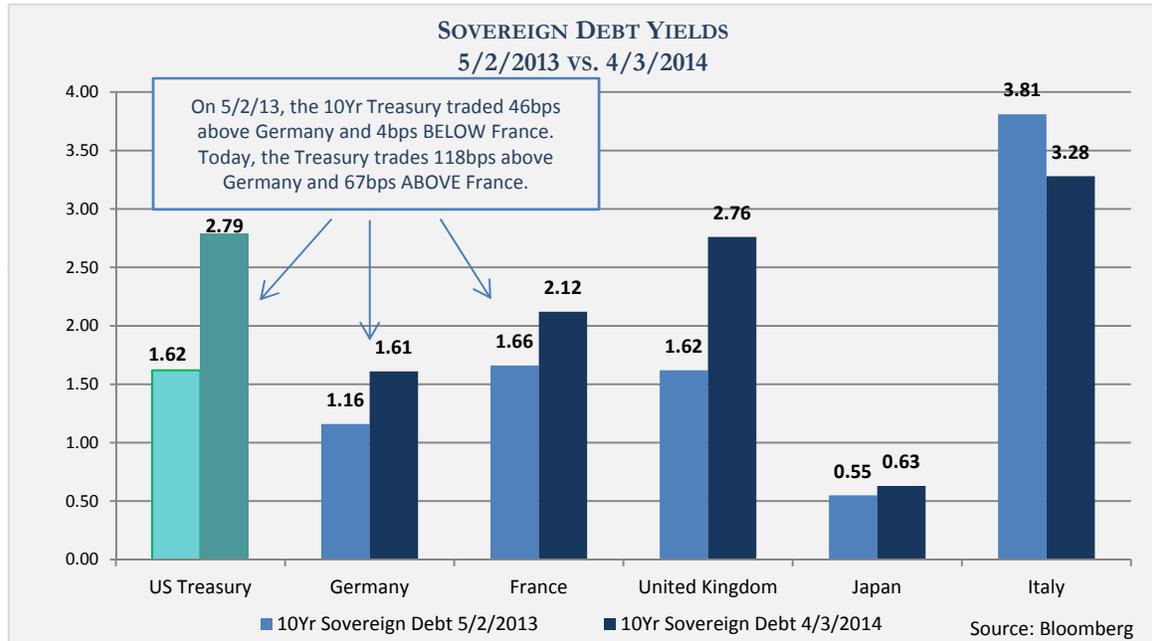


HEADLINE NEWS: MINUTES FROM THE FIRST YELLEN FED MEETING WILL CAPTURE HEADLINES ON WEDNESDAY

- Without any meaningful back-up in the trading levels of the sovereign debt of other developed countries, US Treasuries will have limited upside from a rate perspective as global capital chases value. The 10Yr Treasury has not been this cheap to the German Bund since 2006.
- While there are few data releases this week, the market will be watching the FOMC minutes released on Wednesday looking for clarity on the members' increased Fed Funds rate forecasts despite slower growth expectations.
- The City of Detroit filed an amended debt adjustment plan with the bankruptcy court last week, proposing the following:
 - Both unlimited and limited-tax general obligation bondholders are set to recover only 15% of claims under the new plan compared to the original 20% recovery.
 - Pensioners would also experience recovery declines, although they are still set to receive more favorable returns than GO bondholders.



We note that this proposal is a "work in progress" and could significantly change following upcoming court rulings.

MARKET UPDATE: BONDS SURPRISE AGAIN – AND DELIVER POSITIVE RETURNS IN Q1

- Compared with the previous week, yields in the Municipal space barely moved last week. In the front end, yields were slightly tighter, likely a reaction to an oversold situation. The 5Yr is at 1.30% and the 10Yr is at 2.49%, which still provides significant steepness. The Municipal calendar builds from last week to \$5.4 billion, headlined by three larger deals: \$650 million NYC Transitional Finance Authority (A1/AAA/AAA), \$650 million Energy Northwest – WA (Aa1/AA-/NR) and \$500 million Metropolitan Transportation Authority, NY (A2/A+/A). Deals priced Monday were well received in the market.
- Despite volatility in emerging markets and the ongoing Fed taper, taxable bonds gained momentum in the first quarter of 2014. For the first time since 2012, returns for investment grade Corporate bonds easily beat global equities during the quarter. Global investment grade bonds returned 2.7% versus 1.4% for the MSCI world index of stocks. Performance continues to be driven by tightening spreads. In fact, since Bernanke hinted at the taper last May, BBB-rated corporate bond spreads have fallen by 40bps on average (Source: Capital Economics).

APPLETON STRATEGY SNAPSHOT			
	1/31/2014	3/31/2014	3/31/2014
	Market Yield	Market Yield*	Duration*
Short Muni	0.79%	0.87%	2.61Yrs
4 Year Muni	1.19%	1.34%	3.64Yrs
Intermediate Muni	1.69%	1.78%	4.60Yrs
Long Term Muni	2.43%	2.57%	6.19Yrs
Intermediate Taxable	1.76%	1.91%	3.77Yrs

*The figures for the 3/31/2014 Strategy Composites are preliminary.
Source: Investortools Perform and FactSet

FIXED INCOME INDEX RETURNS		
	MTD	YTD
	4/4/2014	4/4/2014
Barclays 3Yr	0.03	0.36
Barclays 5Yr	0.09	1.09
Barclays 7Yr	0.21	2.24
Barclays MM Short 1-5Yr	0.03	0.33
Barclays MM 1-10Yr	0.10	1.49
ML US Gov/Corp 1-10 Yr	0.09	0.97

Source: IDC

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