

ETF Strategies Overview

SECOND QUARTER 2022

Strategy Commentary

- The Fed's fight against persistently high inflation continued throughout Q2. However, their attempt at a "soft landing" has become even more challenging as the economy begins to show signs of significant deceleration. Retail sales, consumer confidence, mortgage applications and construction employment all declined throughout the quarter with models now pointing to Q2 GDP that could easily produce a technical recession as early as July. Looking forward, we believe this will not only make it difficult for the Fed to push through all their forecasted tightening but should begin to place downward pressure on yields after what has been a historic move higher.
- Within the Municipal Plus strategy, the larger reallocation into JMST (JP Morgan Ultra-Short Municipal ETF) that we executed earlier in the year was additive to overall strategy performance over the quarter, with the ETF not only helping to buffer ongoing interest rate volatility within the market but producing one of the few positive quarterly returns across the municipal ETF universe.
- Although allocations to higher yielding municipal ETFs within the Municipal Plus and Opportunity Plus strategies were detractors over the period, as most spread/risk assets declined, we continue to see a sound credit landscape for the sector in the near-to-medium term and believe the underperformance is mainly attributable to shorter-term supply and demand imbalances. Also, indicated/dividend yield levels on HYD, for example, have risen well above 4% or a nearly 7% tax-equivalent yield for higher tax bracket individuals, offering what we believe is an attractive income profile.

Caprin ETF Strategies

OPPORTUNITY PLUS ETF

AS OF: 6/30/22

Duration: 5.23 yrs

Highlights: Short/Neutral Duration,
Maintained Higher Floating
Rate Allocation

MUNI PLUS ETF

AS OF: 6/30/22

Duration: 4.70 yrs

Highlights: Neutral Duration,
Maintained Allocation to Ultra-
Short Muni ETF

CORE PLUS ETF

AS OF: 6/30/22

Duration: 5.52 yrs

Highlights: Short/Neutral Duration,
Maintained Higher Floating
Rate Allocation

FIGURE 1: RELATIVE VALUE (% PREM/DISC AS OF 6/30/22)

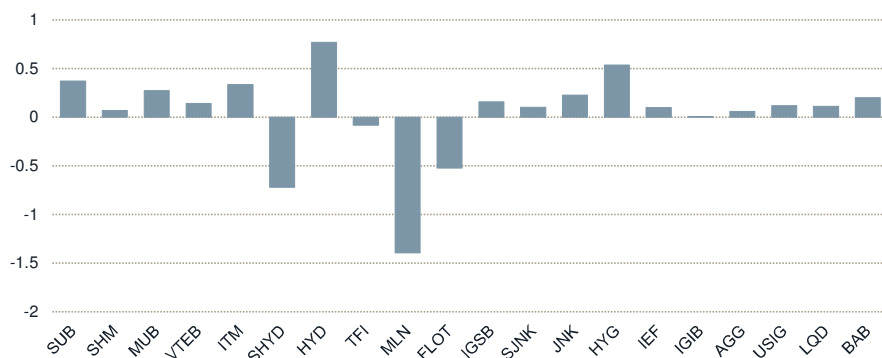
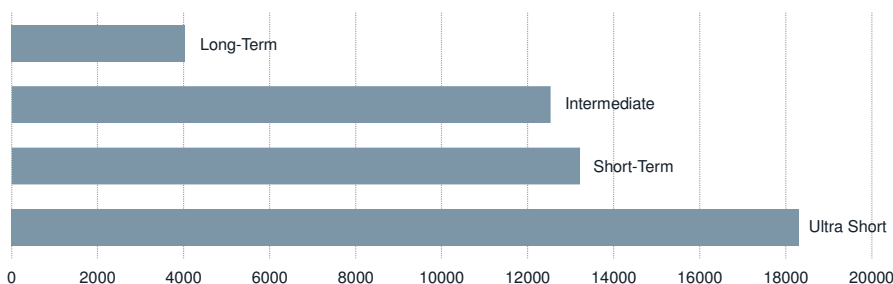


FIGURE 2: QUARTERLY MUNI / TAXABLE BOND ETF FUND FLOWS BY MATURITY (\$MM)



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	↗	0.24	0.47
SHM	↔	0.00	0.27
MUB	↘	-2.54	1.32
VTEB	↘	-2.75	0.68
ITM	↘	-3.05	0.72
SHYD	↘	-2.81	0.35
HYD	↘	-5.35	1.44
TFI	↘	-3.82	0.78
MLN	↘	-8.39	0.60
FLOT	↘	-1.01	0.20
IGSB	↘	-1.84	0.41
SJNK	↘	-6.96	0.62
JNK	↘	-10.39	3.37
HYG	↘	-9.48	2.49
IEF	↘	-4.47	1.75
IGIB	↘	-6.32	1.10
AGG	↘	-4.58	1.71
USIG	↘	-6.78	1.20
LQD	↘	-8.40	3.17
BAB	↘	-5.84	0.65

* 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](#)

[Invesco ETF Information \(PZA\): PZA Product Information Page](#)

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