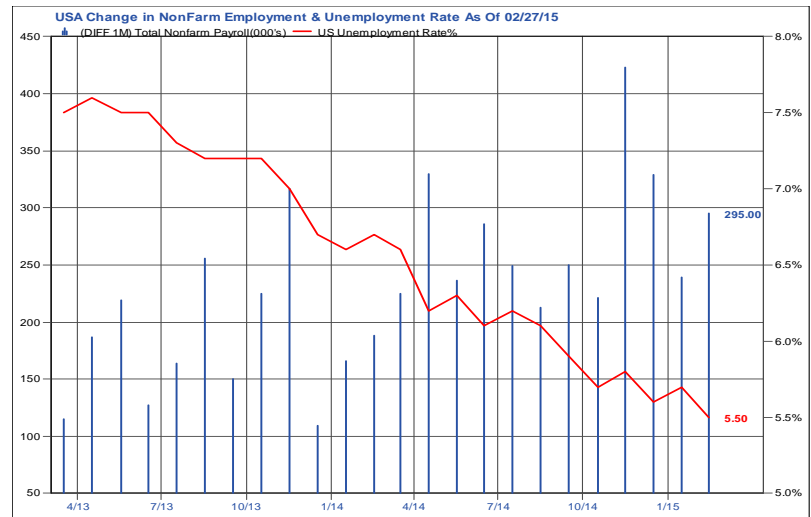


HEADLINE NEWS
Nonfarm Payroll Released Over 200k for 12th Month

The nonfarm payroll data released on Friday (3/6/15) by the Bureau of Labor Statistics (BLS) showed an increase of 295k jobs, significantly higher than expectations of 235k. This marked the 12th month of 200k+ job gains in the US, which has not occurred since 1984. Treasuries and Municipals sold off across the curves following the news. Further, the probability of a 25bp rate hike at or by the June FOMC meeting jumped up to 77% from around 58%, and the probability of the hike coming after the September FOMC meeting declined similarly.

Moody's and S&P Show Further Rating Divergence on Chicago Credits

Moody's further downgraded the City of Chicago and some related entities last week. The recent downgrade brought Moody's rating on the City to Baa2, maintaining a negative outlook. The Sales Tax Bonds, Motor Fuel Tax Bonds, Sewer System, Park District, and Board of Education debt were also downgraded throughout the week by the rating agency. The downgrades primarily reflect the large and growing pension liabilities carried by the City and the increasing costs to service those liabilities. Moody's and S&P remain far apart on their credit assessment of the City and the interconnectedness of its related entities. The divergence of the rating agencies in assessing credit quality is a broad market trend, highlighting the growing need for independent credit analysis.



Source: FactSet

MARKET UPDATE
Munis Gap Wider and Face Huge New Issuance Calendar

The Municipal AAA yield curve gapped wider on the week following Treasuries after the BLS jobs report on Friday (3/6/15). 5Yr and 7Yr Munis were both wider by 21bps to 1.40% and 1.81%, respectively, and the 10Yr was cheaper by 15bps to 2.17%. The 10Yr AAA Municipal last reached 2.17% in early November 2014. The week saw about \$12.5 billion in new issuance, the largest calendar since the first week in December 2014 and higher than the trailing 3-year average for the 2nd week of March of \$10.8 billion. Despite the uptick in rates, refundings account for over 70% of the deals for the second week in a row.

Actavis Issues Near-Record Bond Offering to Fund Allergan Acquisition

Last week, biopharmaceutical company Actavis sold \$21 billion worth of bonds, marking the second largest corporate bond offering on record (behind Verizon). Proceeds from the deal will help fund the \$66 billion acquisition of Allergan, the maker of Botox. The bonds were split into 10 tranches with maturities ranging from 18 months to 30 years, and included both fixed and floating rate components. According to underwriters, there were \$90 billion in orders for the deal, with the success of such a large transaction providing another sign of the strong demand for corporate fixed income.

Demand Met with Record Issuance

Last week's Investment Grade issuance did not disappoint demand with \$62.8 billion priced. It was the highest weekly volume seen to date this year, which put a bit of pressure on the Treasury market. Tuesday's \$37.25 billion was the second largest new issuance day in history, which was mostly due to the \$21 billion, 10 part, jumbo Actavis (ACT Baa3/BBB-) deal mentioned previously. Spreads continue to grind tighter as they ended the week at YTD tight, which was mostly attributed to financials and the metals & mining sector.

FIXED INCOME INDEX RETURNS

	MTD 3/6/15	YTD 3/6/15
Barclays 3Yr	-0.24	0.19
Barclays 5Yr	-0.64	0.18
Barclays 7Yr	-0.76	0.19
Barclays MM Short 1-5Yr	-0.35	0.18
Barclays MM 1-10Yr	-0.72	0.09
ML US Gov/Corp 1-10 Yr	-0.63	0.24

 Source:
Interactive
Data

APPLETON PARTNERS, INC. ONE POST OFFICE SQ. BOSTON, MA 02109 TEL. 617.338.0700 WWW.APPLETONPARTNERS.COM

This commentary reflects the opinions of Appleton Partners based on information that we believe to be reliable. It is intended for informational purposes only, and not to suggest any specific performance or results, nor should it be considered investment, financial, tax or other professional advice. It is not an offer or solicitation. Views regarding the economy, securities markets or other specialized areas, like all predictors of future events, cannot be guaranteed to be accurate and may result in economic loss to the investor. While the Adviser believes the outside data sources cited to be credible, it has not independently verified the correctness of any of their inputs or calculations and, therefore, does not warrant the accuracy of any third-party sources or information. Specific securities identified and described may or may not be held in portfolios managed by the Adviser and do not represent all of the securities purchased, sold, or recommended for advisory clients. The reader should not assume that investments in the securities identified and discussed were or will be profitable. Any securities identified were selected for illustrative purposes only, as a vehicle for demonstrating investment analysis and decision making.