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Trump Tax Cut Sets Off Boom in Once Sleepy Corner of Muni Market.

- **Vanguard, Eaton Vance say they're buying more taxable munis**
- **Refinancing causes biggest spike in issuance since 2010**

At Eaton Vance's daily 8:45 a.m. meetings with fixed-income executives, a usually overlooked segment of the bond world has been coming up more often.

That's because a deluge of debt sales unleashed this year in the $485 billion taxable municipal-bond market is luring buyers unfamiliar with the world of public finance.

So traditional corporate-debt investors are getting crash courses on concepts like a general-obligation security pledge — which is basically just a promise to repay — and gauging how easy it will be to resell the securities when they need to raise cash. Others are dialing up their long-standing municipal-bond teams as they wade into a market that dangles higher returns and low odds of default, a standout at a time of negative interest rates overseas and frequent speculation about mounting credit risks in corporate America.

So Vishal Khanduja, who heads Eaton Vance's investment-grade portfolio management, and Craig Brandon, who leads the firm's municipal-bond investing, have been talking about taxable municipals more and more.

"In the morning meeting, the discussions have been lively over the last two months," said Khanduja, who has been buying taxable munis for his corporate-bond portfolios, as his team has in the past on occasion.

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