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Rising Yields Make Floating-Rate Munis a Draw to Some Buyers.

- **Weekly gauge of yields is holding at highest since 2008**
- **'We think that's a pretty good deal,' said Neuberger's Iselin**

With yields on floating-rate municipal bonds holding at their highest in almost a decade, they've become a draw to investors like James Iselin.

Iselin, who oversees about $10 billion as head of the municipal fixed income team in New York at Neuberger Berman Group, said in an interview that he's been buying the securities. The debt is currently yielding more than even top-rated two year bonds, according to Bloomberg indexes, and offers protection against rising interest rates because it can always be sold for 100 cents on the dollar.

"We actually think those securities help cushion downside because they always trade at par, but also allow our clients to participate in a rising rate environment," he said.

The SIFMA Municipal Swap Index, a gauge of floating-rate yields, rose to 1.81 percent on Wednesday, the most since late 2008.

"For a security that really has no duration, and is federally tax-exempt, we think that's a pretty good deal," said Iselin, referring to the index.

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