

Bond Case Briefs

Municipal Finance Law Since 1971

Navigating Muni Bonds: Three Potential Paths to Success

Even with GPS and mapping software, a taxi driver who knows a good shortcut through a city is more than worth their tip. The municipal bond market—with 50,000 issuers—is like a big city, and as portfolio managers at Vanguard, we seek to generate value for our clients with the same skill a driver uses to deliver riders quickly and safely to their destination.

We currently see three alpha opportunities in the “three Cs”: credit, carry, and convexity.

1. Credit

With a team of more than 20 credit analysts, research is one of the primary strengths of Vanguard’s Fixed Income Group. We look to identify mispriced issuers with strong or improving fundamentals and those for which higher yields compensate investors for the extra risk taken.

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