

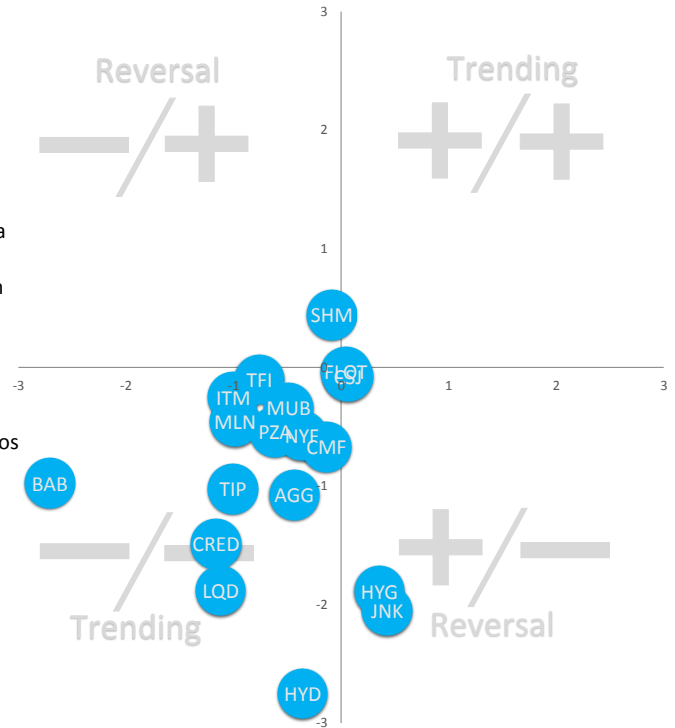
Market Commentary




- Consistent with their underlying holdings, Fixed Income ETFs were no strangers to the volatility that whipped interest rates around in June. Daily return variances ticked up in both the taxable and municipal universes making for a dramatic early summer spectacle.
- Broad market muni total return was negative for the month but was muted versus its taxable counterparts. For example, MUB outperformed AGG by approximately 70bps (.70%) over the period.
- Puerto Rico again found itself toe-to-toe with creditors as the Governor announced that their debt is unpayable as it stands. High yield muni funds took a plunge on the news, with HYD, amongst others, down nearly 3% at month end.
- In the taxable universe, persistent corporate issuance and sovereign debt tension pushed spreads wider on the month. This was particularly apparent in names such as LQD that suffered in performance and experienced one of the heaviest months of outflows for the year.

Strategy Commentary



















- June was an active month for the strategies. We strategically positioned portfolios more defensively in light of heightened volatility and our outlook for continued upside rate pressure.
- In lieu of increasing cash levels, we lowered strategy durations using a fund comprised of floating rate notes. FLOT contributes a near-zero duration while maintaining the potential for incremental yield vs cash.
- We also scaled out of our high yield muni and corporate credit exposure throughout the month and increased holdings of U.S. Treasury funds in both Tactical Opportunity and Core Plus; we used higher grade tax-exempts in the Tactical Muni strategy.
- Looking forward we see elevated rate volatility continuing as traders reset their Federal Reserve rate expectations with incoming data and as overseas instability remains.

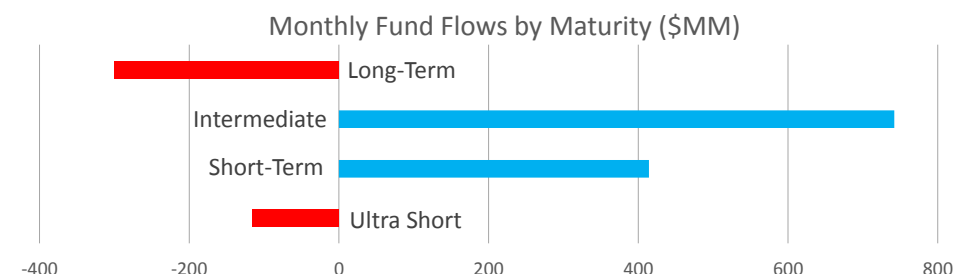
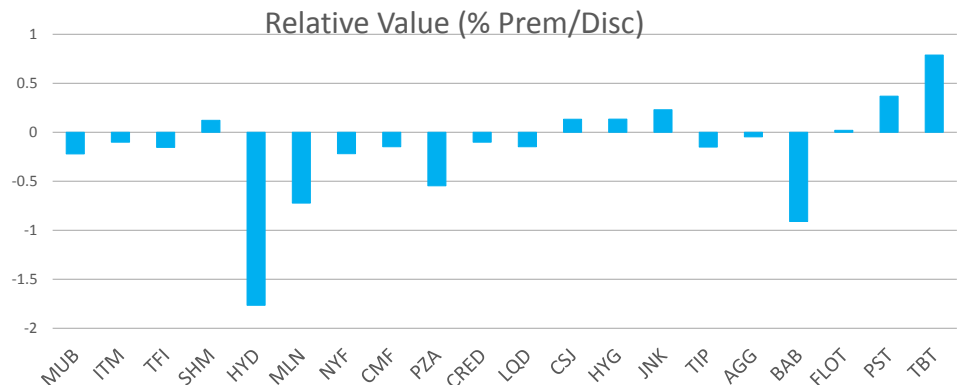
MONTH OVER MONTH RETURN TREND (%)



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

Market Overview

	1M Trend	% 1M Return	Std Dev
MUB		-0.34	0.24
ITM		-0.25	0.07
TFI		-0.10	0.07
SHM		0.44	0.03
HYD		-2.75	0.20
MLN		-0.46	0.05
NYF		-0.57	0.16
CMF		-0.67	0.21
PZA		-0.54	0.05
CRED		-1.49	0.44
LQD		-1.88	0.54
CSJ		-0.08	0.07
HYG		-1.89	0.51
JNK		-2.05	0.21
TIP		-1.03	0.49
AGG		-1.08	0.35
BAB		-0.98	0.12
FLOT		-0.04	0.02
PST		3.07	0.26
TBT		7.14	1.10



* 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](#)

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.