

ETF Strategies Overview

FIRST QUARTER 2021

Strategy Commentary

- Passage of a \$1.9 trillion stimulus package coupled with the expanding vaccine rollout over the quarter saw optimism build for an emerging domestic economic recovery, leading equity indices to record all-time highs. Intermediate to longer-term bond yields pushed considerably higher as investors began betting on rising price pressures due to improving demand and continued supply constraints.
- Municipal yields remained much more resilient over the period, as supply continued to be limited and investors sought tax-exempt income in what may likely be a higher tax environment in the near to medium-term. Additionally, the municipal credit landscape has significantly improved as state and local governments have seen better than anticipated revenues along with federal aid. As such, yield oriented ETFs like SHYD and HYD (VanEck Short and Intermediate High Yield Muni) returned approximately 1.40% and 1.60% for the quarter versus -0.32% for the benchmark. Allocations to these ETFs in both the Muni Plus and Opportunity Plus Strategies have been additive to begin the year.
- Higher Yielding corporate credit spreads tightened over the quarter despite US Treasury rate volatility, benefiting from the same corporate earnings momentum that fueled new highs in major equity market indices. Looking forward, we expect this trend of tighter spreads and stability to remain in place with an improved US growth outlook for the next 12-24 months. Within the Core Plus strategy, SJNK (SPDR Short Term High Yield ETF) produced returns of approximately 2.15% for the quarter, versus the Aggregate benchmark at -3.37%.

Caprin ETF Strategies

OPPORTUNITY PLUS ETF

AS OF: 3/31/2021

Duration: 5.25 yrs

Highlights: Near Neutral Duration,
Muni 40%/Taxable 60%,
Favor High-Yield Muni

MUNI PLUS ETF

AS OF: 3/31/2021

Duration: 4.45 yrs

Highlights: Near Neutral Duration,
Favor High-Yield Muni

CORE PLUS ETF

AS OF: 3/31/2021

Duration: 5.97 yrs

Highlights: Near Neutral Duration,
Overweight Credit

FIGURE 1: RELATIVE VALUE (% PREM/DISC AS OF 3/31/21)

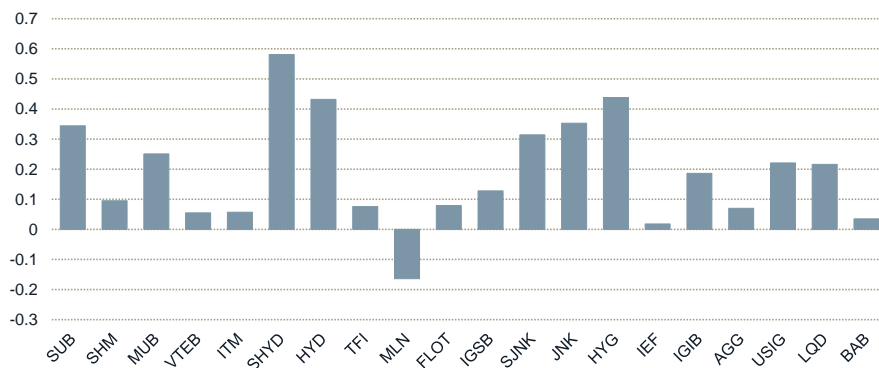
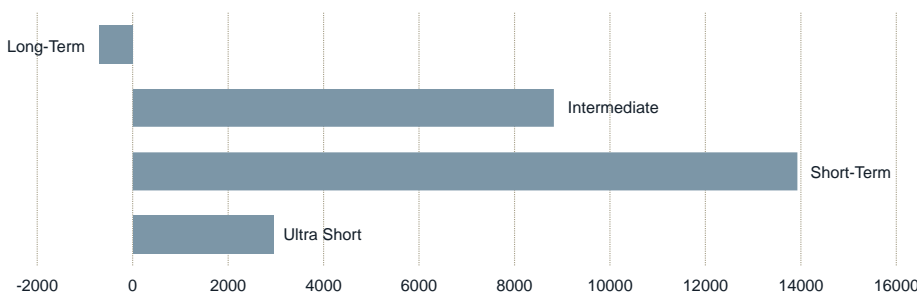


FIGURE 2: QUARTERLY MUNI / TAXABLE BOND ETF FUND FLOWS BY MATURITY (\$MM)



Please refer to the second page for sources, definitions and disclosure information.

FIGURE 3: FIXED INCOME ETF UNIVERSE

ETF TICKER	QRTLY TREND	% Q RETURN	STD DEV
SUB	↘	-0.11	0.20
SHM	↘	-0.30	0.15
MUB	↘	-0.66	0.80
VTEB	↘	-0.70	0.38
ITM	↘	-1.23	0.46
SHYD	↗	1.42	0.16
HYD	↗	1.61	0.47
TFI	↘	-1.27	0.44
MLN	↘	-1.19	0.27
FLOT	↗	0.20	0.03
IGSB	↘	-0.56	0.21
SJNK	↗	2.16	0.11
JNK	↗	0.61	0.59
HYG	↗	0.58	0.49
IEF	↘	-5.73	2.18
IGIB	↘	-3.77	0.95
AGG	↘	-3.37	1.51
USIG	↘	-4.34	1.09
LQD	↘	-5.47	2.97
BAB	↘	-3.75	0.60

* 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 a 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 \(MUB, NYF, CMF, USIG, LQD, IGSB, HYG, TIP, AGG, BAB, IGOV, FLOT\): iShares Bond ETF Overview Page](#)

[Van Eck Market Vectors Municipal Bond ETF Information \(ITM, SHYD, HYD, MLN\): Market Vectors Municipal Income ETF Overview Page](#)

[SPDR Fixed Income ETF Information \(TFI, SJNK, JNK\): SPDR ETF Product Information Page](#)

[Invesco 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.