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[Why You MUST Consider Muni Bond ETFs.](#)

Muni bond ETFs gathered \$6.3 billion in the first nine months of 2023. However, a healthy \$1.4 billion flowed in during September alone. According to Columbia Threadneedle, there is good reason to focus on the asset category.

“We’re getting closer to the end of the Fed tightening cycle,” explained Catherine Stienstra, head of municipal investments at Columbia Threadneedle, in an exclusive interview at VettaFi’s NY office. “Historically, the municipal market outperforms when rates are stable or are heading lower.

Muni Bond Default Rates Are Low

Stienstra added that municipal bond yields are attractive on a tax-equivalent basis and the default rates are lower than corporate bond equivalents. Indeed, according to Moody’s Investment Service, speculative-grade municipal bonds have had a 6.8% default rate in the last 32 years, significantly lower than the 30% rate for similarly rated global corporate bonds. Meanwhile, investment-grade municipal bonds had a miniscule 0.1% default rate, far less than the 2.2.% for corporate bonds equivalents.

Stienstra has 35 years of investment experience and is a portfolio manager for the actively managed Columbia Strategic Municipal Income mutual fund as well as the index-based Columbia Multi-Sector Municipal Income ETF (MUST).

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