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Scott is the Director of Municipal Research for Seix Investment Advisors. He has more than 17 years of investment experience. He earned his MPA from USC and is a current officer of the National Federation of Municipal Analysts.

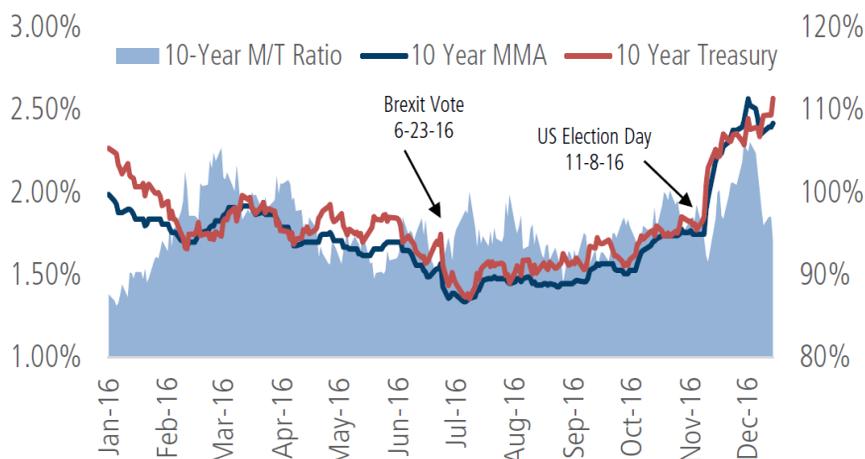
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We began 2016 with the 10yr AAA MMD rate at 1.87%, on June 26th it bottomed out at 1.29%, and then peaked at 2.58% on December 1st. The election (please refer to our November 2016 Report) sparked the price plunge and retail investor selling of tax exempt mutual funds-after a year of steady inflows. We began raising cash and upgrading our portfolios in the third quarter to take advantage of tight credit spreads and in anticipation of technical dislocations that historically occur in the fall months. While we expected 4th quarter seasonal technical volatility, the degree of the rate and ratio moves were extreme as result of the November election. The chart below shows just how volatile the year was for municipal bonds.

Yields Moved Lower in 1st Half, Bottomed After Brexit Vote, and Jumped Post-election



Source: Janney Fixed Income Strategy, Municipal Market Analytics, Bloomberg

2017 is likely to be another challenging year as investors weigh the potential impact of tax reform, increased infrastructure spending, ACA repeal, and negative headlines surrounding substantial unfunded pension liabilities. We believe that volatility often presents opportunities, and our relative value trading style may be well suited for the current unpredictable political environment that has led to significant bouts of market volatility.

Wishing you a
Joyous Holiday Season
and a New Year filled with
Peace and Happiness

SEIX INVESTMENT ADVISORS LLC

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Dusty

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The assertions in this perspective are Seix Investment Advisors' opinion.

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