# Bond Case Briefs

*Municipal Finance Law Since 1971*

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## 3 Municipal Bond Funds That Should Be on Your Radar.

The debt securities category will always be the first choice for risk-averse investors because this class of instruments provides a regular income flow at low levels of risk. Income from regular dividends helps to ease the pain caused by plunging stock prices.

When considering the safety of capital invested, municipal bond mutual funds are second only to those investing in government securities. In addition, interest income earned from these securities is exempt from federal taxes and, in many cases, from state taxes.

Below, we share with you three top-ranked municipal bond funds, viz., Vanguard Short Term Tax Exempt Fund VWSTX, Colorado Bond Shares A Tax Exempt Fund HICOX and AB Municipal Bond Inflation Strategy AUNAX. Each has a Zacks Mutual Fund Rank #1 (Strong Buy) and is expected to outperform its peers in the future. Investors can click here to see the complete list of municipal bond funds.

**Vanguard Short Term Tax Exempt Fund** usually maintains a dollar-weighted average maturity of 1 to 2 years. VWSTX invests the majority of its assets in municipal bonds that are in the top three credit-rating categories as determined by a nationally recognized statistical rating organization or, if unrated, determined to be of comparable quality by the advisor.

Vanguard Short Term Tax Exempt Fund has three-year annualized returns of 0.4%. VWSTX has an expense ratio of 0.17% compared with the category average of 0.60%.

**Colorado Bond Shares A Tax Exempt Fund** invests the majority of its net assets in tax-exempt bonds and other tax-exempt securities. HICOX declares dividends daily and distributes them monthly.

Colorado Bond Shares A Tax Exempt Fund has three-year annualized returns of 1.7%. Fred R. Kelly Jr.has been one of the fund managers of HICOX since 1990.

**AB Municipal Bond Inflation Strategy** invests the majority of its net assets in high-quality investment-grade municipal fixed-income securities that pay interest exempt from federal tax, and are rated A or better by one or more recognized rating agencies. AUNAX also invests a small portion of its assets in below-investment-grade fixed-income securities or junk bonds.

AB Municipal Bond Inflation Strategy has three-year annualized returns of 2.8%. As of April 2022, AUNAX had 63.6% of its assets invested in Total Misc. Bonds.

To view the Zacks Rank and the past performance of all municipal bond funds, investors can click here to see the complete list of municipal bond funds.

**Zacks Equity Research**

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