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High And Tight: Investment Options For A Rich Muni Market

Summary

- Muni CEFs have had a strong run-up in the last few months, supported by falling nominal rates, tighter credit spreads, and strong muni demand.
- Historically-high leverage costs, low long-term yields, and bond calls continue to pressure muni CEF earnings leading to continued distribution cuts.
- Investors who would like to take some chips off the table but maintain muni exposure can rotate into an ETF or CEFs with more robust coverage and UNII profiles.

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