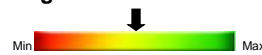
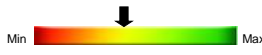
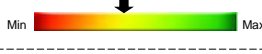


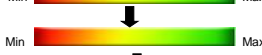



Trading Desk Commentary

As markets digested last week's FOMC decision to keep the federal funds rate unchanged, the entire treasury curve caught an aggressive bid leading up to Yellen's speech at UMass on Thursday. To either truly be transparent or just keep a two way market, she stressed that a majority of the committee members, herself included, still see a hike in 2015. Although this was the first explicit citing of global market volatility as a cause of concern in any statement, they believe the factors holding US growth numbers down are largely transitory and the time to raise short term rates is near but not quite right. Anyone spending time in front of the screens can convey with conviction the tone of uncertainty lurking in markets. We expect fixed markets to be range bound until the late October meeting when the FOMC meets again and we receive more direction on the path to reducing the extremely accommodative monetary policy. We don't expect any meaningful surprises in US economic data from now until the meeting with the disclaimer that markets will remain hypersensitive, likely causing continued volatility. The markets got our third look at US GDP on Friday along with PCE data. The GDP print came in slightly stronger than expected at a 3.9% vs 3.7% survey. Although the bid for UST disappeared late Thursday in the overnight session after Yellen, the stronger GDP number further softened rates. Something to note: before the FOMC announcement rates were shifting in more of a parallel fashion with the front end ramping up volatility and the longer dated bonds moving as they have the past 6 months. This has reversed course; after the initial rally, front end rates have been more anchored and the rate moves are more mild. Speaker of the House John Boehner abruptly resigned from his speakership on Friday morning with little to no warning. This comes after rumors of a coup within his party as congress prepares to battle to keep the government open by passing legislation by September 30th. With a Boehner exit, the odds of the shutdown have been dramatically reduced, but it is still a fragile situation as funding for Planned Parenthood takes center stage on the agenda. The US economy is obviously in a delicate state, and any unnecessary interference (ie US government shutdown) could potentially be devastating. As always we will be monitoring and prepared to make risk adjustments accordingly.

Municipal bond trading finally saw a little bit of activity after it was decided short rates will remain low for at least another 6 weeks and investors decided to put some money to work. The lackluster new issuance calendar coupled with a lightly staffed desk or two due to Yom Kippur led to acceleration in several deals and activity dying off by Friday. The largest loan that priced this week was the \$750M NYC TFA deal that had healthy subscription and rumored bumps after the initial order period and bumped trading in the secondary when they were free to trade. Visible supply ticked up over \$9B for the first time in about a month, and we expect new issuance to ramp up as issuers get what may likely be their final chance at a lower cost of financing ahead of the Fed. We participated in a \$132M TN Housing Authority deal this week. The loan received healthy oversubscription in the initial retail order period, and the deal was accelerated by a day and received bumps across the scale. Munis saw fund inflows this week in excess of \$200M compared to approximately double in outflows last week. We expect continued Municipal outperformance in this environment and will continue to keep our risk attribution of strategies similar to their respective benchmarks through the turmoil. We hope everyone had a good first weekend of fall and had a chance to catch a race or two of the UCI cyclist championships held in Richmond this week.

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	Slightly Shorter Positioning Given Volatility
Intermediate Muni		0 YRS - 17 YRS	Neutral Positioning Given Global Weakness
Intermediate Taxable		0 YRS - 12 YRS	Neutral Positioning Given Global Weakness
Tactical Muni ETF			Neutral Duration, Overweight to CA
Core Plus ETF			Neutral Duration, Overweight to Treasuries
Tactical Opportunity ETF			Neutral Duration, Overweight Munis

Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	0.58	0.00	0.58	84%
5 Year	1.32	-0.07	1.39	90%
10 Year	2.09	-0.05	2.14	97%
30 Year	3.10	-0.03	3.13	105%

UST Rates	Current Wk	Yld Change	Prior Wk
2 Year	0.69	0.01	0.68
5 Year	1.47	0.03	1.44
10 Year	2.16	0.03	2.13
30 Year	2.96	0.02	2.94

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$6.96	\$4.10
Competitive	\$1.00	\$1.80
TOTAL	\$7.96	\$5.90

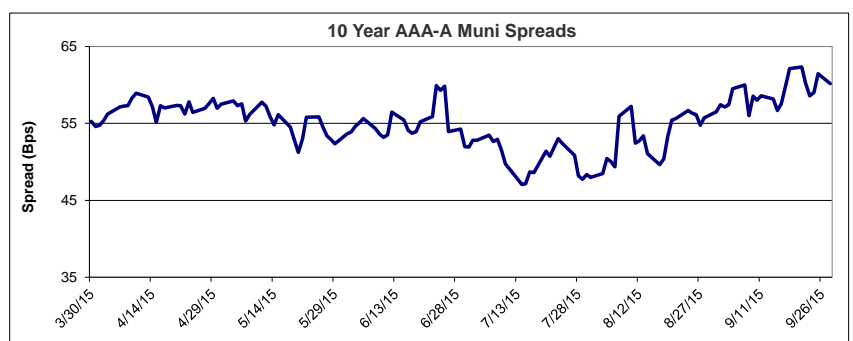
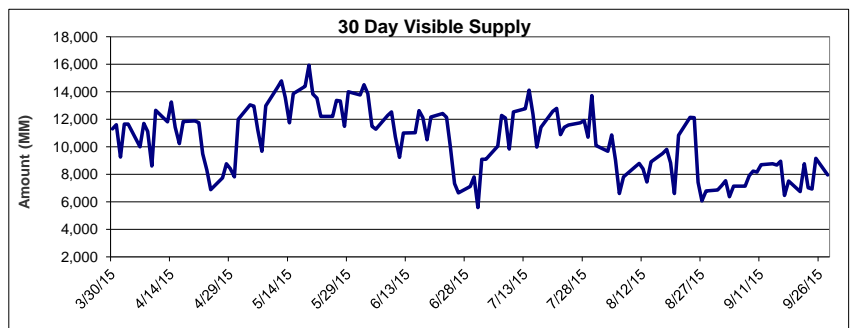
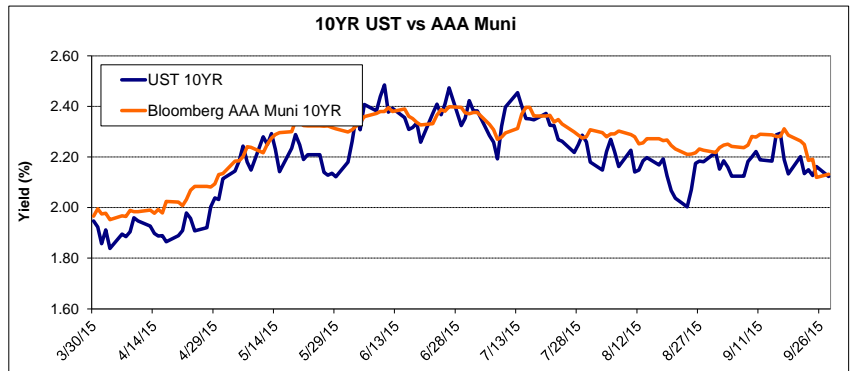
Municipal 30 Day Visible Supply (\$ Bln)	\$7.96	\$7.51
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Bloomberg Muni PICK Offerings (\$ Bln)	\$12.59	\$13.60
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Bond Buyer 20 Municipal G.O. Index	3.71%	3.78%
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Select Economic Releases

Date	Event	Period	Survey	Prior
9/28	Personal Income	Aug	0.40%	0.40%
9/28	Personal Spending	Aug	0.30%	0.30%
9/29	Consumer Confidence Index	Sep	96.50	101.50
9/30	MBA Mortgage Applications	25-Sep	--	13.90%
9/30	ADP Employment Change	Sep	190k	190k
9/30	Chicago Purchasing Manager	Sep	53.00%	54.00%
10/1	Initial Jobless Claims	25-Sep	271k	267k
10/1	Markit US Manufacturing PMI	Sep F	53.0%	53.0%
10/1	ISM Manufacturing	Sep	50.60%	51.10%
10/2	Change in Nonfarm Payrolls	Sep	202k	173k
10/2	Unemployment Rate	Sep	5.10%	5.10%



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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