

Bond Case Briefs

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5 Top-Ranked Municipal Bond Mutual Funds for High Yield.

Debt securities will always be the natural choice of the risk-averse investor because this category of instruments provides regular income flow at low levels of risk. Income from regular dividends helps to ease the pain caused by plunging stock prices. When considering safety of capital invested, municipal bond mutual funds are second only to those investing in government securities. In addition, the interest income earned from these securities are exempt from federal taxes and in many cases from state taxes as well.

Below we will share with you 5 top rated municipal bond mutual funds. Each has earned a Zacks #1 Rank (Strong Buy) as we expect these mutual funds to outperform their peers in the future.

Nuveen CA High Yield Municipal Bond A (NCHAX - MF report) invests a lion's share of its assets in tax-exempted interest paying municipal bonds. The investment includes obligations approved by the State of California or by its affiliates, or issued by other states of the US. The fund seeks high level of current income. The municipal bond mutual fund returned 21.3% over the last one year period.

The fund has an expense ratio of 0.87% as compared to category average of 0.91%.

Eaton Vance High-Yield Municipal Income A (ETHYX - MF report) seeks tax free high current income in form of interest payment. The fund invests the majority of its assets in municipal obligations affiliated by the District of Columbia and by other US states and territories. The obligations also include notes and commercial papers that are exempted from taxes. It focuses on acquiring high yielding municipal bonds. The municipal bond mutual fund returned 18.1% over the last one year period.

As of October 2014, this fund held 277 issues with 1.93% of its assets invested in New York Liberty Dev Corp Liberty Rev Bd 5%.

BlackRock High Yield Municipal Investor A (MDYHX - MF report) invests a large portion of its assets in municipal bonds that provide tax exempted return. The fund may invest a minimum of 65% of its assets in medium to low rated bonds. It may also invest a maximum of 10% of its assets in bonds that are considered to be distressed derivatives. The municipal bond mutual fund returned 17.6% over the last one year period.

Theodore Jaeckel Jr. is the fund manager and has managed this fund since 2006.

Invesco High Yield Municipal A (ACTHX - MF report) seeks tax free current income and taxable capital growth. The fund invests heavily in municipal bonds. It invests a minimum of 75% of its assets in medium and low rate municipal bonds that are expected to provide high yield. The fund also invests a maximum of 25% of its assets in bonds that derive revenues from industrial development. The municipal bond mutual fund returned 16.8% over the last one year period.

The fund has an expense ratio of 0.87% as compared to category average of 0.98%.

Lord Abbett High Yield Municipal Bond A (HYMAX – MF report) invests a major portion of its assets in tax free interest paying municipal bonds. The fund invests a significant portion of its assets lower rated bonds or junk bonds. Its dollar-weighted average maturity varies from 10 to 25 years depending on the market condition. The non-diversified municipal bond mutual fund returned 14.5% over the last one year period.

As of September 2014, this fund held 538 issues with 1.52% of its assets invested in Buckeye Ohio Tob Settlement Fi To 5.125%.

To view the Zacks Rank and past performance of all municipal bond mutual funds, investors can [click here](#) to see the complete list of funds.

About Zacks Mutual Fund Rank

By applying the Zacks Rank to mutual funds, investors can find funds that not only outpaced the market in the past but are also expected to outperform going forward. Learn more about the Zacks Mutual Fund Rank in our Mutual Fund Center.

Published on January 06, 2015

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