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Why Go for a Municipal Bond ETF?

With its tax advantages and relative stability, municipal bonds should continue to outperform in the tricky fixed income environment, all to the benefit of the VanEck Vectors CEF Municipal Income ETF (XMPT).

With its 0.40% expense ratio, XMPT seeks to replicate as closely as possible, before fees and expenses, the price and yield performance of the S-Network Municipal Bond Closed-End Fund Index. The fund normally invests at least 80% of its total assets in investments from which the income is exempt from U.S. federal income tax (other than federal alternative minimum tax).

It normally invests at least 80% of its total assets in securities of issuers that comprise the fund's benchmark index. The CEFMX Index is comprised of shares of U.S.-listed closed-end funds.

"XMPT features impressive diversity of exposure, and also offers investors a way to gain access to some of the world's most successful muni bond managers through a single ticker," an ETF Database analysis said. "Moreover, because the methodology is designed to overweight CEFs trading at a discount to their NAV, this product may be able to deliver attractive current returns."

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ETF TRENDS

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