

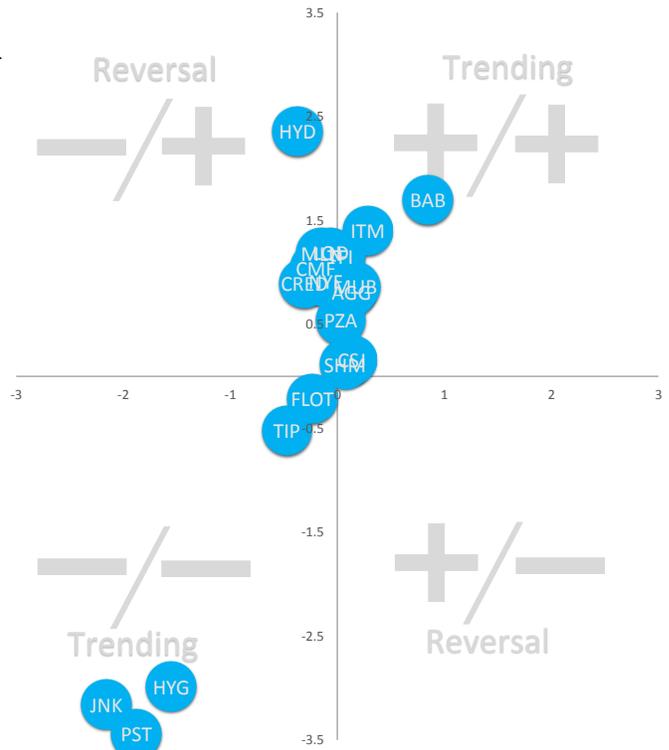
Market Commentary

- Volatility across financial markets remained elevated around the much anticipated mid-month FOMC decision. After the disappointing 'no hike' announcement, front-end rates rallied with conviction, closing the month/quarter at depressed yields and erasing the move higher that started in August.
- Price action post September 17th in municipals, along with most asset classes, was primarily Fed-driven with significant positive performance. MUB spent most of the month at a premium due to heavy inflows and an overall demand for munis. Cash munis caught a strong bid as muni dealers reported investors were getting money to work now that a few more months of lower rates are expected.
- In the taxable fixed space, yields finished modestly lower for September resulting in positive performance for AGG. Although the broad aggregate bond index finished higher on the end of month Fed trade the spotlight is still on the vulnerability of high grade corporate spreads. At the end of September, Markit's CDX Index pushed to a 94. The last time spreads were that high was June of 2013. This was a large performance detractor for the index.

Strategy Commentary

- In our Core Plus strategy we shifted an incremental percentage out of our floating rate allocation into Treasury ETFs, which helped boost performance as the sector posted meaningfully positive performance in September. Additionally, our tactical exposure to the longer end of the yield curve through BAB and TLH also helped the strategy outperform.
- The overweight bias we have to the municipal sector in Tactical Opportunity proved productive again as municipals outperformed taxables marginally across the curve.
- Looking forward, we continue to anticipate markets will remain hypersensitive to economic data, global headlines and continued speculation on a FOMC rate hike. As mentioned previously, it is important to tune out the noise and stay focused on strategy objectives and fundamentals through this historic period of policy normalization.

MONTH OVER MONTH RETURN TREND (%)

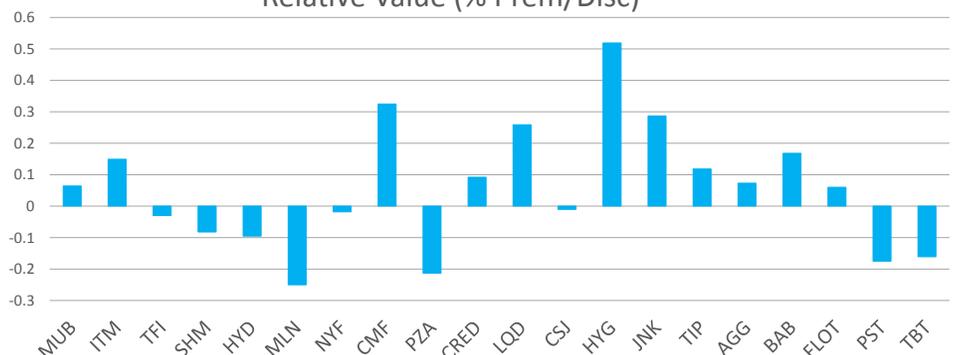


Name	Target Duration Position	Highlights*
Tactical Opportunity ETF	Min  Max	Neutral Duration, Overweight Munis
Tactical Muni ETF	Min  Max	Neutral Duration, Overweight to CA
Core Plus ETF	Min  Max	Neutral Duration, Overweight to Treasuries

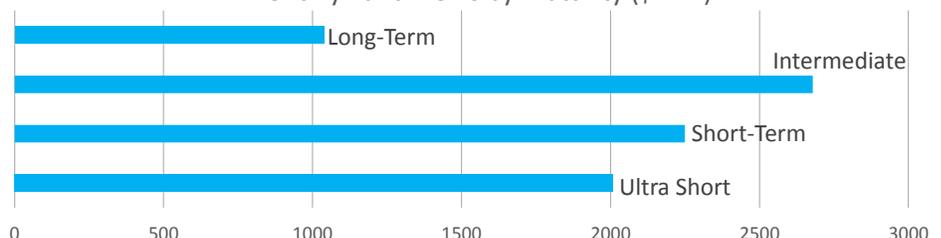
Market Overview

ETF	1M Trend	% 1M Return	Std Dev
MUB		0.86	0.36
ITM		1.40	0.12
TFI		1.16	0.10
SHM		0.12	0.03
HYD		2.36	0.23
MLN		1.19	0.10
NYF		0.91	0.30
CMF		1.04	0.50
PZA		0.54	0.08
CRED		0.90	0.28
LQD		1.19	0.42
CSJ		0.16	0.09
HYG		-2.99	1.20
JNK		-3.16	0.49
TIP		-0.52	0.38
AGG		0.81	0.26
BAB		1.70	0.21
FLOT		-0.21	0.03
PST		-3.44	0.25
TBT		-4.70	1.03

Relative Value (% Prem/Disc)



Monthly Fund Flows by Maturity (\$MM)



* Strategy positioning highlights are current as of date shown and subject to change without prior notice.

Sources: ETF return, standard deviation, premium and discount, and fund flow data are obtained through Bloomberg Professional Service. Information obtained from these sources is believed to be reliable but is not guaranteed and is subject to change without notice.

Definitions:

Standard Deviation: A measure of the dispersion of a set of data from its mean. Standard deviation is calculated as the square root of variance.

Duration: A measure of the timing of cash flows (i.e., the interest payments and the principal repayment) to be received from a given fixed income security. Duration is used to assess price volatility for given changes in interest rates, the reinvestment risk associated with a given portfolio or the interest rate risk associated with matching particular interest-rate-sensitive assets and liabilities.

Fund Premium and Discount: A pricing situation that occurs when the share value of an exchange traded fund is trading above or below the net asset value (NAV) of its components.

Net Asset Value (NAV): The value of each share of a fund as determined by the value of its underlying holdings, including any cash in the portfolio. NAV is calculated by dividing a fund's total net assets by its number of shares outstanding.

Month Over Month Return Trend: Fund plots represent returns for a two month period, with the X-axis value being prior month's total return and the y-axis value being the current month total return as of publication.

ETF Information:

[iShares Bond ETF Information \(MUB, NYF, CMF, CRED, LQD, CSJ, HYG, TIP, AGG, BAB, IGOV, FLOT\): iShares Bond ETF Overview Page](#)

[Van Eck Market Vectors Municipal Bond ETF Information \(ITM, HYD, MLN\): Market Vectors Municipal Income ETF Overview Page](#)

[SPDR Fixed Income ETF Information \(TFI, JNK\): SPDR ETF Product Information Page](#)

[Powershares ETF Information \(PZA\): PZA Product Information Page](#)

[ProShares ETF Information \(PST, TBT\): ProShares Leveraged Inverse Treasury Information Page](#)

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