

MANAGED ETF  
PORTFOLIO  
CHARACTERISTICS\*\*  
AS OF: 5/31/2013

Tactical Muni ETF:  
Duration: 5.37yrs  
Average Maturity: 10.12yrs  
Indicated Yield: 3.16%  
Blended 30-Day  
SEC Yield: 2.16%

Core Plus ETF:  
Duration: 5.23yrs  
Average Maturity: 7.88yrs  
Indicated Yield: 2.84%  
Blended 30-Day  
SEC Yield: 2.49%

Tactical Opportunity ETF:  
Duration: 5.48yrs  
Average Maturity: 9.60yrs  
Indicated Yield: 3.42%  
Blended 30-Day  
SEC Yield: 2.57%

\*\*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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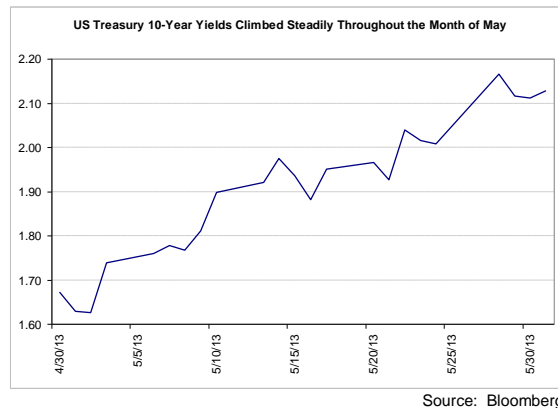
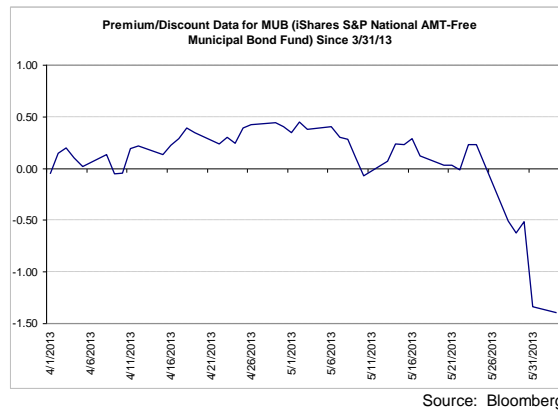
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## Strategic Overview

- Absolute returns in the Tactical Muni and Tactical Opportunity ETF strategies reflect a late month move to meaningful discounts (disconnect between share price and NAV) across most of the Muni ETF market, created by increased volatility in US debt markets. While we view these discounts as an opportunity, they are largely responsible for the disparity between our market-based benchmark (MUB) and cash/NAV-based benchmark (Barclays Municipal Bond Index) in May. Historically, these discount events have proven temporary.
- Underperformance in the US Treasury Inflation Protected sector hurt May results in the Core Plus ETF strategy. Long duration bias also detracted from returns, especially at month-end, amid a sharp correction in US Treasuries.
- Manageable Muni supply volumes and attractive tactical entry points among a few Muni ETFs drove our mid-month overweight to Municipals versus Taxables.

## Charts of Interest



## What We Are Reading

- [Detroit's Last-Ditch Talks on Cutting Debt May Take Months](#)
- [Meredith Whitney Walks Back Municipal Default Rhetoric in New Book](#)
- [Jefferson County, Alabama Strikes a Bankruptcy Deal](#)
- [Goldman's Chief Economist: Fed May Taper in September](#)

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:** MUB's sharp decline to its largest discount since 2011 created an opportunity to diversify away from the fund and protect the strategy from some downside risk.

	May 2013	YTD 2013	12 Months Ending 5/13
<b>Tactical Muni ETF Strategy</b>	<b>-2.47%</b>	<b>-0.53%</b>	<b>1.03%</b>
iShares National Tax Free Muni ETF (MUB)	-3.05%	-1.33%	0.10%
Barclays Municipal Bond Index	-1.22%	0.15%	3.04%

**Core Plus ETF:** The TIPS sector's underperformance coupled with a long duration bias created a drag on the strategy's results in May.

	May 2013	YTD 2013	12 Months Ending 5/13
<b>Core Plus ETF Strategy</b>	<b>-2.40%</b>	<b>-1.19%</b>	<b>0.92%</b>
iShares US Aggregate Bonds ETF (AGG)	-2.00%	-0.98%	0.58%
Barclays US Aggregate Bond Index	-1.78%	-0.91%	0.93%

**Tactical Opportunity ETF:** Benefited from an overweight to the supply-hungry Muni sector while limiting exposure to MUB during its descent toward a 1.50% discount.

	May 2013	YTD 2013	12 Months Ending 5/13
<b>Tactical Opportunity ETF Strategy</b>	<b>-2.44%</b>	<b>-0.66%</b>	<b>2.11%</b>
50% MUB/ 50% AGG	-2.53%	-1.15%	0.36%
50% Muni Index/ 50% Taxable Index	-1.50%	-0.38%	1.99%