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The Quant Revolution Leads to Muni-Bond ETF of ETFs.

Van Eck's new fund MAAX brings momentum trading to a traditional buy-and-hold market.

No matter the iffy track record of quantitative investing, it appears there's no stopping its push into every corner of the financial markets.

Case in point: Van Eck Securities Corp. on Thursday launched the VanEck Vectors Municipal Allocation exchange-traded fund, with the ticker MAAX. That name correctly states that it invests in the $3.8 trillion market for state and local government debt — but that's very much only part of the story.

MAAX is an "ETF of ETFs," which for the most part will be divvying up money among five other Van Eck muni funds. The portfolio weights are determined by — you guessed it — a quant model "that uses momentum, along with both duration and credit risk indicators, to tactically allocate," according to a statement. "For investors looking for both tax-exempt income and enhanced risk-adjusted total returns, MAAX could be a compelling way to approach the municipal bond market."

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Bloomberg Markets

By Brian Chappatta

May 17, 2019, 4:00 AM PDT

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