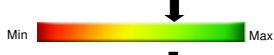



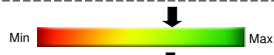

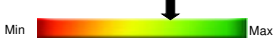

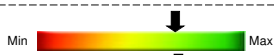




Trading Desk Commentary

The last full week of US trading before the Christmas and New Year holidays start truncating sessions offered up an interesting, crowded timeline. No events were more anticipated than Wednesday's Fed meeting and Fed Chair Yellen's press conference that followed. As usual, participants waited on the edge of their seats for potential revelations tucked within the central bank's word choice. It is concerning that the order and placement of a few words like "patient" and "considerable time" holds so much power over trillions of dollars, but that is today's world. The Fed's pledge to transparency and the 'Fed dependency' it has created among participants will require that the Fed tweak its forward guidance in an extraordinarily calculated way. The Federal Reserve performed a treacherous balancing act with aplomb in its newest release. Many believed that the 'considerable time' days were numbered – that the Fed would opt for guidance offering more flexibility to hike as conditions warranted. There was much apprehension over how markets would react to its removal. On the other hand, many argued that leaving the same guidance was necessary given the global threats to stability that are seemingly stronger everyday. So what did the FOMC do? They split the difference. The Fed promised to be 'patient' in raising interest rates while sliding 'considerable time' down a few sentences, stating that the patient approach was consistent with current policy. While arbitrary on the surface, the change is notable. Although Yellen stated in her presser after the announcement that the Fed is very unlikely to change policy in the next couple of meetings, the change nudges policy ever-so-slightly toward a 2015 tightening. To say that the statement simply preserved the status quo is incorrect; the Fed could have left the language untouched, acknowledged the crisis in Russia, the rout in oil prices, or the economic struggles in the EU and China. It could have mentioned concerns over the strengthening dollar and how that might impact multinational bottom-lines in 2015. But it did none of those things. Accordingly, there are some important takeaways from the release. First, the risk of a hike blindsiding the market or coming in early 2015 is off the table. Second, the Fed is looking the other way on Russia and is viewing Russia's troubles as isolated from the US. The Fed is staying true to its US-centric approach to policy and maintaining a laser focus on US jobs and inflation, so anyone trying to anticipate Fed moves needs to put international blinders on. The Fed's meeting was well handled, as were Yellen's thoughts after the meeting. Stocks soared in the days after the meeting and US Treasuries kept a fairly level head. But make no mistake, the Fed is starting to slowly set the table for higher rates next year.

Coming off of the two largest new supply weeks of the year, new Municipal supply disappeared right on cue as we approach the holidays. Other than a few stragglers, new Muni issuance is essentially complete for 2014. Muni buyers digested recent issuance with ease, and January's traditionally high reinvestment activity should take care of any deals that pop up in the coming month. Demand is still very strong in the Muni space as Lipper reported yet another week of nice inflows (+\$611mln), which should pick up in 2015 right where it left off. We remain highly constructive towards tax-exempts over the near-term. We will continue to work on secondary offerings to position and invest accounts but any primary market purchases will likely have to wait until the new year. This is our last trading update for 2014. We hope everyone enjoys the holiday season among family and friends. See you in '15.

Caprin Strategy Summary

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

Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	0.48	0.09	0.39	75%
5 Year	1.28	0.07	1.21	78%
10 Year	2.08	0.10	1.98	96%
30 Year	2.92	0.04	2.88	105%

UST Rates	Current Wk	Prior Wk
2 Year	0.64	0.54
5 Year	1.65	1.51
10 Year	2.17	2.08
30 Year	2.77	2.74

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	< \$0.1	\$2.94
Competitive	\$0.00	\$0.67
TOTAL	< \$0.1	\$3.61

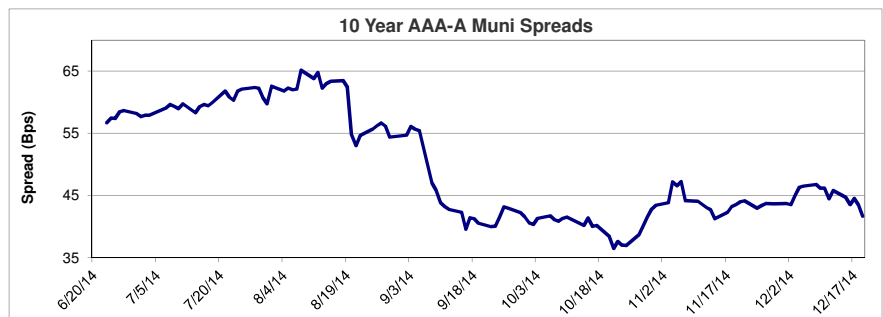
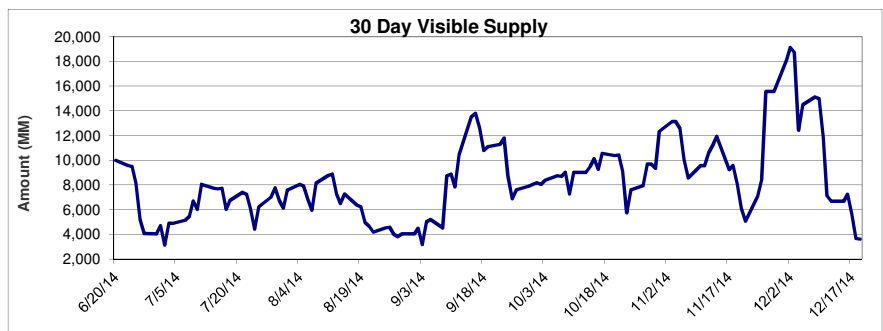
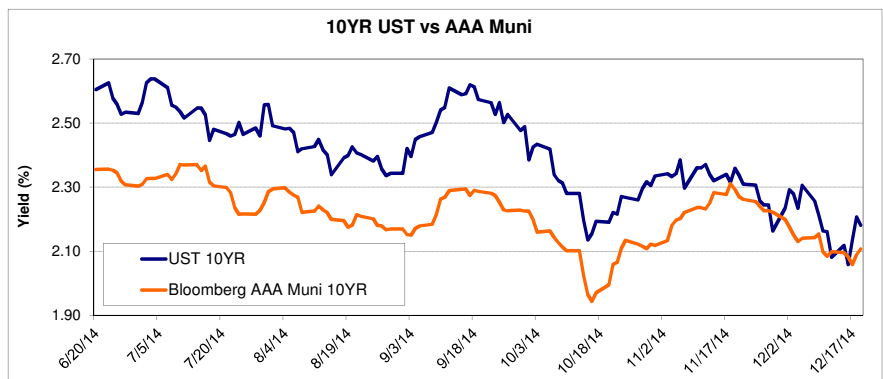
Municipal 30 Day Visible Supply (\$ Bln)	\$3.61	\$6.48
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Bloomberg Muni PICK Offerings (\$ Bln)	\$14.34	\$13.33
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Bond Buyer 20 Municipal G.O. Index	3.65%	3.65%
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Select Economic Releases

Date	Event	Period	Survey	Prior
12/22	Existing Home Sales	Nov	5.20M	5.26M
12/23	GDP Annualized QoQ	3Q T	4.30%	3.90%
12/23	Durable Goods Orders	Nov	3.20%	0.40%
12/23	GDP Price Index	3Q T	1.40%	1.40%
12/23	Univ. of Michigan Confidence	Dec F	93.50	93.80
12/23	New Home Sales	Nov	460K	458K
12/23	Personal Spending	Nov	0.50%	0.20%
12/23	Personal Income	Nov	0.50%	0.20%
12/24	MBA Mortgage Applications	19-Dec	--	-3.30%
12/24	Initial Jobless Claims	20-Dec	290K	289K



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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