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Illinois' Troubled, Tempting Muni Bonds.

Some of Illinois' debt is sliding toward junk status, and that's a wakeup call for muni investors, writes InvestmentNews.

The state's financial troubles are "a reminder that financial advisers should pay extra attention to underlying holdings in muni bond funds," the publication writes.

High-quality muni funds can contain junk, and vice-versa. A recent Citigroup report said Illinois' high-yielding debt could present a buying opportunity, because the state has room to "tax and grow" its way toward safe ground.

But Ronald Bernardi, president of Chicago-based Bernardi Securities, tells InvestmentNews he won't touch the state's 10-year bonds, which yield 4.45%. His reasoning: At twice the yield of the highest-quality muni bonds, they're too dangerous.

Those willing to bet on Illinois can do so through a number of mutual funds with meaningful exposure to the state's munis.

Gurtin National Municipal Opportunistic Value Fund, with \$117 million, is 23.7% allocated to Illinois' muni bonds. Hartford Municipal Income Fund and Wells Fargo CoreBuilder Share Series each have a little more than 20% weightings.

Barron's

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