

MANAGED ETF  
PORTFOLIO  
CHARACTERISTICS\*\*  
AS OF: 3/31/2014

**Tactical Muni ETF:**

Duration: 4.78yrs  
Average Maturity: 6.45yrs  
Indicated Yield: 2.50%  
Blended 30-Day  
SEC Yield: 1.98%

**Core Plus ETF:**

Duration: 5.16yrs  
Average Maturity: 7.08yrs  
Indicated Yield: 2.42%  
Blended 30-Day  
SEC Yield: 2.20%

**Tactical Opportunity ETF:**

Duration: 4.91yrs  
Average Maturity: 7.56yrs  
Indicated Yield: 2.86%  
Blended 30-Day  
SEC Yield: 2.40%

\*\*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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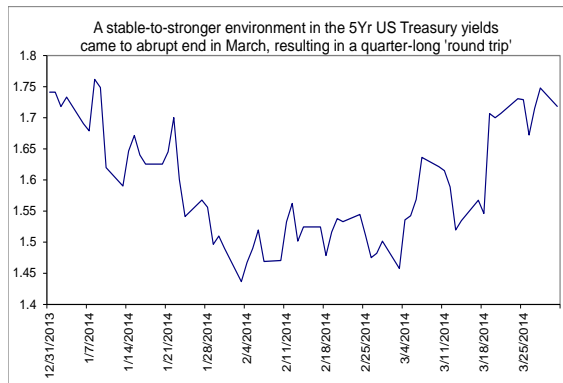
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## Strategic Overview

- Weaker US data spurred US Treasury bond prices higher following a volatile end to 2013. The ensuing stability held for much of the first quarter only to be shaken by surprisingly hawkish comments from Fed Chair Janet Yellen on March 19th. Rationality soon won the day, but not until a sharp correction in short rates unfolded.
- Jobs and inflation data remain the key focus of Fed officials and traders alike. The 10-year US Treasury yield repeatedly crept toward the 2.80% mark ahead of jobs releases only to quickly fall away after labor data disappointed. Since January 23, the 10-year US Treasury bond has traded in a narrow 2.57% to 2.80% range. The lack of momentum has supported our ongoing neutral duration profile.
- In range-bound scenarios, we like to use High Yield Munis to boost income. However, we have avoided the space primarily due to Puerto Rico's fiscal challenges and the equity-like volatility they generated.
- We maintained a slight 'risk-on' bias via moderate High Yield Corporate and Investment Grade Corporate exposures. We limited the duration within these sectors, consistent with our neutral profile, while also augmenting income.
- We avoided International exposure in favor of dollar denominated assets. We expect the US economy to outperform Europe, with the Federal Reserve removing accommodation more rapidly than the ECB.
- Our strategies have also avoided TIPS as inflationary indicators remain muted.

## Chart of Interest



## What We Are Reading

- [US Global Growth Engine Putt-Putts Instead of Purring](#)
- [Puerto Rico Hires Second Restructuring Firm](#)
- [US Fed Officials Feared Sending Wrong Message on Rates](#)
- [ECB Considers Negative Deposit Rates](#)

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:** The relatively stable interest rate environment limited the opportunity for tactical trades within our Muni ETF universe.

	March 2014	Q1 2014	12 Months Ending 3/14
<b>Tactical Muni ETF Strategy</b>	-0.09%	3.09%	0.11%
iShares National Tax Free Muni ETF (MUB)	0.08%	3.71%	0.12%
Barclays Municipal Bond Index	0.17%	3.32%	0.38%

**Core Plus ETF:** Benefited from our slight 'risk on' bias and exposure to the PowerShares Build America Bond ETF (BAB), which tend to trade similarly to long US Treasuries.

	March 2014	Q1 2014	12 Months Ending 3/14
<b>Core Plus ETF Strategy</b>	-0.12%	1.67%	-0.79%
iShares US Aggregate Bonds ETF (AGG)	-0.33%	1.59%	-1.22%
Barclays US Aggregate Bond Index	-0.17%	1.84%	-0.09%

**Tactical Opportunity ETF:** Fairly neutral duration and sector positioning led to first quarter results that closely tracked the index.

	March 2014	Q1 2014	12 Months Ending 3/14
<b>Tactical Opportunity ETF Strategy</b>	-0.05%	2.55%	-0.52%
50% MUB/ 50% AGG	-0.13%	2.65%	-0.54%
50% Muni Index / 50% Taxable Index	0.00%	2.58%	-0.15%