

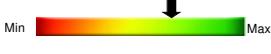
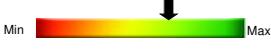
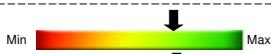
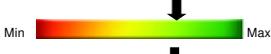
Trading Desk Commentary

Market participants this week had plenty of reasons to consider why U.S. Treasury yields may not need to head higher anytime soon. To start, news of heightened turmoil in the Middle East, including U.S. led air-strikes against the Islamic State and news of a Syrian jet being shot down over Israeli airspace, reminded traders that we are still in the midst of a very unstable geopolitical landscape. Additionally, manufacturing trends in Europe are weaker and growth in China is decelerating, keeping key U.S. economic partners from strengthening. This stalling of foreign activity is important on several fronts as it continues to keep global yields at depressed levels versus comparable U.S. Treasuries, and consequently has seen the U.S. dollar strengthen (relative to the Euro) to levels not seen since September of 2012. A stronger dollar has the potential to dampen U.S. growth as already struggling European nations find it even more expensive to purchase U.S. goods.

Domestically several Fed Governors, especially Chicago Fed President Evans, spoke out urging the central bank to be patient with any future rate moves, and if necessary to allow inflation to overshoot previously established targets before taking action. The Governors feel that the economy should first be running at a pace to provide a "great deal of confidence", such that they would not be forced to backtrack if the market were unable to absorb higher rates. Our near term outlook generally aligns with this thesis as we continue to see a level of uncertainty in both the underlying strength of the U.S. economy, and the prospect for any type of speedy recovery within Europe.

Municipal market participants actually had some supply to contend with this week as several large specialty state issues were priced. Both the \$2.1Bn CA GO and the \$2Bn NY Sales Tax loan were well received by buyers and generally saw prices bumped in concert with a stronger U.S. Treasury market. Next week's supply will fall back to near term averages with anticipated pricing of approximately \$5Bn in new loans, and the Bond Buyer 30-Day Visible at about \$7.6Bn. As we have seen through much of the year demand for tax-exempts will likely continue to outstrip these diminished supply levels, and remain a supportive factor for the asset class.

Caprin Strategy Summary

Name	Target Duration Position	Target Maturity Range	Highlights
Short Maturity Muni		0 YRS  5 YRS	Prefer Hlth, Hsg, Pwr to G.O.'s for Yield
Low Duration Taxable		0 YRS  5 YRS	Prefer Corporates and Taxable Munis
Intermediate Muni		0 YRS  17 YRS	Prefer Hlth, Hsg, Pwr to G.O.'s for Yield
Intermediate Taxable		0 YRS  12 YRS	Prefer Corporates and Taxable Munis
Tactical Muni ETF			Overweight to CA
Core Plus ETF			Slight Overweight to Corporates
Tactical Opportunity ETF			Slight Overweight Munis to Taxables

Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	0.34	0.00	0.34	59%
5 Year	1.17	-0.01	1.18	65%
10 Year	2.19	-0.07	2.26	87%
30 Year	3.11	-0.07	3.18	97%

UST Rates	Current Wk	Yld Change	Prior Wk
2 Year	0.58	0.02	0.56
5 Year	1.79	-0.02	1.81
10 Year	2.52	-0.05	2.57
30 Year	3.21	-0.07	3.28

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$4.39	\$6.19
Competitive	\$0.77	\$0.61
TOTAL	\$5.16	\$6.80

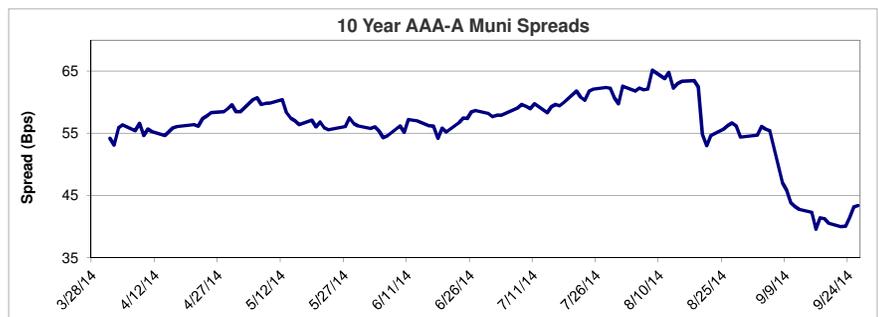
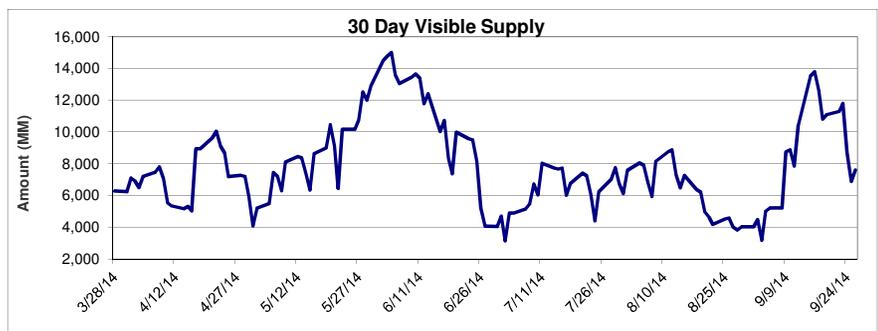
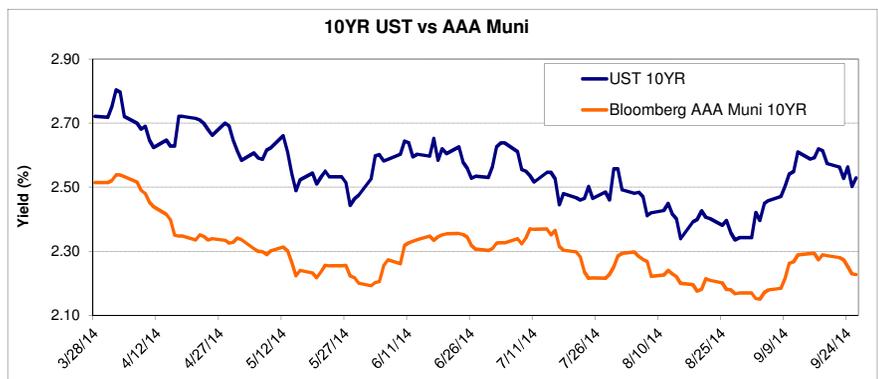
Municipal 30 Day Visible Supply (\$ Bln)	\$7.60	\$11.09
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Bloomberg Muni PICK Offerings (\$ Bln)	\$12.93	\$13.81
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Bond Buyer 20 Municipal G.O. Index	4.11%	4.17%
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Select Economic Releases

Date	Event	Period	Survey	Prior
9/29	Pending Home Sales MoM	Aug	-0.50%	3.30%
9/30	Chicago Purchasing Manager	Sep	62.00	64.30
9/30	Consumer Confidence Index	Sep	92.50	92.40
10/1	MBA Mortgage Applications	26-Sep	--	-4.10%
10/1	ADP Employment Change	Sep	205K	204K
10/1	Markit US Manufacturing PMI	Sep F	57.90	57.90
10/1	ISM Manufacturing	Sep	58.30	59.00
10/2	Initial Jobless Claims	27-Sep	297K	293K
10/2	Factory Orders	Aug	-9.30%	10.50%
10/3	Change in Nonfarm Payrolls	Sep	215K	142K
10/3	Unemployment Rate	Sep	6.10%	6.10%



Explanation of Key Measures :

Weekly Municipal Supply - The total dollar volume of municipal securities expected to be offered during the upcoming week, broken down by deal type. This helps gauge near term supply and momentum along with the 30 day visible figure.

30 Day Visible Supply - The total dollar volume of municipal securities expected to be offered over the next 30 days. The visible supply, which is compiled and published by The Bond Buyer, indicates the near-term activity in the municipal market.

Bloomberg PICK Offerings - The total dollar amount of offerings listed on Bloomberg's dealer offerings system. The figure helps gauge secondary supply in the market.

AAA-A Muni Spreads - The difference in yield, as expressed in basis points (.01%), between the Bloomberg BVAL AAA 10 Year Benchmark Muni Index and the BVAL A Revenue 10 Year Muni Index.

Bond Buyer 20 G.O. Index - Index published weekly representing the average yield of 20 G.O. bonds with 20 year maturities, rated AA2 by Moody's.

Sources: Weekly municipal supply figures, and municipal rates are produced by Thompson Reuter (Municipal Market Data). 30 day visible figures are obtained through The MuniCenter, and produced by The Bond Buyer. The 20 G.O. index yield is obtained through Bloomberg, and produced by The Bond Buyer. Pick offerings par value, UST supply, economic releases, and UST rates are obtained through Bloomberg Professional Service. Information obtained from these sources is believed to be reliable but is not guaranteed.

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