

Capturing Opportunities in Turbulent Times

Has the “Risk-On / Risk-Off” dynamic become the primary driver of investment markets for the foreseeable future? Most strategists, whether equity, fixed or alternative would likely support this new paradigm.

Our Managed Fixed Income ETF Strategies introduced in late 2010 are designed to offer investors and advisors solutions for the ever-changing risk metrics of the fixed income landscape. Our three strategies strive to capitalize on both fundamental and technical drivers as they surface in our primary markets, and seek to provide a compelling investment case for unexpected volatility and for added value beyond a static approach.

In 2011 our disciplined Managed Fixed Income ETF Strategies captured incremental returns in challenging investment markets relative to many comparable investment solutions. Results for the Managed Municipal Bond ETF and Managed Taxable Bond ETF Strategies, as well as for our Managed Tactical Blend Strategy, were compelling:

Though past performance is not a guarantee of future results, our disciplined process and risk conscious style seek to deliver value added results for your core fixed income allocations.

<u>Caprin Strategy</u>	<u>2011 Return</u>	<u>Benchmark</u>	<u>2011 Return</u>
Managed Municipal Bond ETF Strategy	14.82% 14.55%*	BofA Merrill Lynch Muni Market Master Index	11.19%
Managed Taxable Bond ETF Strategy	6.82% 6.57%*	Barclays U.S. Aggregate Bond Index	7.84%
Managed Tactical Blend ETF Strategy	10.70% 10.45%*	50% Muni Market Master Index/ 50% U.S. Aggregate Bond Index	9.52%

Caprin’s Managed Taxable Bond ETF Strategy as a Core-Plus Solution

Our Managed Taxable Bond ETF Strategy was refined in the fourth quarter of 2011 to capture return opportunities in the Core-Plus Fixed Income space. We broadened our investment menu to include two International Sovereign Debt ETFs as a means to participate in the non-dollar fixed income markets. The approved ETFs are the largest funds investing in non-dollar bonds and trading in the dollar denominated style category. Our investment theses for International Sovereign Debt are driven by fundamentals and currency, along with premiums and discounts. While our models have not yet indicated an attractive entry point, we stand ready to act quickly and efficiently when our criteria are met.

As always, please contact us to learn more about any of our managed fixed income solutions and to discuss how they might be a part of your investment plans for 2012 and beyond.

DISCLOSURE: *Net Strategy Returns reflect the deduction of Caprin’s management fees only; actual results may be influenced by transaction costs and other expenses, including but not limited to custody fees or custodial program fees. Though Benchmarks are routinely rebalanced to meet their investment criteria, these transactions happen without cost and do not impact return results. 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.