

MANAGED ETF
PORTFOLIO
CHARACTERISTICS**
AS OF: 11/22/2013

Tactical Muni ETF:
Duration: 5.20yrs
Average Maturity: 6.99yrs
Indicated Yield: 2.85%
Blended 30-Day
SEC Yield: 2.49%

Core Plus ETF:
Duration: 4.83yrs
Average Maturity: 6.56yrs
Indicated Yield: 2.30%
Blended 30-Day
SEC Yield: 2.19%

Tactical Opportunity ETF:
Duration: 4.93yrs
Average Maturity: 6.78yrs
Indicated Yield: 2.73%
Blended 30-Day
SEC Yield: 2.41%

**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.

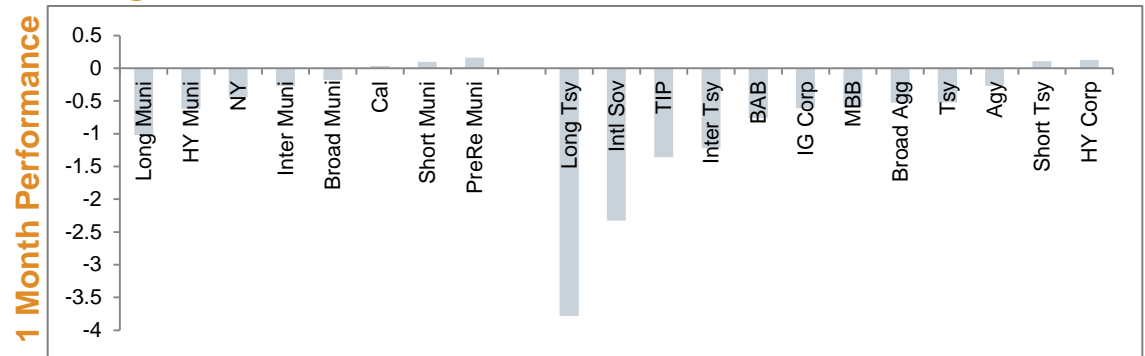
1802 Bayberry Court, Suite 202
Richmond, Virginia 23226
804] 648-3333

CAPRINBONDS.COM
Media Contact:
aplotkin@caprinbonds.com

Strategic Overview

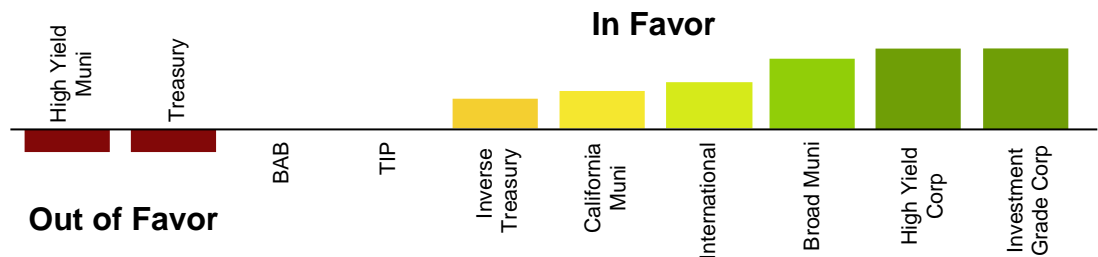
- The Federal Reserve remains vexed as it struggles to determine how best to trim QE without driving interest rates to undesirable levels. Reading between the lines of several Fed voices, we see a Fed that would prefer to ease off the accelerator but fears stalling the engine (economy). Fed officials are talking down Fed Funds, hoping to keep rate expectations in check, but the market will react once tapering becomes a likelier near-term possibility. If higher rates front-run plans to taper, will the Fed blink yet again?
- Janet Yellen's committee hearing and vote proceeded without incident. The Nominee voiced strong support for the efficacy of the Fed's quantitative easing and, if anything, sounded slightly more dovish than the man she is set to replace. Yellen will take office at the end of January, and we doubt we'll see tapering in the interim. Absent surprisingly positive employment data or a crack in the equity market, we expect a range-bound rate environment heading into the holidays.
- Due to this more stable outlook, we are holding duration a whisper short of neutral to benchmarks. Our objective is to strike a balance between expected short-term rate stability and the longer-term risk of rising rates. After reducing our Inverse UST ETF exposure in October, we eliminated it completely early this month, mindful of negative drag in a sideways market.
- In taxable strategies, we still have a slight "risk on" bias as equities and high yield corporate debt continues to shine. Within Muni ETF allocations, we favor California and New York state-specific ETFs as Muni supply should dwindle in the holiday season. Thus far in 2013, New York issuers have brought 35% less debt compared to the same period in 2012. California issuance has been relatively flat year-over-year.

Trending



Source: Bloomberg as of 11/25/13

Caprin Views



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.