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Municipal Bonds Offer a Rare Opportunity as Yields Climb, Says Nuveen's Dan Close.

The firm's head of municipals says attractive valuations and improving flows point to further upside for the asset class.

Municipal bonds are drawing renewed attention from investors after a period of underperformance that has pushed yields and spreads to historically attractive levels.

Dan Close, Head of Municipals at Nuveen, tells InvestmentNews that the current environment resembles previous market dislocations that ultimately created compelling entry points for investors. He points to the scale of municipal underperformance relative to broader fixed income markets as a key factor behind the opportunity.

"The muni market underperformed the Bloomberg US Aggregate Bond Index, a broad-based benchmark for taxable fixed income, by more than 400 basis points during the first three quarters of 2025," he says. "While performance improved in the third quarter, munis continue to lag the broader fixed income index by more than 200 basis points from the start of 2025 through February 2026."

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