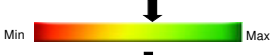



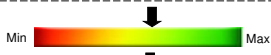

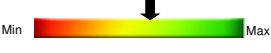

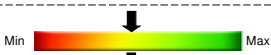




Trading Desk Commentary

If it hasn't been apparent thus far, last week was considerable proof that the next few months won't be your typical summer session. The intensity can be felt through the screens as volatility continues to persist given global sovereign debt headwinds and a data driven Fed. On relatively positive inflation news out of the EU, the bund touched a .99% in Wednesday's European trading session. Draghi was composed through his press conference, noting the expected positive inflation print of 0.3%, although far from the 2% target, is a result of a successful start to his QE program. All eyes then turned to the NFP print Friday, which posted a 280k vs a survey of 226k. Although it only ended up being worth about +5-6bp to 10s closing at a 2.40%. Most participants consider this to be a significant case for an improving US economy and solidifying chances for a 2015 rate hike. Although we were encouraged by a NFP surprise of that magnitude, given the myriad of global headwinds that still hang in the balance, we continue to be very constructive in our duration positioning. The MOVE index and the CBOE's 10Y volatility index have ticked back up to early May levels and are even testing some seen in early 2015, suggesting sustained volatility.

Treasury volatility trickled down into the Muni space last week. Munis outperformed their treasury counterparts earlier in the week only to underperform later in the week, ending the session relatively in line with the rise in treasury rates. The calendar was somewhat light last week, and most deals were put away at scale or with slight bumps. The exception was the large City of New York GO deal, which saw substantial cuts to its primary scale and again traded lower in the secondary after being free to trade. Buyers seem to be full of the name and are becoming more cautious and selective as rate volatility increases around swings in Treasury rates. The other news came in the form of additional fund outflows: \$380 million last week. With rates creeping higher, we are likely to see less refunding issuance. Couple that with money moving out of the muni space, and we may start to see signs of widening credit spreads. However, supply appears to be light again this week, which may help offset any early signs of spread widening due to the continued outflows. We will be paying close attention to fund flows and their impact on spreads and rates, especially since the summer months typically bring elevated redemption income from the barrage of refunding transactions completed earlier in the year.

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			Neutral Munis to Taxables

Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	0.67	0.05	0.62	94%
5 Year	1.53	0.12	1.41	88%
10 Year	2.36	0.17	2.19	98%
30 Year	3.32	0.16	3.16	107%

UST Rates			
2 Year	0.71	0.11	0.60
5 Year	1.74	0.26	1.48
10 Year	2.40	0.28	2.12
30 Year	3.11	0.23	2.88

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$2.98	\$5.23
Competitive	\$3.63	\$1.45
TOTAL	\$6.61	\$6.68

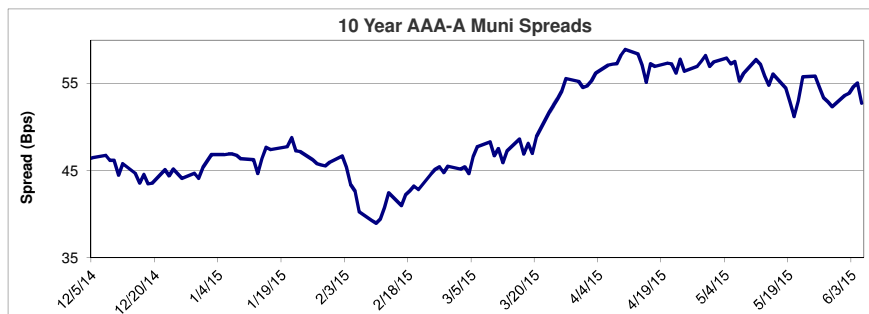
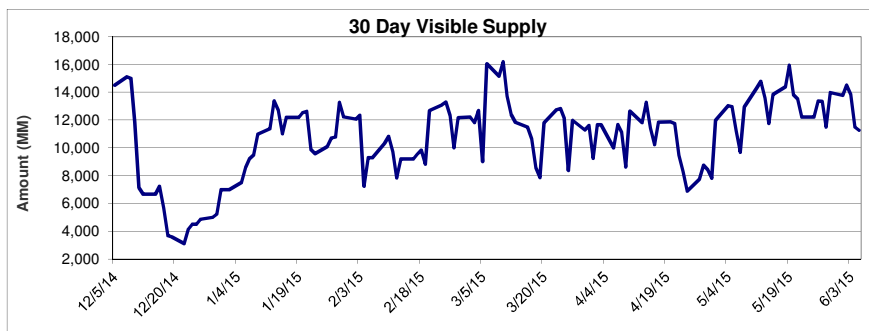
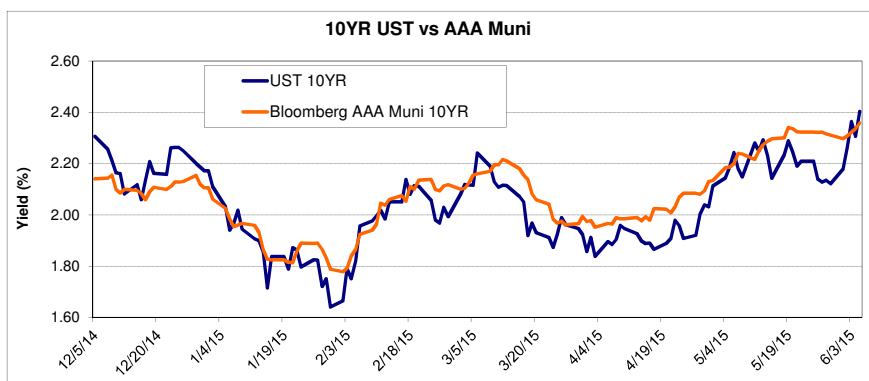
Municipal 30 Day Visible Supply (\$ Bln)	\$11.27	\$13.98
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Bloomberg Muni PICK Offerings (\$ Bln)	\$14.33	\$3.92
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Bond Buyer 20 Municipal G.O. Index	3.81%	3.73%
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Select Economic Releases

Date	Event	Period	Survey	Prior
6/9	Wholesale Inventories MoM	Apr	0.20%	0.10%
6/10	MBA Mortgage Applications	5-Jun	--	-7.60%
6/10	Monthly Budget Statement	May	-\$97.5B	--
6/11	Initial Jobless Claims	6-Jun	276K	276K
6/11	Retail Sales Advance MoM	May	1.20%	0.00%
6/11	Import Price Index MoM	May	0.90%	-0.30%
6/12	PPI Final Demand MoM	May	0.40%	-0.40%
6/12	U. of Mich. Sentiment	Jun P	91.30	90.70



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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