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High Yields May Be Good News for This Bond ETF.

As advisors and experienced fixed income investors know, bond prices and yields move inversely to one another, meaning that when yields are high, prices have slipped. This may have some investors worried about buying bonds when yields are elevated, and it's certainly a valid concern in today's Treasury market. However, some experts view high yields on municipal bonds as sources of allure. It could also set the stage for opportunity with ETFs such as the ALPS BBH Intermediate Municipal Bond ETF (MNBD B-).

In today's topsy-turvy bond market, an actively managed ETF like MNBD may be all the more attractive to advisors and investors navigating the municipal bond landscape.

"Unlike in the Treasury market, muni investors are rewarded with higher yields by extending maturities, from the short term to the medium-to-long range centered around 20 years," reported Randall Forsyth for Barron's. "Also popular are muni bonds with 5% coupon interest rates that have final maturities of 20 years or more but are callable in 10 years or less, which provide attractive current income and defensive properties in a bearish (higher yield) debt market."

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