

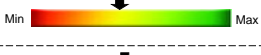



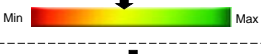
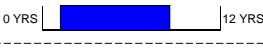





Trading Desk Commentary

Investors continue to seek the safe-haven of the U.S. by piling into mutual and exchange traded funds targeting U.S. Treasury's. This week capped the 10th consecutive week the sector has attracted fund inflows, the longest consecutive stretch in over four years. As a result, yields on benchmark treasury rates have plummeted this year, the 10-yr is down 51 basis points year-to-date, while the long bond has rallied over 40 basis points. And although rates ticked up from multi-year lows last week, a stronger than expected CPI release on Friday did little to push rates higher. CPI MoM came in flat but CPI ex food and energy ticked up one tenth (to 0.3%), the highest level in over four years, while the YoY number jumped significantly from 0.7% to 1.4%. The reaction from bonds was muted at best; yields across the curve increased modestly which was somewhat perplexing considering the strong ex food and energy print. U.S. equities ended the week positively, but pared gains on Friday as the price of oil declined, settling in under \$30/barrel. The oil price decline came on the heels of an EIA report showing a continued build in crude oil inventories. Wednesday revealed the minutes from the Fed's January meeting and while there was nothing in the language that was necessarily market moving, the minutes did suggest Fed officials were concerned over global and financial developments and their potential impact of the Fed's targeted path of interest rate hikes. Markets agree with that sentiment. Current Fed Fund futures point to December before there is a greater than 40% chance of an interest rate increase. Next week's economic releases could have broader impacts on markets as we will get our second look at Q4 GDP (expected to be revised down to 0.5% from 0.7%), new and existing home sales, durable goods, and personal income. To top off a busy week, 8 different Fed officials will be giving various speeches throughout the week.

It was a quiet week in the municipal space, typical of a holiday-shortened week. Muni funds continued to experience fund inflows, as approximately \$700 million moved into the space. Supply was limited, the largest loan of the week came from the New York Metropolitan Transportation Authority which priced \$782 million certified "green" bonds, the Authority's first certified green bond offering. Proceeds from the sale of the bonds will be used to pay for projects that are working to combat the effects of climate change. The transaction was well received by investors, however cuts were made (in line with AAA MMD cuts) to place the bonds. The secondary market seemed bewildered during the week. Price discovery was difficult to obtain due to light activity as the market ponders where rates will go after the holiday-shortened week. An increased primary supply next week should help, but munis remain susceptible to treasury market fluctuations. Munis have been unable to keep pace with the rally in treasuries so far in 2016 and ratios have drifted back towards more historical levels. Next week the primary market will be led by \$800 million New York City general obligation transaction and a \$663 million taxable loan for the University of North Carolina at Chapel Hill.

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			Slightly Shorter Positioning Given Volatility
Intermediate Muni			Neutral Positioning Given Global Weakness
Intermediate Taxable			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, Neutral Munis to Taxables

Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	0.52	0.00	0.52	70%
5 Year	0.83	0.03	0.80	68%
10 Year	1.66	0.06	1.60	95%
30 Year	2.78	0.10	2.68	107%

UST Rates			
2 Year	0.74	0.03	0.71
5 Year	1.22	0.01	1.21
10 Year	1.74	-0.01	1.75
30 Year	2.60	-0.01	2.61

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$4.40	\$3.00
Competitive	\$2.60	\$2.80
TOTAL	\$7.00	\$5.80

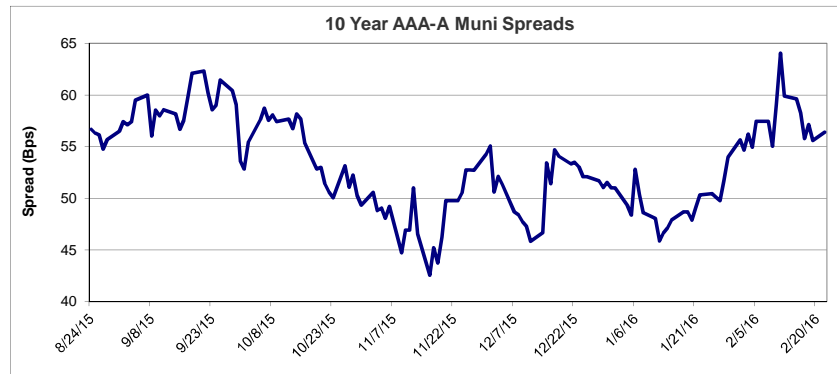
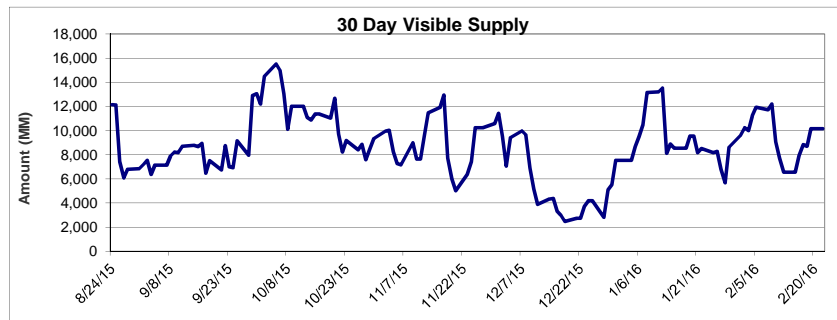
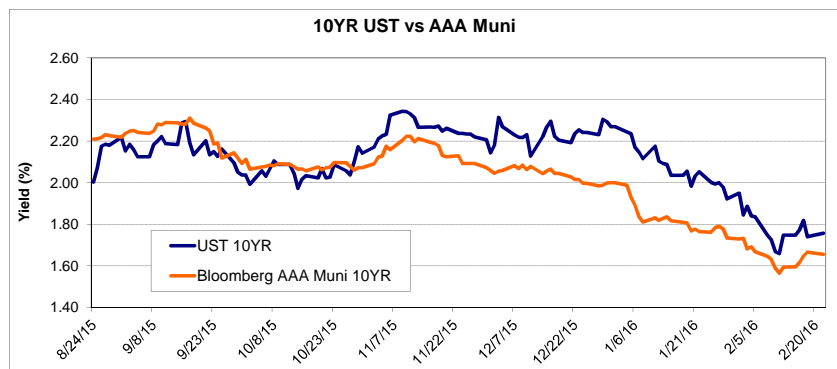
Municipal 30 Day Visible Supply (\$ Bln)	\$10.16	\$6.54
---	----------------	---------------

Bloomberg Muni PICK Offerings (\$ Bln)	\$1.41	\$1.37
---	---------------	---------------

Bond Buyer 20 Municipal G.O. Index	3.27%	3.27%
---	--------------	--------------

Select Economic Releases

Date	Event	Period	Survey	Prior
2/22	Markit US Manufacturing PMI	Feb P	52.40	52.40
2/23	Consumer Confidence Index	Feb	97.20	98.10
2/23	Existing Home Sales	Jan	5.33m	5.46m
2/24	MBA Mortgage Applications	19-Feb	--	8.20%
2/24	New Home Sales	Jan	520k	544k
2/25	Initial Jobless Claims	20-Feb	270k	262k
2/25	Durable Goods Orders	Jan P	2.60%	-5.00%
2/25	Durables Ex Transportation	Jan P	0.30%	-1.00%
2/26	GDP Annualized QoQ	4Q S	0.40%	0.70%
2/26	U. of Mich. Sentiment	Feb F	91.00	90.70
2/26	Personal Spending	Jan	0.30%	0.00%



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.

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product made reference to directly or indirectly in this piece, will be profitable, equal any corresponding indicated historical performance level(s), or be suitable for your portfolio. Due to various factors, including changing market conditions, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion of information contained in this piece serves as the receipt of, or as a substitute for, personalized advice from Caprin Asset Management. To the extent that a reader has any questions regarding the applicability to their situation of any specific issue discussed above, they are encouraged to consult with the professional advisor of their choosing. A copy of our current written disclosure statement discussing our advisory services and fees is available for review upon request.