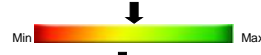

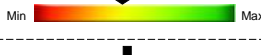



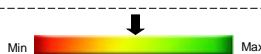

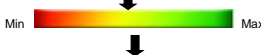




Trading Desk Commentary

Markets began the holiday-shortened week in a panic as negative oil headlines drove both the price of oil and equity markets lower and triggered a risk-off trade into U.S. Treasuries. News out of Iran suggested the nation will add another 500,000 barrels-per-day of production, by the end of Q1, and will aggressively try to reestablish market share (now that many sanctions have been lifted) by slashing prices. The price of oil traded as low as \$26.55/barrel on Wednesday, a 12-year low. Increased price erosion in oil spooked the equity markets as the DJIA and S&P 500 indexes both declined an additional 1% - 2% during the middle of the week. Overseas, The IMF cut its 2016 global GDP forecast from 3.6% to 3.4% saying that 2016 will face stiff headwinds from the slowdown in China (and other emerging markets) and expected interest rate increases via Fed policy in the U.S. Treasuries were the beneficiary of the negative headlines, rallying across the curve Tuesday and Wednesday. The yield on the benchmark 10-yr Treasury dropped below 2% on Wednesday, which it had not done since last October. However on Thursday morning, markets began to reverse course and the week ended with a positive tone. The moves were primarily triggered by news that a 4 million barrel increase in U.S. crude oil inventory was 15% smaller than expected. It is strange that a rise in inventory would reverse the price drop but the increase was smaller than anticipated and markets seemingly are reaching for any signs of positive news. The price of oil rebounded and as of this writing is trading at \$32.11/barrel (a 20% increase over Wednesday's low). U.S. equities followed suit and are ending the week higher while Eurozone markets reacted positively to news out of the ECB on Thursday. Even though the central bank left interest rates unchanged at its meeting on Thursday, president Mario Draghi acknowledged growing uncertainty about the economic outlook and suggested that additional stimulus could be coming, sooner than many investors had been expecting. Markets are off to an extremely volatile start in 2016 creating a very challenging landscape to navigate. Please do not hesitate to reach out to us should you need additional information or guidance.

A somewhat uneventful week wrapped up in the municipal space. Even though the 30-day visible supply has been creeping higher the past couple of weeks, we have yet to see a robust weekly supply. The low primary supply is causing dealers to 1) fight for limited supply, especially in the competitive landscape, and 2) bump negotiated scales to abnormally rich levels (due to heavy oversubscription). The limited supply is keeping Muni/Treasury ratios at these rich levels, and, until we see increased supply push rates higher, we do not see ratios increasing to more normal levels. This environment can be challenging, especially for the buy-side as some investors will continue to reach for yield without understanding the many underlying risks associated with traveling further out on the curve (increasing duration) and/or traveling down the credit spectrum (decreasing credit quality and liquidity). Next week we will be paying special attention to the \$875 million Chicago Board of Education General Obligation transaction. The credit was recently downgraded additional notches (now B+, negative outlook) by S&P and the BOE elected not to receive a rating from Moody's. It will be interesting to see what the compilation of buyers looks like and what yield premium investors will require the BOE to pay. We hope everyone from the mid-Atlantic up the eastern seaboard weathers the massive winter storm this weekend. We look forward to doing business with you after we all dig out from the snow on Monday.

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	0.68	-0.03	0.71	78%
5 Year	1.05	-0.02	1.07	71%
10 Year	1.75	0.00	1.75	85%
30 Year	2.76	0.06	2.70	98%

UST Rates			
2 Year	0.87	0.02	0.85
5 Year	1.48	0.03	1.45
10 Year	2.05	0.02	2.03
30 Year	2.82	0.01	2.81

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$3.65	\$3.03
Competitive	\$1.59	\$2.09
TOTAL	\$5.24	\$5.12

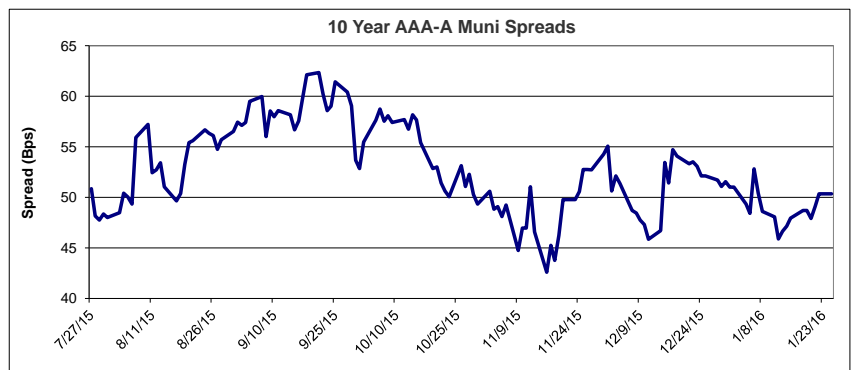
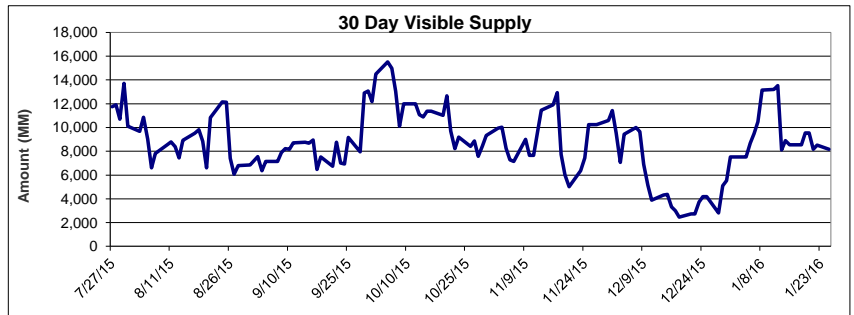
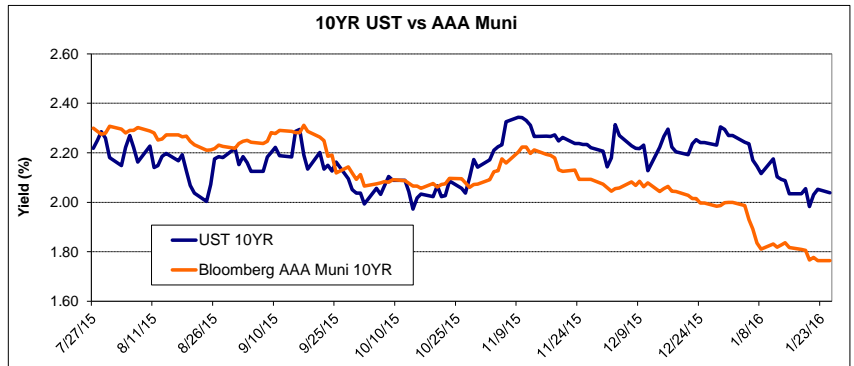
Municipal 30 Day Visible Supply (\$ Bln)	\$8.52	\$8.54
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Bloomberg Muni PICK Offerings (\$ Bln)	\$14.46	\$13.70
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Bond Buyer 20 Municipal G.O. Index	3.37%	3.45%
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Select Economic Releases

Date	Event	Period	Survey	Prior
1/26	Consumer Confidence Index	Jan	96.50	96.50
1/27	FOMC Rate Decision (Upper Bound)	27-Jan	0.50%	0.50%
1/27	MBA Mortgage Applications	22-Jan	--	9.00%
1/27	New Home Sales	Dec	500k	490k
1/28	Initial Jobless Claims	23-Jan	280k	293k
1/28	Durable Goods Orders	Dec P	-0.50%	0.00%
1/28	Pending Home Sales MoM	Dec	1.00%	-0.90%
1/29	GDP Annualized QoQ	4Q A	0.80%	2.00%
1/29	U. of Mich. Sentiment	Jan F	93.00	93.30
1/29	Chicago Purchasing Manager	Jan	45.90	42.90
1/29	GDP Price Index	4Q A	0.80%	1.30%



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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