plus ETF: Benefits from sector and International exposure offset by defensive duration positioning.

	October 2013	YTD 2013	12 Months Ending 10/13
Core Plus ETF Strategy	0.66%	-1.65%	-1.86%
iShares US Aggregate Bonds ETF (AGG)	0.65%	-1.35%	-1.32%
Barclays US Aggregate Bond Index	0.81%	-1.09%	-1.07%

Tactical Opportunity ETF: Tactical muni and sector positioning intra-month helped offset drag from shortened duration.

	October 2013	YTD 2013	12 Months Ending 10/13
Tactical Opportunity ETF Strategy	0.90%	-1.83%	-2.27%
50% MUB/ 50% AGG	0.93%	-1.96%	-2.31%
50% Muni Index/ 50% Taxable Index	0.80%	-1.59%	-1.38%