

# Caprin Core Plus ETF

QUARTERLY FACT SHEET AS OF 6/30/2017

## Investment Philosophy

Caprin believes that knowledge preserves wealth and that prudent investment decisions are best made from a consistently applied process honed by experience gained through a variety of market cycles. Accordingly, Caprin's investment philosophy - Capital Preservation and Income, which serves as the foundation of the firm's name - is a direct result of exactly that experience. Filtered through these ideals, Caprin applies a conservative approach to a conservative asset class taking measured risks to improve income and returns as appropriate given low- to intermediate-risk mandates.

As a conservative manager, risk management is a core investment tenet. Across all strategies, we attempt to mitigate risks expected to detract from portfolio performance, including credit, market and structural. Within our Intermediate Maturity Bond and Managed ETF Strategies, we may use inverse and leveraged inverse products in an attempt to help mitigate duration and yield curve risks during periods of anticipated rising interest rates.

## Investment Strategy

In contrast with traditional, passive allocations such as bond ladders, individual mutual funds or index funds that have varying levels of liquidity or transparency, Caprin's Managed Taxable ETF strategy invests in taxable ETFs to more nimbly seek enhanced relative performance. To help insulate the portfolio against rising interest rates, an allocation to inverse or leveraged inverse ETFs may be implemented. This strategy is designed to fit within any investment approach and may be suitable for investors seeking to mitigate risk, capture opportunities, enhance liquidity and generate income via an active allocation to fixed-income investments.

## Individualized Investment Strategy Solutions

The use of Inverse and/or Leveraged Inverse US Treasury Bond ETFs for greater degrees of interest rate risk management is a strategy option on select platforms. This strategy may be Wrap and/or Dual Contract based on the Sponsor firm and/or Platform. Minimum Account Sizes and Fees also differ based on your platform option and solution chosen.

## Strategy Snapshot

|                                  |       |
|----------------------------------|-------|
| Average Eff Duration             | 5.40  |
| Average Eff Maturity             | 7.44  |
| Yield to Maturity                | 2.67  |
| Std Dev 3 Yr (Qtr-End)           | 3.13  |
| Sharpe Ratio 3 Yr (Qtr-End)      | 0.59  |
| Information Ratio 3 Yr (Qtr-End) | -0.81 |

## Portfolio Construction

In positioning portfolios with the desired exposure to interest rate risk and sector/variable mix, Caprin looks to build portfolios of ETFs that represent the greatest value and performance opportunity within each opportunity set. In determining the optimal allocation, Caprin considers premiums and discounts among similar ETFs using proprietary models that evaluate short, intermediate, and longer term trends in premiums and discounts for all ETFs within Caprin's approved investment universe. As premiums and discounts disconnect from norms, Caprin may rotate holdings without notably altering strategic positioning. Caprin also considers any relevant concentrations within each ETF when choosing between otherwise similar vehicles. For example, Caprin might reconsider a Municipal ETF with a considerably higher concentration in the State of California or a Sovereign ETF with a higher concentration in Greece relative to comparable alternatives. In assessing ETFs and their underlying characteristics, Caprin evaluates information provided by fund providers, Morningstar Direct, internal analytics and those generated through the Bloomberg system.

Source: Morningstar Direct

## Investment Growth

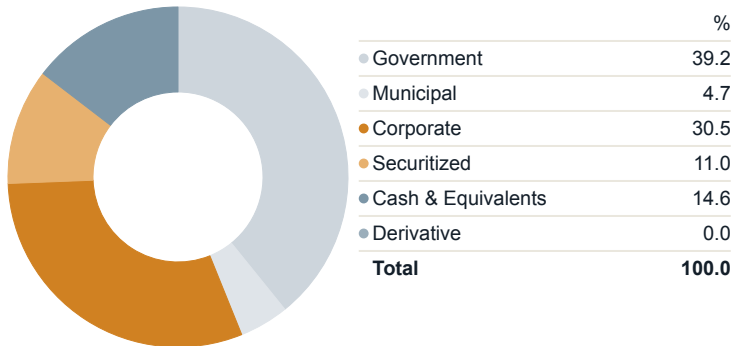
Time Period: 7/1/2012 to 6/30/2017

Source Data: Gross Return



## Sector Breakdown

Portfolio Date: 6/30/2017

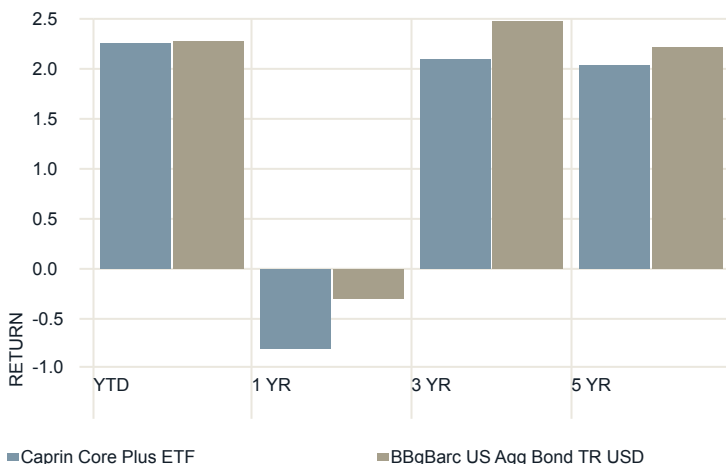


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## Returns

As of Date: 6/30/2017 Source Data: Gross Return



## Trailing Returns

As of Date: 6/30/2017

|                            | QTD  | 1 YR  | 3 YR | 5 YR | Since Incept. |
|----------------------------|------|-------|------|------|---------------|
| Caprin Core Plus ETF Gross | 1.44 | -0.80 | 2.09 | 2.03 | 2.62          |
| Caprin Core Plus ETF Net   | 1.13 | -2.03 | 0.82 | 0.76 | 1.35          |
| BBgBarc US Agg Bond TR USD | 1.45 | -0.31 | 2.48 | 2.21 | 2.94          |

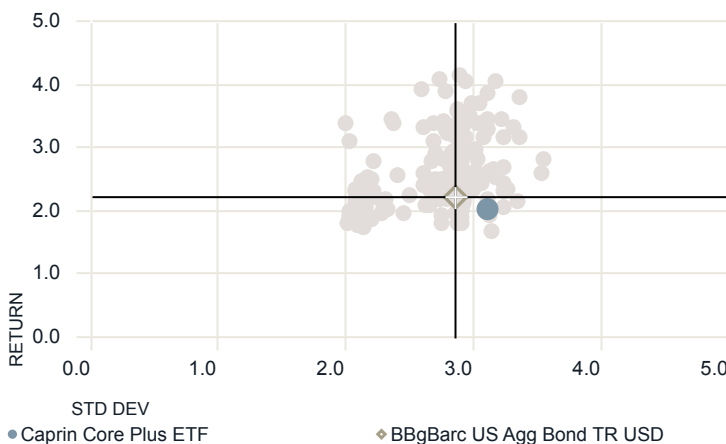
## Calendar Year Returns

|                            | YTD  | 2016 | 2015  | 2014 | 2013  | 2012 |
|----------------------------|------|------|-------|------|-------|------|
| Caprin Core Plus ETF       | 2.26 | 2.27 | 0.05  | 5.51 | -2.00 | 5.34 |
| Caprin Core Plus ETF Net   | 1.62 | 1.00 | -1.19 | 4.20 | -3.22 | 4.04 |
| BBgBarc US Agg Bond TR USD | 2.27 | 2.65 | 0.55  | 5.97 | -2.02 | 4.21 |

## Risk-Reward

Time Period: 7/1/2012 to 6/30/2017

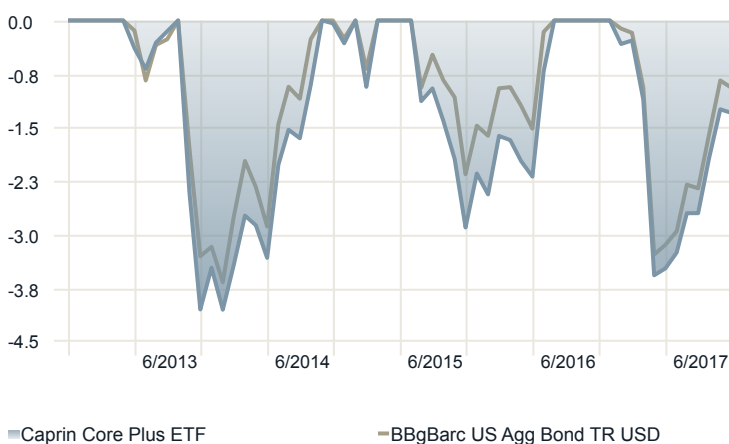
Peer Group (5-95%): Separate Accounts/CITs - U.S. - Intermediate-Term Bond



## Drawdown

Time Period: 7/1/2012 to 6/30/2017

Source Data: Gross Return



## Performance Disclosure

Past performance is not indicative of future results. "Pure" Gross of Fee Returns do not reflect the deduction of all expenses, including trading costs, and are supplemental to net returns. Composite performance results are based on qualifying, US domiciled, fully-discretionary accounts under management, including terminated accounts. To obtain a copy of a fully GIPS compliant presentation, please contact Caprin at 804-648-3333 or Caprin@caprinbonds.com. The Core Plus ETF Composite contains all fully discretionary bond accounts carrying core plus ETF guidelines and for comparison purposes is measured against the Barclays Capital US Aggregate Bond Index. Portfolios are invested in US Dollar denominated fixed income ETFs. This strategy allows allocations to inverse and leveraged (2 times) inverse US Treasury ETFs to help insulate portfolios during extended periods of rising interest rates. Inherent in derivative instrument investments used within the selected inverse or leveraged inverse ETFs is the risk of counterparty default. Leverage, such as is used within the selected inverse or leveraged inverse ETFs may also magnify losses and gains to the extent leverage is employed. The minimum account size for this composite is \$10 thousand. Based on the nature of the strategy, accounts falling below \$5 thousand will be removed from the composite.

Caprin Asset Management, LLC. claims compliance with the Global Investment Performance Standards (GIPS®). Caprin has been independently verified for the periods March 31, 1997 through December 31, 2016. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Core Plus ETF Composite has been examined for the periods December 31, 2010 through December 31, 2016. The verification and performance examination reports are available upon request.

Caprin Asset Management, LLC (hereinafter "Caprin") is an independent registered investment adviser. Caprin, founded in 1996 in Richmond, Virginia, provides fixed income portfolio management services to individuals, family offices, corporations, endowments, foundations and governmental entities. Caprin, which is employee owned, is an independent, autonomous investment management organization providing advisory services on a separate account and sub-advisory basis. This performance disclosure statement applies to Caprin, as just defined, and encompasses all fee-paying, discretionary portfolios managed by Caprin and aggregated into performance composites as further described herein. A listing and description of Caprin's performance composites is available upon request.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. As of October 31, 2011, gross returns are shown as supplemental information as they do not reflect the deduction of all fees and transaction costs. Net of fee performance has been calculated using hypothetical management fees inclusive of custodial program ("Wrap") fees; an annual fee of 1.25% has been used. This Wrap fee should account for the maximum fee you could experience when accessing Caprin through your custodian's Wrap program, however; you should consult with your advisor as the program fee at your firm may differ from that used in the exhibit above. Some portfolios within the composite pay a separate (wrap) fee, which includes all charges for trading costs, portfolio management, custody, and other administrative fees. Other portfolios in the composite pay Caprin's management fee (0.25%) directly and commissions for transactions. Actual investment advisory fees incurred by clients may vary. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The Core Plus ETF Composite was created October 1, 2010.