

MANAGED ETF  
PORTFOLIO  
CHARACTERISTICS\*\*  
AS OF: 6/30/2014

**Tactical Muni ETF:**

Duration: 4.66yrs  
Average Maturity: 6.40yrs  
Indicated Yield: 2.69%  
Blended 30-Day  
SEC Yield: 1.90%

**Core Plus ETF:**

Duration: 5.34yrs  
Average Maturity: 7.20yrs  
Indicated Yield: 2.29%  
Blended 30-Day  
SEC Yield: 2.20%

**Tactical Opportunity ETF:**

Duration: 5.06yrs  
Average Maturity: 7.36yrs  
Indicated Yield: 2.85%  
Blended 30-Day  
SEC Yield: 2.35%

\*\*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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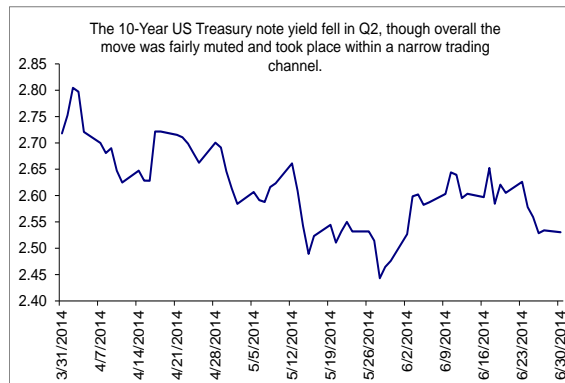
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## Strategic Overview

- Disappointing data and geopolitical turmoil dictated much of the quarter's stronger US Treasury momentum. The effects of a harsh winter wreaked havoc on economic releases. Ukraine-Russia tensions and the rise of ISIS within Iraqi borders encouraged a risk-off mentality.
- The Federal Reserve preserved a sense of status quo despite significant noise. However, fundamental weaknesses in US growth indicators suppressed yields, even as the Fed continued its taper.
- Though US Treasuries strengthened in Q2, yields spent most of the quarter in a relatively narrow range (the 10Yr traded from 2.45% -2.80%). We kept a neutral duration profile across all ETF strategies, utilizing strategic sector overweights to boost income.
- In the Tactical Muni strategy, we used a High-Yield Muni ETF and short-term rotations between intermediate and longer duration ETFs to capture attractive dividend opportunities.
- In the Core Plus strategy, we preserved a slight overweight to corporate bonds via High-Yield and Investment Grade Corporate ETFs. We avoided the International sector altogether given the political and economic difficulties beyond our borders.
- We employed the High-Yield bias (both Muni and Corporate) in the Tactical Opportunity strategy. We trimmed our Muni overweight in Q2 as Muni supply crept upward and Muni-to-Treasury relative value compressed.

## Chart of Interest



Source: Bloomberg

## What We Are Reading

- [Puerto Rico Moves to Restructure Debt](#)
- [Inflation's Up, Spending's Down](#)
- [Yellen's Economy Echoes Burns' more than Greenspan's](#)
- [Anxiety in Repo Market as Failures Soar](#)

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:** An overweight to California and dividend rotation between Insured and Intermediate Funds improved performance.

	Q2 2014	YTD	12 Months Ending 6/14
<b>Tactical Muni ETF Strategy</b>	<b>2.05%</b>	<b>5.20%</b>	<b>6.11%</b>
iShares National Tax Free Muni ETF (MUB)	2.21%	6.00%	6.59%
Barclays Municipal Bond Index	2.60%	6.00%	6.13%

**Core Plus ETF:** Exposure to longer maturities through BAB and inflation indexed funds (TIP) rebounding from extremely low expectations contributed to performance.

	Q2 2014	YTD	12 Months Ending 6/14
<b>Core Plus ETF Strategy</b>	<b>1.93%</b>	<b>3.62%</b>	<b>4.27%</b>
iShares US Aggregate Bonds ETF (AGG)	1.75%	3.37%	3.19%
Barclays US Aggregate Bond Index	2.04%	3.92%	4.38%

**Tactical Opportunity ETF:** A strategic overweight to Municipals added value along with exposure to longer maturities through BAB, California, and inflation indexed funds (TIP).

	Q2 2014	YTD	12 Months Ending 6/14
<b>Tactical Opportunity ETF Strategy</b>	<b>2.26%</b>	<b>4.88%</b>	<b>5.94%</b>
50% MUB/ 50% AGG	1.98%	4.68%	4.89%
50% Muni Index / 50% Taxable Index	2.32%	4.96%	5.26%