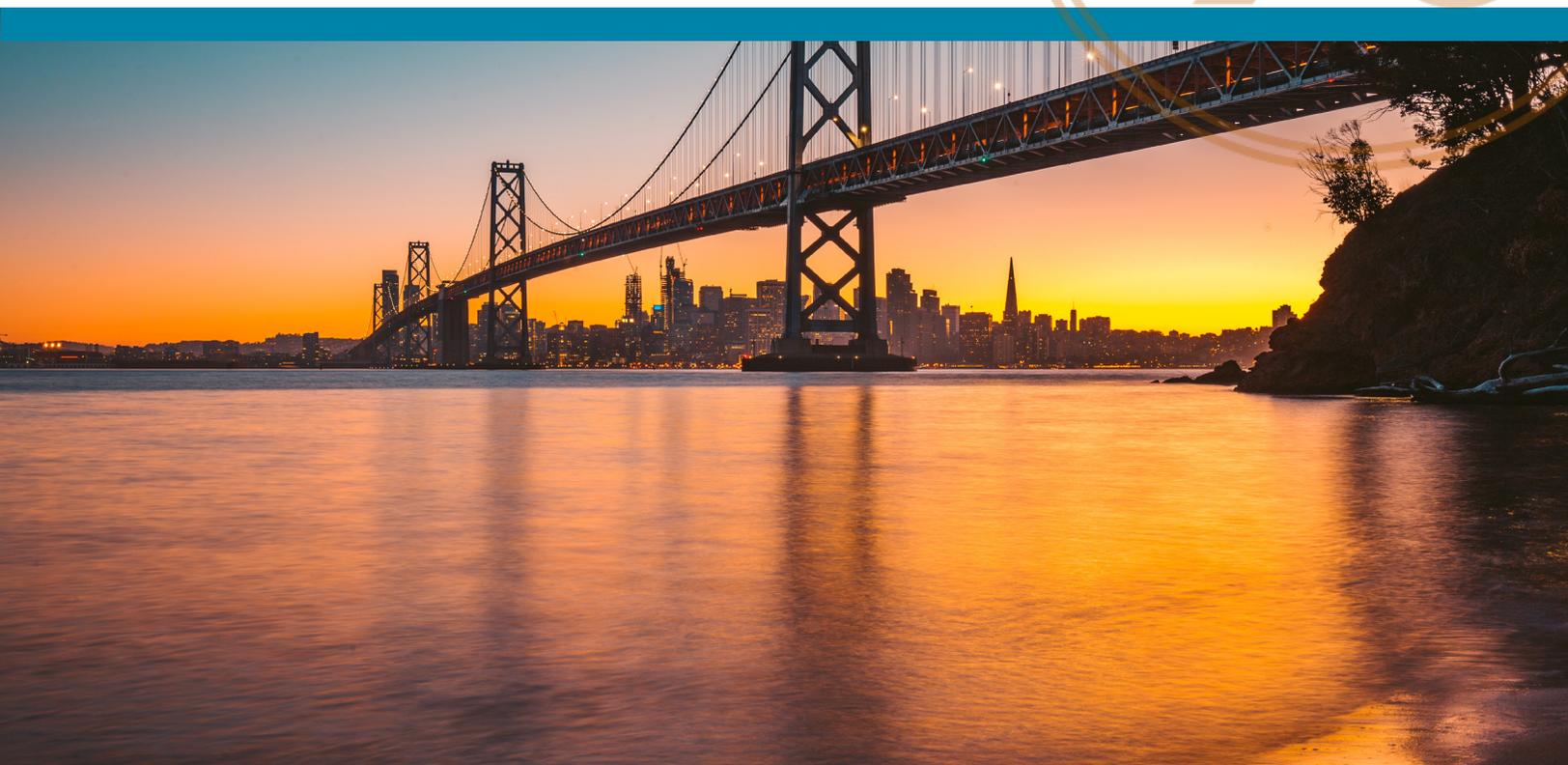


MUNIWATCH

FIXED INCOME RESEARCH



The municipal bond market experienced unprecedented turbulence over the past month as coronavirus fears swept all markets. Wild swings in yields became the expectation rather than the norm, with multiple days of 50+ basis point moves. Investors pulled over \$25 billion from municipal mutual funds in the past three weeks af-

ter recording over 60 consecutive weeks of inflows, according to Lipper. Liquidity providers retreated from the market just as these funds were forced raise cash. Our defensive strategy of keeping duration short and credit quality high has provided protection in this period of market stress.



Not All Bonds Created Equal

Fixed income markets experienced unprecedented pressure over the past month. As investors rushed to perceived safety due to uncertainty surrounding the coronavirus, the only beneficiary was U.S. Treasuries, as yields fell by 35 to 85 basis points across the curve (graph, top-right).

Even AAA municipals, which typically move in concert with Treasuries, were sold in this flight to perceived safety, with yields rising by 35-45 bps across the curve (graph, middle-right). Lower-rated municipals fared even worse as BBB Municipal spreads widened (graph, right-bottom).

Credit Spreads Widen

The more telling story of the recent market stress was found in credit spreads, which widened to multi-year highs. Issuers decided to pull deals that were scheduled to come to market, leading to a lack of price discovery. The hardest hit sectors have been those directly affected by the coronavirus, senior living centers, hospitals, transportation/public transit, airports, etc.

Dealer Stress

Dealers, the traditional liquidity provider to the muni market, typically hedge their positions by short-selling Treasuries. As investors bought Treasuries and sold municipals, both sides of this trade went in the wrong direction, and some dealers simply stepped away from the market. Muni funds were forced to raise cash and meet redemptions and sold into this weak market, compounding the market's sell-off. When the Federal Reserve announced liquidity measures in mid-March, liquidity slowly began to return to the market.

Current Market Opportunities

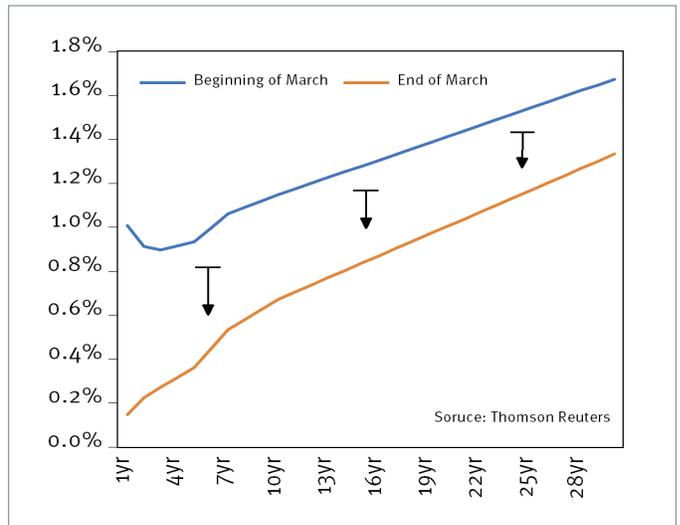
Our focus continues to be on liquid, high grade, essential credits and believe we can now obtain these quality credits at better prices. As some credits have sold off along with the rest of the market, many tax-exempt high-grade munis are trading at similar yields to their taxable high-grade corporate counterparts. Of the credits that have been harder hit by the coronavirus, we believe large "hub" airports may present great buying opportunities at current levels.

Paul Clark, CFA | Senior Portfolio Manager | 415-364-2635

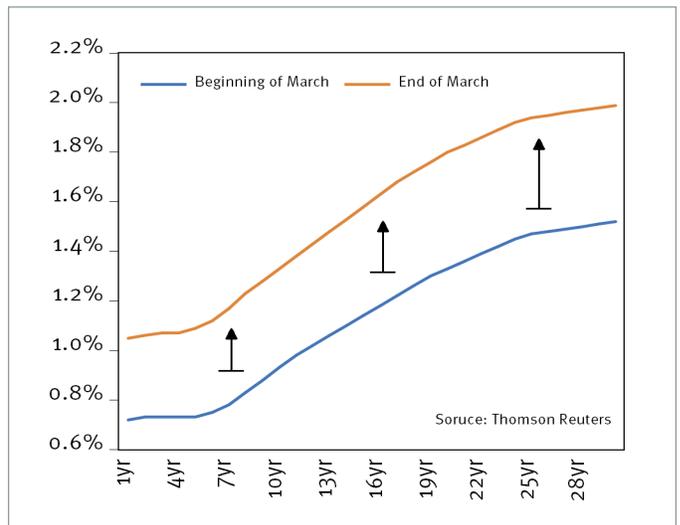
Rick Marrone | Senior Portfolio Manager | 415-364-2917

Daniel Urbanowicz | Senior Portfolio Manager | 973-549-4335

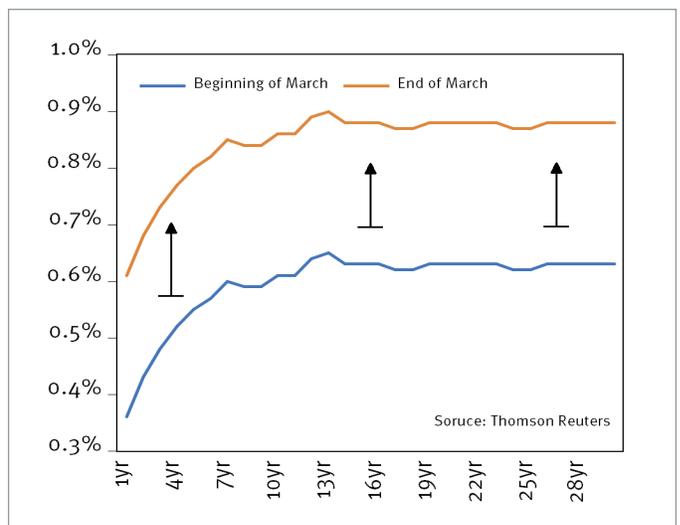
Treasury Curve Dives



Municipal AAA Yields Rise



Municipal BBB-AAA Spreads



SEPARATELY MANAGED ACCOUNTS PROFESSIONAL PORTFOLIO MANAGEMENT

Washington Crossing Advisors' separately managed account programs provide investors with access to the management team who for the past 20 years have worked together as market strategists and portfolio managers. In addition, since these programs are offered only through investment professionals, financial advisors can provide individualized monitoring of portfolio manager performance.

Portfolio Customization

Separate accounts can be tailored to address individual investors' needs — focusing on risk tolerance and long-term investment objectives. Investors can specify certain parameters to customize their accounts, such as excluding certain securities or sectors, due to social, political or environmental concerns, and managing the portfolio to help reduce tax liabilities.

Individual Security Ownership

Ownership has its privileges: investors own each individual security held in a separate account. Sell decisions are made by portfolio management based on the investment portfolio and are not affected by the redemption needs of anyone except the individual account owner.

Tax Advantages

When investing through a separately managed account, investors pay taxes only on the capital gains that they actually realize. Individual securities in the account are owned directly, allowing investors to work with their tax advisor and financial advisor to implement tax-efficient investing strategies.

FEATURED STRATEGY

1-10 YEAR MUNICIPAL LADDER BPG CORE MUNI PORTFOLIO (BPGCMT)

The Washington Crossing Advisors' Laddered Municipal Bond SMA Portfolio offers investors better control over exposure to interest rate risk, predictable cash flow, and the opportunity to help manage an ever-changing interest rate environment.

Philosophy

We believe that stable long-term returns are achieved through bottom-up credit research and issuer diversification.

Process

The securities chosen for the Washington Crossing Advisors' Laddered Municipal Bond SMA Portfolio undergo a thorough selection process. The portfolio management team emphasizes fundamental analysis and employs a disciplined review process that focuses on a comprehensive analysis of the issuer's creditworthiness, valuation, liquidity, and each bond's unique factor footprint.

Buy/Sell Discipline

Positions are sold if our evaluation of credit quality deteriorates and/or the risk of a potential rating downgrade increases.

Construction

The Washington Crossing Advisors' Laddered Municipal Bond SMA Portfolio will invest in investment grade municipal fixed-income securities laddered across consecutive maturities from one to ten years.

When a bond matures, it will be replaced with a bond having the longest maturity in the strategy's range. The portfolio may invest in callable bonds, which if called prior to maturity, will generate a need to reinvest in a manner that will maintain the composition and risk profile of the portfolio.

Disclosures

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Asset allocation and diversification do not ensure a profit and may not protect against loss. There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries. Due to their narrow focus, sector-based investments typically exhibit greater volatility. Small company stocks are typically more volatile and carry additional risks, since smaller companies generally are not as well established as larger companies. Property values can fall due to environmental, economic, or other reasons, and changes in interest rates can negatively impact the performance of real estate companies. When investing in bonds, it is important to note that as interest rates rise, bond prices will fall. High-yield bonds have greater credit risk than higher-quality bonds. The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage that is often obtainable in commodity trading can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

All investments involve risk, including loss of principal, and there is no guarantee that investment objectives will be met. It is important to review your investment objectives, risk tolerance and liquidity needs before choosing an investment style or manager. Equity investments are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors to varying degrees. Fixed Income investments are subject to market, market liquidity, issuer, investment style, interest rate, credit quality, and call risks, among other factors to varying degrees.

This commentary often expresses opinions about the direction of market, investment sector and other trends. The opinions should not be considered predictions of future results. The information contained in this report is based on sources believed to be reliable, but is not guaranteed and not necessarily complete.

The securities discussed in this material were selected due to recent changes in the strategies. This selection criteria is not based on any measurement of performance of the underlying security.

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