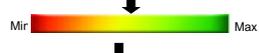
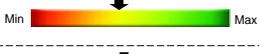
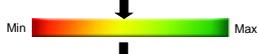
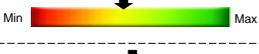
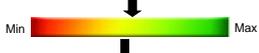
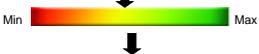


Trading Desk Commentary

Global financial markets spent most of the week's trading sessions dominated by the risk off trade. UST and sovereign debt from developed markets rallied, pushing yields to multi year lows with some levels not seen since 2012. Eyes and ears fixated on chair Yellen's congressional testimony mid-week, and she failed to soothe pent up unrest with her dovish tone. Several well-respected analysts and strategists strongly conveyed their feelings on markets possibly overcompensating and not pricing in what they see as the "true" probability of further fed action in 2016. This idea is becoming ever harder to digest given the continued soft economic data foundation being laid and volatile negative performance that has engulfed equities and commodities so far this year. Oil finally found support and subsequently rallied after preliminary reports suggested OPEC nations (led by Russia and Qatar) were ready to begin cutting production to stabilize prices. On the heels of Japan adopting a negative interest rate policy and the discussion of it in other developed economies, it can no longer be ignored. The fear behind recent volatility seems driven mainly by a growing consensus that central banks may have potentially lost their grip on controlling the situation despite extremely accommodative monetary policy, and a negative interest rate environment is a possibility. Negative rates reduce inflation expectations and can dramatically increase the chances of a global currency war further spreading economic instability and hindering growth. With Chinese markets on holiday all of last week and US markets closed Monday, we expect bouts of volatility to persist early in the week and the continuance of a challenging trading landscape.

Municipal loan trading was a mixed bag last week with most secondary trades printing very firm in line with treasuries, while several primary deals absorbed cuts during underwriting to attract buyers. Munis have generally underperformed treasuries pushing 10Y ratios back into the 90s due largely to continued demand for new issuance, particularly in specialty states. Fund flows remain elevated with a fourth straight week of strong inflows suggesting equity volatility has potentially spurred some retail risk asset rotation into munis. As is typical of the upcoming months we expect muni new issuance to remain strong, which may contribute to some continued short term underperformance. But given their positive performance characteristics in historic rising rate environments, underperformance should be tempered. We continue to encourage investors to stay vigilantly focused on fundamentals and keep individual strategy goals at the forefront of the decision making process.

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, Neutral Munis to Taxables

Market Overview

Muni Rates	Current Wk	Yld Change	Prior Wk	Muni to UST
2 Year	0.38	-0.19	0.57	79%
5 Year	0.80	-0.09	0.89	66%
10 Year	1.60	-0.06	1.66	92%
30 Year	2.68	-0.04	2.72	103%

UST Rates			
2 Year	0.48	-0.24	0.72
5 Year	1.21	-0.03	1.24
10 Year	1.74	-0.10	1.84
30 Year	2.60	-0.07	2.67

	Current Wk	Prior Wk
Weekly Municipal Supply (\$ Bln)		
Negotiated	\$3.00	\$4.50
Competitive	\$2.80	\$2.80
TOTAL	\$5.80	\$7.30

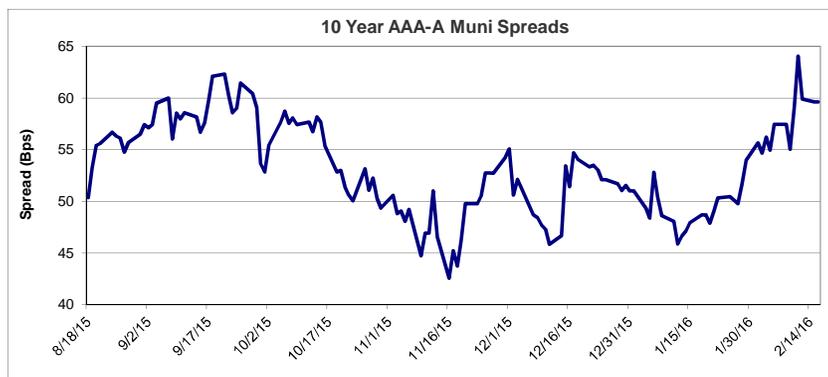
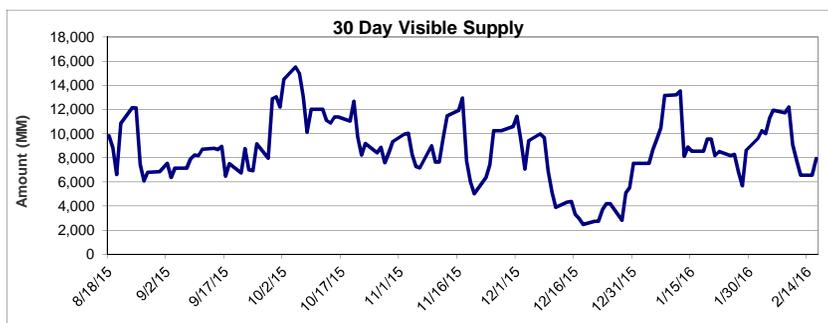
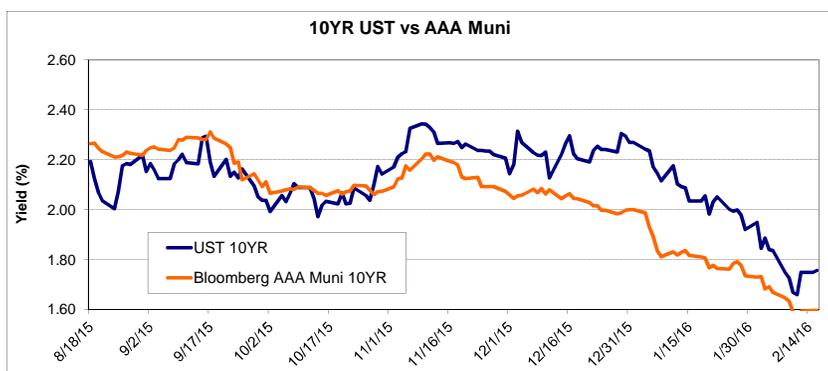
Municipal 30 Day Visible Supply (\$ Bln)	\$6.54	\$11.92
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Bloomberg Muni PICK Offerings (\$ Bln)	\$1.37	\$4.27
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Bond Buyer 20 Municipal G.O. Index	3.27%	3.30%
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Select Economic Releases

Date	Event	Period	Survey	Prior
2/16	Empire Manufacturing	Feb	-10.00	-19.37
2/16	Net Long-term TIC Flows	Dec	--	\$31.4b
2/17	MBA Mortgage Applications	12-Feb	--	9.30%
2/17	Housing Starts	Jan	1170k	1149k
2/17	Industrial Production MoM	Jan	0.30%	-0.40%
2/17	PPI Final Demand MoM	Jan	-0.20%	-0.20%
2/18	Initial Jobless Claims	13-Feb	275k	269k
2/18	Leading Index	Jan	-0.20%	-0.20%
2/18	Philadelphia Fed Business Outlook	Feb	-3.00	-3.50
2/19	CPI MoM	Jan	-0.10%	-0.10%
2/19	CPI Ex Food and Energy MoM	Jan	0.20%	0.10%



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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