
Goldman: Munis Still Attractive Even If Top Tax Rate Falls.

For investors in a top tax bracket, muni yields on a tax-equivalent basis, are roughly 5% — far more attractive than investment grade corporates (3%), agency mortgage-backed securities (2%), or Treasuries at 1.5%.

But even if tax rates fall, munis are still more attractive than all those options, **Goldman Sachs Asset Management** shows in a new report. Strategists write:

> After adjusting the current highest tax bracket from 43.4% to a hypothetical 33%, municipal bonds remain attractive compared to other investment grade fixed income.

The tax equivalent yield just drops closer to 4%.

Another point in the same report is that investors should "stay dynamic, not just "ladder" their maturities and stick with that. Strategists write:

> Municipal bond investing has often been characterized by a static commitment to buy-and-hold "ladder" portfolios. However, we believe structural shifts in insurance, issuance, inventory, and the variable nature of returns are best addressed by a flexible approach that includes the capacity to shift duration, term structure, and credit quality.

In 2017 throught the end of February, the top performing muni sub-sectors are 30-year high yield munis and 5-year triple Bs. The worst-performing was 10-year triple-As.

The benchmark-tracking **iShares National Muni Bond ETF** (MUB) has a 2.3% current yield and is up 1.2% on a total return basis this year. The index it follows is up 1.68%.

Barron's

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