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Battle Of The Bonds - Municipal And Government Bond Funds.

Summary

- Closed End Funds are valuable to investors looking to diversify.
- Five municipal bond funds put to the 5Ds test.
- Always look beyond what the screener says when evaluating investments.

Bonds are an important part of any well-diversified portfolio. This article isn't going into why diversification is important or what the correct stock-bond-property-other split is (the answer, even for apparently quite similar investors is "it depends"). Unfortunately, the bond market is nowhere near as friendly to retail investors as the stock market. Bonds tend to only be available in rather large pieces and there is a lot more small print than with shares. So, most people tend to invest in a bond mutual fund or REITs (which can be great, but are fundamentally property investments rather than debt instruments).

However, there is a better way. A Closed End Fund (CEF) is like a mutual fund or ETF except all of the shares are sold when the fund launches. These funds then list on the stock-market which makes buying and selling them nice and easy.

This article will look at five CEFs that hold taxable municipal and government bonds and will rank them based on their performance in the following five categories:

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Seeking Alpha

by Richard Bulkeley

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