
Caprin Asset Management, LLC
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January 2012

This Brochure provides information about the qualifications and business practices of CAPRIN ASSET MANAGEMENT, LLC ["CAPRIN"]. If you have any questions about the contents of this Brochure, please contact us at 804-648-3333 or by email at compliance@caprinbonds.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

CAPRIN is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about CAPRIN also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated January 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, you may request our Brochure by contacting Adam S. Plotkin, Chief Compliance Officer at 804-648-3333 ext. 309 or compliance@caprinbonds.com. Our Brochure is also available on our web site www.caprinbonds.com and is free of charge.

Additional information about CAPRIN is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with CAPRIN who are registered, or who are required to be registered, as investment adviser representatives of CAPRIN.

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Item 4 – Advisory Business

CAPRIN, which is 100% employee owned, was founded in 1996 and is engaged primarily in the business of providing portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, and other U.S. institutions. Such services include the management of fixed income securities portfolios including municipal bond portfolios and taxable bond portfolios all on a separate account basis; CAPRIN manages no pooled investments such as common trust funds or mutual funds. CAPRIN generally provides its portfolio management services on a fee for service basis. Such fees are agreed to in advance and set forth in each client agreement (Additional information on Caprin's fees is discussed in Item 5 below.) CAPRIN manages client accounts on both a direct basis, where the client comes to CAPRIN individually and without the partnership of an independent financial advisor, and CAPRIN also manages client accounts when recommended by an unrelated investment advisor, where the client's independent financial advisor has recommended hiring CAPRIN. As of December 31, 2010, CAPRIN managed approximately \$990 million in client assets, all of which are discretionary, meaning that CAPRIN Portfolio Management Teams may execute purchase and sale transactions without first consulting clients or their designated financial advisors. Clients grant CAPRIN such investment discretion in each Investment Advisory Agreement signed by both the Client and CAPRIN's designee. Additional information about Discretion is detailed in **Item 16** below.

In keeping with our conservative philosophy of capital preservation and income, CAPRIN manages both intermediate and short maturity portfolios. CAPRIN's intermediate municipal bond portfolios generally will have an average maturity of seven to nine years, while CAPRIN's intermediate taxable bond portfolios generally will have an average maturity of four to six years. CAPRIN's short maturity municipal bond and taxable bond portfolios generally will have an average maturity of one to two years. CAPRIN also has a cash management short maturity strategy which invests portfolios to average maturities of four to nine months.

In addition to the portfolio management services described above, CAPRIN may from time to time serve as sub-adviser to other duly registered investment adviser firms for the purpose of managing their clients' fixed income portfolios. In such circumstances, the agreement between CAPRIN and the firm(s) for whom CAPRIN serves as sub-adviser authorizes CAPRIN, without prior consultation, to buy or sell fixed income securities according to their respective clients' investment guidelines.

CAPRIN generally makes itself available to clients of financial advisors via dual contract arrangements, where clients sign both custodial agreements and CAPRIN's investment advisory agreement, but CAPRIN has also agreed to participate as a manager available in certain Wrap Fee programs. As a Wrap Program Participant, the custodian charges clients only one fee, and a previously agreed portion of that fee is then paid to CAPRIN as portfolio manager. When managing portfolios, CAPRIN treats its Wrap Fee clients exactly the same as it treats its direct clients and other clients referred by independent advisors.

Item 5 – Fees and Compensation

Though CAPRIN strives for consistency wherever possible, CAPRIN recognizes that not all arrangements are identical and therefore reserves the right to negotiate fees.

The specific manner in which fees are charged by CAPRIN is established in a client's written agreement with CAPRIN. CAPRIN will generally bill its fees on a quarterly basis in advance and will submit bills directly to each client's custodian of record. Management fees shall be prorated for each capital contribution made during the applicable calendar quarter (with the exception of de minimis contributions). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable as prescribed by the client's written agreement with CAPRIN.

CAPRIN maintains two distinct fee schedules for separately managed bond portfolios that differ primarily based on the nature of the relationship between CAPRIN and its clients; for instance, CAPRIN and its representatives bear primary responsibility, including assisting with the selection of the appropriate investment strategy and reporting for all direct relationships ('DIRECT'), but when clients are referred to CAPRIN by an independent investment adviser or financial adviser ('REFERRED' or 'THIRD PARTY'), it is expected that CAPRIN'S responsibilities are reduced to that of portfolio management only as the referring adviser bears primary responsibilities for such relationships.

CAPRIN'S fee schedule for Intermediate Maturity Municipal Bond and Taxable Bond accounts managed on a DIRECT basis is as follows: 0.50% between \$2 million and less than \$5 million; 0.45% between \$5 million and less than \$10 million; 0.375% between \$10 million and less than \$15 million; 0.30% between \$15 million and less than \$25 million; 0.225% between \$25 million and less than \$50 million. All fees are based on total account size and are not tiered. This fee schedule may be negotiated when account assets are \$50

million or greater. All new DIRECT Intermediate Maturity Municipal Bond and Taxable Bond accounts require a \$2 million minimum investment.

CAPRIN'S fee schedule for Intermediate Maturity Municipal Bond and Taxable Bond accounts managed on a REFERRED or THIRD PARTY basis is as follows: 0.35% between \$500 thousand and less than \$5 million; 0.30% between \$5 million and less than \$10 million; 0.25% between \$10 million and less than \$15 million; 0.20% between \$15 million and less than \$25 million; 0.15% between \$25 million and less than \$50 million. All fees are based on total account size and are not tiered. This fee schedule may be negotiated when account assets are \$50 million or greater. New Intermediate Maturity accounts on a REFERRED or THIRD PARTY basis require a minimum investment of \$500 thousand.

CAPRIN'S fee schedule for Short Maturity Municipal Bond and Taxable Bond accounts, whether managed on a DIRECT basis or on a REFERRED or THIRD PARTY basis is as follows: 0.30% between \$500 thousand and less than \$5 million; 0.25% between \$5 million and less than \$10 million; 0.20% between \$10 million and less than \$25 million; 0.15% between \$25 million and less than \$50 million. All fees are based on total account size and are not tiered. This fee schedule may be negotiated when account assets are \$50 million or greater. All new Short Maturity Taxable Bond accounts and all new DIRECT Short Maturity Municipal Bond accounts require a \$2 million minimum investment. New Short Maturity Municipal Bond accounts on a REFERRED or THIRD PARTY basis require a minimum investment of \$500 thousand. New Short Maturity Taxable Bond accounts, whether DIRECT, REFERRED or THIRD PARTY, require a minimum investment of \$2 million.

CAPRIN'S fee schedule for Taxable Cash Management accounts is as follows: 0.20% between \$2 million and less than \$10 million; 0.175% between \$10 million and less than \$25 million; 0.15% between \$25 million and less than \$50 million. This fee schedule may be negotiated when account assets are \$50 million or greater.

CAPRIN created and began marketing in late 2010 strategies that utilize various fixed income Exchange Traded Funds (ETF's) and maintains two distinct fee schedules for these strategies as well that differ primarily based on the nature of the relationship between CAPRIN and its clients. CAPRIN makes its ETF strategies available as both separately managed accounts and as model selections available through platforms such as Unified Managed Accounts Platforms administered by overlay management firms. When CAPRIN's managed ETF strategies are utilized as separate accounts, CAPRIN's fee is 0.25% on all assets. When CAPRIN's ETF strategies are selected as a Model through an overlay manager, CAPRIN's fee is 0.20% on all assets. As of January 2012 CAPRIN makes its ETF strategies available as Model solutions through Adhesion Wealth Advisors, Folio Dynamix and

Placemark Investments, each of which can be accessed through a variety of brokerage firms, independent custodians, and other independent registered investment advisors.

CAPRIN's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to CAPRIN's fee, and CAPRIN shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the reasons that CAPRIN considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Item 6 – Performance-Based Fees and Side-By-Side Management

CAPRIN does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

CAPRIN provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, and other U.S. institutions.

CAPRIN requires a minimum account size of \$2 million for accounts of clients hiring CAPRIN directly for individual bond portfolios, but when other independent investment advisers or financial advisers introduce clients to CAPRIN, CAPRIN has agreed to lower its minimum account size to \$500,000 for all strategies except the short maturity taxable bond and taxable cash management strategies, for which the minimum size remains \$2 million. CAPRIN requires a minimum account size of \$100 thousand for accounts of clients hiring

CAPRIN to manage individual municipal or taxable bond ETF accounts and \$200 thousand to manage accounts of clients hiring CAPRIN to manage a Tactical Blend ETF account.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Investing in securities involves risk of loss that *clients* should be prepared to bear. Specific to fixed income securities, these risks include: credit risk (the risk that the bond issuer may experience financial problems that make it difficult or impossible to pay interest or principal in full), inflation risk (due to rising prices, this is the risk of potential loss of buying power over time and possibly lower prices for existing fixed income holdings as a result of potentially higher interest rates), interest rate risk (because most bonds have a fixed coupon and a fixed maturity and mature at face value, this is the risk of loss that investors bear when selling a fixed-coupon bond before it matures and at a time when interest rates have risen above the level when the bond was originally purchased), and liquidity risk (the risk that investors won't find an active market for a bond, potentially preventing them from buying or selling when they want and making valuation more difficult).

CAPRIN's Investment Strategies are founded on the principle that Knowledge Preserves Wealth and are guided by our firm's philosophy: Capital Preservation and Income, which serves as the foundation of our name. CAPRIN takes a conservative and measured approach to the incremental risks of investing in bonds. Opportunities to enhance yield are carefully measured against potential risks as CAPRIN strives to minimize overall volatility through investment cycles.

Accordingly, CAPRIN employs a three-step investment process for each strategy offered:

Step 1: Develop and Approve Investment Strategy. CAPRIN utilizes multi-factor technical and fundamental analyses to develop our strategic approach to duration exposure, yield curve position, and sector allocation. Our analyses focus first on macro level decisions and then sub-sector assessments to complete the decision making process. We evaluate macroeconomic factors such as government statistics on GDP, CPI, PPI, payroll, manufacturing, housing, retail sales, etc., market price trends on fixed income securities, equities, currencies, commodities, relative growth both internationally and domestically, demographic trends, political hot topics, inflation expectations, as well as likely monetary and fiscal policies to determine a fundamental direction of interest rates across the yield curve. . Our goals are to identify underweight or overweight opportunities along the yield

curve that achieve our duration target and seek to capture incremental total return through additional yield and enhanced appreciation or reduced depreciation potential. Potential outcomes are probability weighted and assessed for risk, leading to a duration target (% long, short or neutral) and yield curve allocation (bullet, barbell, or ladder) relative to each product benchmark.

Additionally, we further assess the target investment universe to identify sectors that present relative value opportunities. We compare historical trading relationships to fundamental outlooks in developing a relative value framework for portfolio construction. Within each of sector, we utilize our collective experience to identify and capitalize on volume and sector anomalies as well as predictable seasonal and cyclical trends.

Finally, CAPRIN evaluates municipal investment opportunities on a state-by-state basis. We compare demographic and financial information, including but not limited to unemployment rates, budget deficits, political climates, supply technicals, property values, tax environments, and trading levels. States are categorized in terms of being “in favor” or “out of favor” for investment opportunities.

Step 2: Model Construction and Portfolio Analysis. With our core assessments endorsed by the Investment Committee, we construct model portfolios with investment characteristics expected to produce performance outcomes in our most probable interest rate scenario, and with acceptable results in alternate scenarios. We generate security specific ideas using a number of analytical and screening tools including Bloomberg and Perform FPC by InvestorTools, as well as proprietary research and analytics. Performance patterns of candidate bonds are analyzed mathematically and objectively compared to other securities, ranking performers from best to worst. Multiple iterations of this process generate the desired characteristics for our model portfolios optimized against our interest rate outlook. Model portfolios represent our best thinking regarding position structure and duration and sector distribution. Portfolio managers compare each client portfolio to the appropriate model, and generate buy/sell trade targets to align accounts with the designated strategy.

Step 3: Security Research and Execution. Desired purchases and sales in specific portfolios are identified by duration and preferred sector, coupon, quality, and call features. Traders strive for the ideal and work closely with the portfolio team to capture opportunities that arise. Traders and portfolio managers work together in evaluating each opportunity, incorporating third party research and internal analysis, financial metrics, demographic trends and other technical factors.. Appropriate securities with favorable value relative to risk are selected for purchase.

When appropriate, we favor block trades to secure the best price and to ensure implementation of our best ideas across the maximum number of accounts. Recognizing the market is active, traders and portfolio managers are prepared to respond to changing conditions that could warrant a reevaluation of desired trades. As such, regular communication ensures our team and our process is responsive, and that all client portfolios benefit from our current best thinking.

Securities may be sold for any of the following reasons: 1) A change in strategy warrants repositioning of portfolio(s); 2) Seasoning warrants repositioning of portfolio(s) to maintain compliance with strategy; 3) A change in the credit outlook for an issuer suggests that trading levels no longer reflect evolving risks; and 4) A change in trading levels suggest that better risk-adjusted opportunities may be available elsewhere.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of CAPRIN or the integrity of CAPRIN's management. CAPRIN has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Registered investment advisers are required to disclose all material facts regarding any activities or industry affiliations that would be material to your evaluation of CAPRIN or the integrity of CAPRIN's management. Such activities or affiliations might include having management persons registered as a commodity pool operator, having an affiliated broker-dealer or investment company (including mutual funds, unit investment trusts, etc), or referral arrangements through which CAPRIN might receive additional compensation; these items are generally considered "conflicts of interest." CAPRIN has no relationships or arrangements applicable to this Item.

Item 11 – Code of Ethics

CAPRIN has adopted a Code of Ethics for all employees of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes

provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees at CAPRIN must acknowledge the terms of the Code of Ethics annually, or as amended.

CAPRIN anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which CAPRIN has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which CAPRIN, its affiliates and/or clients, directly or indirectly, have a position of interest. CAPRIN's employees and persons associated with CAPRIN are required to follow CAPRIN's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of CAPRIN and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for CAPRIN's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of CAPRIN will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of CAPRIN's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between CAPRIN and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with CAPRIN's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. CAPRIN will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

CAPRIN's clients or prospective clients may request a copy of the firm's Code of Ethics by

contacting Adam S. Plotkin, CAPRIN's Chief Compliance Officer, at 804-648-3333 ext. 309 or by email at compliance@caprinbonds.com.

It is CAPRIN's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

In most cases, executing brokers will be selected based on availability of product and/or the best net price bid or offer to the client. In cases where commissions are negotiated, executing brokers will be selected first on lowest commissions and then based on quality of service. In no scenario will higher commissions be paid to an executing broker as compensation for providing research services for CAPRIN – CAPRIN does not enter into or utilize "Soft Dollar" arrangements.

CAPRIN may cross bonds between client accounts when in our judgment it is in the best interests of participating clients and no conflicts of interest are identified. Further, cross transactions will be executed at "arms length," meaning that the purchase and sales prices are set by an independent broker-dealer. All cross transactions require pre-approval from CAPRIN's Chief Compliance Officer or its designee.

Item 13 – Review of Accounts

Client accounts are managed according to quality and maturity or duration targets consistent with the client's investment guidelines and established by CAPRIN's Investment and Credit Committees. CAPRIN Portfolio Managers regularly review portfolios for compliance. Where variances from model portfolios are noted, recommendations are

developed and changes made as market conditions permit. In addition to the ongoing review of portfolios by Portfolio Managers, each client account receives a supervisory review annually by Adam S. Plotkin, CAPRIN's Chief Compliance Officer. This annual supervisory review encompasses criteria established by the Credit Committee regarding sector and position sizes as well as overall portfolio conformity with parameters established in each client's investment guidelines. Reviews may be conducted more frequently as dictated by strategy changes or market action; such changes can be initiated by Scott D. Eldridge, CFA and Director of Portfolio Management, Michael L. Hoover, CFA and Investment Committee Chairman, or Edwin B. Horner, III, Credit Committee Chairman.

In addition to reviewing all client accounts, CAPRIN may provide upon request reports to enable clients to better understand their investment account and CAPRIN's management of it and also to supplement those prepared and distributed by each client's independent, qualified custodian. CAPRIN reports include a detailed list of positions including market value. Certain client reports include a realized gain and loss report to assist with tax planning, a purchase report, and a performance report comparing each account to a comparable industry benchmark. CAPRIN provides reports to DIRECT clients on at least a quarterly basis, and CAPRIN may provide reports for REFERRED or THIRD PARTY clients upon request of their primary financial advisor. These reports may be distributed in hard copy or electronic form. You are encouraged to compare CAPRIN's prepared reports with those provided by your independent, qualified custodian. CAPRIN reminds its clients that reports generated by the custodian of record are the official statistics from an accounting and tax perspective. Please refer to **Item 15** below for additional information about Statements and Reports provided by your custodian.

Item 14 – Client Referrals and Other Compensation

CAPRIN may offer referral fees to non-affiliated investment advisors who refer clients to CAPRIN for fixed income, portfolio management services. In exchange for such referrals, CAPRIN may compensate the referring advisor with a percentage of CAPRIN's management fee charged to the client who was referred by the non-affiliated advisor. In no instance will this fee sharing arrangement increase the fee paid by the client relative to a direct relationship between CAPRIN and the client. Furthermore, in all such circumstances, the referred client is provided a letter of full disclosure describing the relationship between CAPRIN and the referring advisor and the form of compensation that exists between them. The client must acknowledge this relationship in writing with his signature for any sharing of management fees or any other form of direct or indirect payment to occur.

CAPRIN currently enjoys one such marketing relationship with Strategic Financial Solutions, Inc.

Item 15 – Custody

CAPRIN is authorized only to enter purchase and sale orders and to deduct management fees from CAPRIN managed accounts held at qualified custodians, and it is for this latter reason alone that CAPRIN may be considered to have custody of client accounts; however, CAPRIN may not open accounts on clients' behalves and will not serve as trustee of client accounts. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. CAPRIN encourages you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you in the manner described in Item 14 above. CAPRIN statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

CAPRIN usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold; such authority is described in each Advisory Agreement executed by CAPRIN clients. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. An investment account will not be incepted until CAPRIN has received a fully executed Investment Advisory agreement and, should an account be funded partially or entirely with currently owned securities, has completed a Suitability Review to determine those securities that will be sold and those that may be acceptable relative to CAPRIN's strategies and guidelines. Upon completion of a Suitability Review, CAPRIN will notify the designated account contact (either the direct client or the referring financial advisor) to review the scope of required security sales. Should a security be identified as a required sale, and CAPRIN is not able to affect a sale in accordance with its procedures, the security must be removed from CAPRIN's account. .

When selecting securities and determining amounts, CAPRIN observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to CAPRIN in writing. CAPRIN reserves the

right to accept or reject client provided investment guidelines and restrictions to the extent they vary meaningfully from the investment guidelines specific to the client's selected investment strategy.

Item 17 – Voting *Client* Securities

CAPRIN accepts authority to vote proxies on behalf of its clients but understands that some clients may prefer to retain such authority. Proxy votes are rare with fixed income securities and are more likely to be in the form of covenant change requests. CAPRIN shall vote proxies or covenant requests for clients except in cases where clients, including ERISA clients, explicitly reserve in writing their right to vote. Accordingly, CAPRIN has adopted and implemented proxy voting policies and procedures for clients that we believe are reasonably designed to ensure proxies are voted in the best interest of our clients. CAPRIN votes issues solely with the goal of maximizing the value of clients' investments. CAPRIN's Proxy Manager and/or Chief Compliance Officer reviews all proxy issues. CAPRIN acknowledges that it may have a conflict of interest in voting proxies on behalf of clients, and, in such circumstances, the Chief Compliance Officer will be sensitive to such issues. Clients may obtain a copy of CAPRIN's complete proxy voting policies and procedures upon request, and clients may also obtain information from CAPRIN about how CAPRIN voted any proxies on behalf of their account(s) by submitting written notice to the following: Proxy Department, Caprin Asset Management, LLC, 1802 Bayberry Court, Suite 202, Richmond, VA 23226.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about CAPRIN's financial condition. CAPRIN has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. CAPRIN has engaged an independent accounting firm to conduct an annual audit of its financial books and records and to prepare a financial statement reflecting its conclusions. You may request a copy of this report by submitting such request in writing to: Michael L. Hoover, President, Caprin Asset Management, LLC, 1802 Bayberry Court, Suite 202, Richmond, VA 23226.

Michael L. Hoover, CFA®
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This Brochure Supplement provides information about Michael L. Hoover that supplements the Caprin Asset Management, LLC Brochure. You should have received a copy of that Brochure. Please contact Adam S. Plotkin, Caprin's Chief Compliance Officer if you did not receive Caprin Asset Management, LLC's Brochure or if you have any questions about the contents of this supplement.

Educational Background and Business Experience

Michael L. Hoover, CFA®

Date of Birth: November 30, 1958

2007 – Present, President, Caprin Asset Management, LLC

2006 - Chief Operating Officer, Caprin Asset Management, LLC

2004-2006, Taxable Bond Portfolio Manager, Caprin Asset Management, LLC

1998, Obtained Chartered Financial Analyst® (CFA®) Designation from the CFA Institute

To obtain the CFA® Designation individuals must have a minimum of an undergraduate degree and four years of professional experience involving investment decision-making or four years of full time, qualified work experience. Individuals must successfully complete a three level self-study program, with each level requiring approximately 250 hours of study, passing final examinations at each level.

1986, MBA, Virginia Commonwealth University

1980, BS, University of Virginia

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

Other Business Activities

Registered investment advisers are required to disclose all material facts regarding any outside business activities that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

Additional Compensation

Registered investment advisers are required to disclose all material facts regarding any additional economic benefits provided by external individuals or organizations and received that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

Supervision

All Caprin portfolio managers and traders take direction from the Investment and Credit Committees, which set guidelines for overall portfolio strategy and portfolio credit exposure. Implementation of portfolio strategy in client accounts is monitored via application-based tools that provide Caprin's Chief Compliance Officer with a quarterly assessment of individual portfolio holdings relative to established guidelines. The Chief Compliance Officer works with individual portfolio managers to establish and execute plans necessary to achieve and maintain compliance for all portfolios. In addition, the Credit Committee undertakes a quarterly review of all issuer names owned in Caprin portfolios to ensure that only acceptable names are held in client accounts. This procedure highlights issuers that require further assessment and provides an effective means to identify credit trends. In addition to this regular review and as a member of Caprin's Executive Committee, Mr. Hoover is supervised by Caprin's Executive Committee. Committee members include Mark B. Sisisky and Edwin B. Horner, III, both of whom can be reached via phone at 804-648-3333.

Scott D. Eldridge, CFA®
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January 2012

This Brochure Supplement provides information about Scott D. Eldridge that supplements the Caprin Asset Management, LLC Brochure. You should have received a copy of that Brochure. Please contact Adam S. Plotkin, Caprin's Chief Compliance Officer if you did not receive Caprin Asset Management, LLC's Brochure or if you have any questions about the contents of this supplement.

Educational Background and Business Experience

Scott D. Eldridge, CFA®

Date of Birth: September 25, 1973

2009 – Present, Director of Portfolio Management, Caprin Asset Management, LLC

2006 – 2009, Director of Credit Research, Tattersall Advisory Group, LLC/Evergreen Investments

2002 – 2006, Senior Research Analyst, Tattersall Advisory Group, LLC/Evergreen Investments

2005, Obtained Chartered Financial Analyst® (CFA®) Designation from the CFA Institute

To obtain the CFA® Designation individuals must have a minimum of an undergraduate degree and four years of professional experience involving investment decision-making or four years of full time, qualified work experience. Individuals must successfully complete a three level self-study program, with each level requiring approximately 250 hours of study, passing final examinations at each level.

1995, BS, University of Richmond

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

Other Business Activities

Registered investment advisers are required to disclose all material facts regarding any outside business activities that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

Additional Compensation

Registered investment advisers are required to disclose all material facts regarding any additional economic benefits provided by external individuals or organizations and received that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

Supervision

All Caprin portfolio managers and traders take direction from the Investment and Credit Committees, which set guidelines for overall portfolio strategy and portfolio credit exposure. Implementation of portfolio strategy in client accounts is monitored via application-based tools that provide Caprin's Chief Compliance Officer with a quarterly assessment of individual portfolio holdings relative to established guidelines. The Chief Compliance Officer works with individual portfolio managers to establish and execute plans necessary to achieve and maintain compliance for all portfolios. In addition, the Credit Committee undertakes a quarterly review of all issuer names owned in Caprin portfolios to ensure that only acceptable names are held in client accounts. This procedure highlights issuers that require further assessment and provides an effective means to identify credit trends. In addition to this regular review, Mr. Eldridge is supervised by Caprin's President, Michael L. Hoover. Mr. Hoover can be reached via phone at 804-648-3333 extension 308 or email at mhoover@caprinbonds.com.

Cheryl L. Page, CFA®, CFP®
Caprin Asset Management, LLC
1802 Bayberry Court, Suite 202
Richmond, VA 23226
804-648-3333
January 2012

This Brochure Supplement provides information about Cheryl L. Page that supplements the Caprin Asset Management, LLC Brochure. You should have received a copy of that Brochure. Please contact Adam S. Plotkin, Caprin's Chief Compliance Officer if you did not receive Caprin Asset Management, LLC's Brochure or if you have any questions about the contents of this supplement.

Educational Background and Business Experience

Cheryl L. Page, CFA®, CFP®

Date of Birth: February 15, 1966

2000 – Present, Senior Portfolio Manager and Managing Director, Caprin Asset Management, LLC

2000, Obtained Certified Financial Planner (CFP®) Designation from the Certified Financial Planner Board of Standards. To obtain the CFP® Designation, individuals must have a Bachelor's or higher degree from an accredited university or college and have completed three years of full-time financial planning. In addition individuals must complete a CFP-board registered educational program or hold one of the following designations: CPA, ChFC, CLU, CFA Ph.D. in business or economics, Doctor of Business Administration or an Attorney's License.

1992, Obtained Chartered Financial Analyst® (CFA®) Designation from the CFA Institute To obtain the CFA® Designation individuals must have a minimum of an undergraduate degree and four years of professional experience involving investment decision-making or four years of full time, qualified work experience. Individuals must successfully complete a three level self-study program, with each level requiring approximately 250 hours of study, passing final examinations at each level.

1987, BS, State University of New York - Albany

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

Other Business Activities

Registered investment advisers are required to disclose all material facts regarding any outside business activities that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

Additional Compensation

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Supervision

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Edwin B. Horner, III
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This Brochure Supplement provides information about Edwin B. Horner, III that supplements the Caprin Asset Management, LLC Brochure. You should have received a copy of that Brochure. Please contact Adam S. Plotkin, Caprin's Chief Compliance Officer if you did not receive Caprin Asset Management, LLC's Brochure or if you have any questions about the contents of this supplement.

Educational Background and Business Experience

Edwin B. Horner, III
Date of Birth: November 13, 1953
2002 – Present, Director of Marketing and Client Service, and Credit Committee Chairman, Caprin Asset Management, LLC
1976, BA, Hampden Sydney College

Disciplinary Information

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Other Business Activities

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Peyton M. Studebaker
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January 2012

This Brochure Supplement provides information about Peyton M. Studebaker that supplements the Caprin Asset Management, LLC Brochure. You should have received a copy of that Brochure. Please contact Adam S. Plotkin, Caprin's Chief Compliance Officer if you did not receive Caprin Asset Management, LLC's Brochure or if you have any questions about the contents of this supplement.

Educational Background and Business Experience

Peyton M. Studebaker

Date of Birth: August 6, 1980

2012 – Present, Vice President, Director of Trading, Caprin Asset Management, LLC

2010 – 2011, Vice President, Fixed Income Trading, Caprin Asset Management, LLC

2007 – 2009, Municipal and Taxable Trader, Caprin Asset Management, LLC

2003 – 2007, Operations and Marketing Assistant, Caprin Asset Management, LLC

Level II Candidate for the Certified Financial Advisor (CFA®) Designation - To obtain the CFA® Designation individuals must have a minimum of an undergraduate degree and four years of professional experience involving investment decision-making or four years of full time, qualified work experience. Individuals must successfully complete a three level self-study program, with each level requiring approximately 250 hours of study, passing final examinations at each level.

2003, BA, University of Virginia

Disciplinary Information

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Other Business Activities

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Supervision

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