

Bond Case Briefs

Municipal Finance Law Since 1971

Municipal Funds-Of-Funds Are Not A Slam Dunk.

Summary

- With hundreds of open-end and closed-end funds in the tax-exempt sector figuring out the best allocation is a daunting task.
- Funds-of-funds, or funds that hold other municipal funds, are attractive in providing a way to quickly gain exposure to a basket of funds and eliminate an element of bad luck.
- Overall, however, the performance of municipal FOFs has been underwhelming nearly across the board, though for different reasons, depending on the FOF.
- XMPT does provide some advantages such as a low fee, broad exposure to the tax-exempt CEF sector, a tilt away from high-premium CEFs at the cost of mild long-term underperformance.

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