

MANAGED ETF  
PORTFOLIO  
CHARACTERISTICS\*\*  
AS OF: 12/31/2014

Tactical Muni ETF:  
Duration: 5.21yrs  
Average Maturity: 13.59yrs  
Indicated Yield: 3.13%  
Blended 30-Day  
SEC Yield: 2.21%

Core Plus ETF:  
Duration: 5.51yrs  
Average Maturity: 8.42yrs  
Indicated Yield: 3.56%  
Blended 30-Day  
SEC Yield: 2.10%

Tactical Opportunity ETF:  
Duration: 5.39yrs  
Average Maturity: 11.43yrs  
Indicated Yield: 3.19%  
Blended 30-Day  
SEC Yield: 2.25%

\*\*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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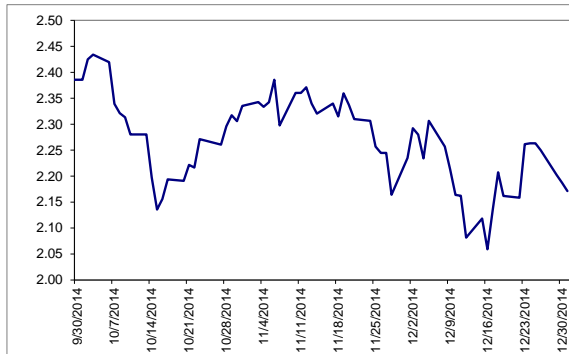
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## Strategic Overview

- Q4 was a positive, volatile period for the 10-Year US Treasury, trading in a range of 2.49% on September 30th to its intra-period low of 2.06% on December 16th. Global deflation fears became the centerpiece of conversations and US Treasury direction.
- The Federal Reserve remained accommodative despite modest labor market improvements and noted in their meeting minutes that deflationary issues abroad could influence future policy decisions. They added a new adjective to their approach: 'patient.'
- Oil prices plummeted during the quarter, down -40.4%. While the Fed believes this may be transitory, the market recalibrated inflation expectations downward.
- Increasing exposure to longer maturities boosted price and income return in the Tactical Muni strategy.
- In the Core Plus strategy, reducing exposure to High Yield Corps added value through most of the quarter but detracted during the year end "risk on" rally. Our exposure to long Taxable Municipals outperformed.
- Aided by generally overweighting municipals and reducing high yield corporate exposure, Tactical Opportunity's return outperformed its benchmark for the quarter and the year.

## Chart of Interest



Mixed economic data generated some US Treasury chop, only to rally into year-end as foreign relative value buyers flooded into US-issued debt.  
Source: Bloomberg

## What We Are Reading

- [Fed Warns on Global Growth Fears](#)
- [Dealers Cut Treasuries as Fed Plans Rate Hike](#)
- [The Year Ahead](#)
- [California's Brown Urges Caution in Face of Record Revenue](#)

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

### Tactical Muni ETF Strategy

	December 2014	Q4 2014	2014
<b>Gross</b>	<b>1.00%</b>	<b>1.85%</b>	<b>9.01%</b>
<b>Net*</b>	<b>0.85%</b>	<b>1.41%</b>	<b>7.13%</b>
iShares National Tax Free Muni ETF (MUB)	0.81%	1.49%	9.34%
Barclays Municipal Bond Index	0.50%	1.37%	9.05%

### Core Plus ETF Strategy

	December 2014	Q4 2014	2014
<b>Gross</b>	<b>0.00%</b>	<b>1.65%</b>	<b>5.50%</b>
<b>Net*</b>	<b>-0.15%</b>	<b>1.20%</b>	<b>3.68%</b>
iShares US Aggregate Bonds ETF (AGG)	0.15%	1.88%	6.00%
Barclays US Aggregate Bond Index	0.09%	1.78%	5.94%

### Tactical Opportunity ETF Strategy

	December 2014	Q4 2014	2014
<b>Gross</b>	<b>0.67%</b>	<b>1.78%</b>	<b>8.05%</b>
<b>Net*</b>	<b>0.52%</b>	<b>1.34%</b>	<b>6.19%</b>
50% MUB/ 50% AGG	0.68%	1.68%	7.66%
50% Muni Index / 50% Taxable Index	0.30%	1.57%	7.49%

\*Net of Fee performance reduced by max hypothetical fee of 1.75%. Actual experience may vary.