CAPRIN

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ETF COMMENTARY APRIL 2012

MANAGED ETF PORTFOLIO CHARACTERISTICS**

AS OF: MARCH 31, 2012

Municipal Strategy:

Effective Duration: 5.85yrs

Average Maturity: 8.41yrs

Blended 30 Day SEC Yield: 3.35%

Taxable Strategy:

Effective Duration: 5.52yrs

Average Maturity: 8.98yrs

Blended 30 Day SEC Yield: 3.25%

Blend Strategy:

Effective Duration: 5.90yrs

Average Maturity: 8.66yrs

Blended 30 Day SEC Yield: 3.07%

**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

1Q 2012: Momentum Favors "Recovery" Assets

Capitalizing on the "Risk On" trade, Caprin's Managed ETF strategies outperformed during the first quarter 2012. Overweights in Investment-Grade and High-Yield Corporates, High-Yield and Taxable Munis, and International Sovereign ETFs contributed to solid results as improving global sentiment led investors to riskier assets. Strategic positioning across our ETF strategies and remaining nimble as markets evolve remain critical as this year unfolds:

Caprin Strategy	1Q 2012 Return	Benchmark	1Q 2012 Return
Managed Municipal Bond ETF	2.60% 2.52%*	Barclays Capital US Municipal Bond	1.75%
Managed Taxable Bond ETF	1.06% 1.00%*	Barclays Capital US Aggregate Bond	0.31%
Managed Tactical Blend ETF	2.08% 2.04%*	50% BC US Muni / 50% BC US Agg	1.03%

*Net of Fees

Managed Muni Bond ETF Strategy

Chasing strong 2011 returns and faced with historically low supply, investors piled into tax-exempt mutual funds and ETFs to gain exposure as the year began. The bellwether Muni ETF (MUB, iShares Investortools National AMT Free Municipal Bond ETF) saw an unsustainable build-up in its premium, or share price versus its net asset value, making the fund extremely overvalued. We significantly decreased our exposure to MUB in anticipation of a price correction and added exposure to other, more fairly-valued alternatives. As expected, MUB sold off sharply in late-February as the rare premium phenomenon was highlighted by the media. By being on the right side of the MUB relative value trade, our ETF strategies captured incremental return during the period.

Managed Taxable Bond ETF Strategy

With momentum building in late 2011 and early 2012 with encouraging U.S. economic activity and better European headlines, we established overweights in Corporates and eliminated our US Treasury allocations. Investment-Grade and High-Yield Corporate ETF positions outperformed duration-comparable Treasury ETFs by 300 - 450 basis points (3 - 4.5 percentage points). As the "risk on" biases ebbed toward quarter end, we lowered our corporate exposure, and are closely monitoring our International allocation as less favorable trends develop in Europe and China. Should our metrics change, positions will shift toward "Risk Off".

Managed Tactical Blend ETF Strategy

Our Managed Tactical Blend ETF Strategy successfully navigated the MUB premium / discount phenomenon and reflected our "Risk On" Taxable positioning. Additionally, this Strategy benefited from an overweight to Munis in general during the supply/demand imbalance as the year began. Yet, as Muni supply began to build, the overweight was reduced in favor of Taxable ETFs. With no compelling relative value difference between sectors at quarter end, more balanced weightings are in place.

What's Next?

We continue to keep a watchful eye on the wobbly economic recovery, and it's Spring, so (for the third year in a row) European worries are beginning to reemerge. Here at home, governmental stalemates persist and gas prices are stuck around $4. Perceived deterioration and dimming of hopes could drive the first quarter's optimism into a distant memory. On the other hand, European collegiality and domestic confidence could drive equities and a "Risk On" trade yet again. Being nimble in today's volatile markets remains key to capturing opportunities as the year develops.

As always, please contact us to learn more about any of our managed fixed income solutions and to discuss how they might be a part of your investment plans for 2012 and beyond.