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Nuveen Accused Of 'Threats And Lies' - Which Is Why NEA And Its Municipal Bond CEFs Are Great.

Summary

- Nuveen has recently lost a court case accusing it of disrupting a competitor's business.
- Paradoxically, them losing this court case is a very bullish signal for Nuveen's muni bond CEFs.
- Understanding this story can help retail investors understand why muni bond CEFs are superior to buying individual muni bonds.

An interesting lawsuit in the municipal bond market has uncovered exactly how and why many debt CEFs can crush their indexes, and why this fact is likely to remain true for a long while to come.

The story revolves around Nuveen Asset Management and its attempts to get all of the major investment banks in America to not do business with an upstart that was disrupting Nuveen's business model as it functions in the muni bond world.

Understanding the details of this case is critical for understanding why CEFs are a much, much better vehicle for buying municipal bonds (as well as several other assets). But in addition, this case is really interesting, as it uncovers some of the tricks of the trade that asset managers use to win.

Continue reading.

Seeking Alpha

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