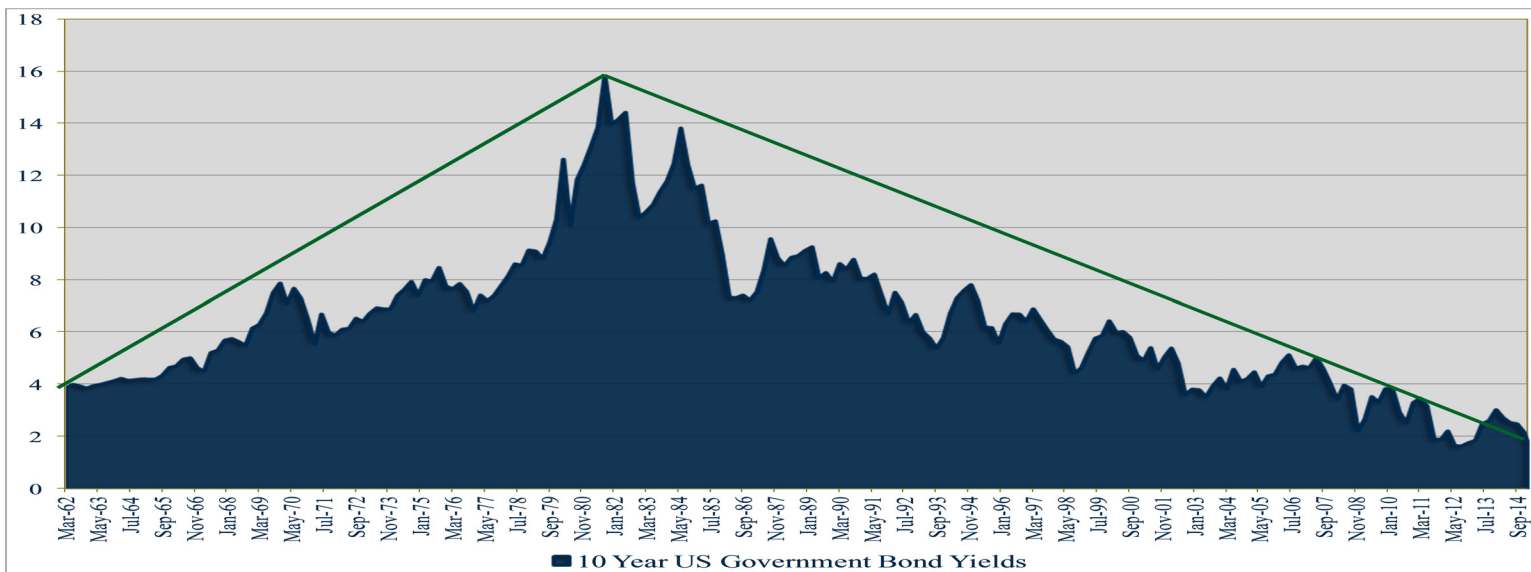


IT'S NEVER A STRAIGHT LINE



*These charts are for illustrative purposes only and do not represent the future performance of any specific investment option, nor imply actual allocation recommendations.
Past performance is no guarantee of future results.*

Period	% Change 10 Year U.S. Government Yield ¹	IA Barclays U.S. H.Y. Corporate Bond Index ²	Barclays U.S. Government Index TR ²
Oct 93-Nov 94	45.34%	-0.05%	-4.65%
Oct 98-Jan 00	45.75%	6.30%	-1.85%
Jun 03-Jun 06	68.14%	28.18%	3.98%
Dec 08-Jun 09	73.43%	30.43%	-3.17%

Back in the day, someone forgot to share the shortest distance between two points methodology with the market. No matter which macro trend plays out over time, the market's inability to operate in a straight line highlights the need for tactical management. Many perceive the prior 30-year bull market in bonds circa 1981 as the great buy-and-hold opportunity that makes today's prospects far less appealing. Looking back, it may seem like easy street for those that sought capital preservation during a bull market in U.S. Government bonds. However, that bull market, like the bear before it, experienced extensive bursts of rising rate periods.

The chart and table above illustrate periods where 10-year U.S. Government yields rose while falling long term. Even in the face of rising rates, High Yield bonds performed considerably better in these periods than U.S. Government bonds. There was nothing short term about these periods with each lasting a year or more while one lasted 3 years. These rising rate periods were strong and long enough to make any investor suspect the end of the bull market only to find yields soon after reconvening with its longer term downward trend. Prior to 1981, the same volatility composed the long term rise in yields. BTS utilizes technical modeling that seeks to identify opportunities in the High Yield and U.S. Government bond markets. This "right bond at the right time" approach is supported by the illustrated low or sometimes negative correlation between High Yield bonds and U.S. Government bonds.

*The IA Barclays U.S. HY Corporate Bond Index-denominated, non-investment grade, fixed-rate, taxable corporate bonds.
The Barclays U.S. Government Index is comprised of Treasuries with remaining maturities of more than one year and U.S. agency debentures.*

1-Bloomberg
2-Morningstar





About BTS Asset Management

Founded in 1979, BTS Asset Management is one of the oldest risk managers, managing traditional assets with a nontraditional approach. BTS has a multi-year track record in tactical fixed income and equity management. Our goal is to find opportunities with the potential to take advantage of rising markets while working to manage losses during downturns.

BTS:

- Seeks to preserve capital
- Aims to offer downside protection and upside potential
- Strives to reduce volatility while delivering consistent long-term returns



FIND OPPORTUNITY