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JPMorgan Brings the Active vs. Passive War to the Muni Bond Market.

- **Bank starts two actively managed ETFs tracking municipal debt**
- **Firm says active approach enables funds to avoid credit issues**

The battle between passive and active fund managers is raging in most corners of the investing world. Now it's coming to the $3.9 trillion municipal bond market with two new actively managed ETFs.

JPMorgan Chase & Co., which has $65 billion in muni investment assets, started two municipal bond exchange-traded funds in October that have attracted a combined $50 million in assets. Using active strategies, the funds can select bonds to avoid credit issues and won't "blindly invest" through indexes tracking what's often considered an opaque market, said Richard Taormina, a portfolio manager at JPMorgan Asset Management and head of tax aware strategies.

"Active is really the only way to go" when investing in municipal debt, Taormina said. "Passive provides you access, but it doesn't provide you opportunity."

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Bloomberg Markets

By Amanda Albright and Carolina Wilson

November 15, 2018, 10:22 AM MST

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