

# **Bond Case Briefs**

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## **Investors Flock To Muni Bond ETFs On Fundamentals**

**Morningstar gives Vanguard Tax-Exempt Bond ETF, the second biggest muni ETF, a gold rating, the research firm's highest.**

Money is pouring into municipal bond exchange-traded funds, as the improved financial condition of municipalities, sparked by monetary and fiscal stimulus, has investors enthusiastic.

Muni ETF assets totaled \$80 billion as of Sept. 30, up from less than \$50 billion two years ago, according to Federal Reserve. Citigroup forecasts that total will grow more than 50%, to \$125 billion by the end of next year, the Wall Street Journal reports.

iShares National Muni Bond ETF (MUB) – Get iShares National Muni Bond ETF Report is the largest muni bond ETF, with \$24.9 billion in assets, according to ETF Data Base. Morningstar analyst Neal Kosciulek gives the fund a silver rating, the research firm's second highest after gold.

"iShares National Muni Bond ETF is a good choice for low-cost exposure to the investment-grade, tax-exempt bond market," he wrote.

"The fund provides broad, market-value weighted exposure to the municipal-bond market. It tracks the S&P National AMT-Free Municipal Bond Index, which includes investment-grade municipal bonds with at least one month until maturity and \$25 million in face value ... The strategy's best feature is its modest fee. At 0.07% the fund's expense ratio is 49 basis points lower than the category average."

Vanguard Tax-Exempt Bond ETF (VTEB) – Get Vanguard Tax-Exempt Bond ETF Report is the second largest muni bond ETF, with \$14.9 billion in assets. Kosciulek rates it gold.

"Vanguard Tax-Exempt Bond is a great option for low-cost exposure to the investment-grade, tax-exempt bond market," he wrote.

"The fund provides broad, market-value-weighted exposure to the municipal-bond market. It tracks the S&P National AMT-Free Municipal Bond Index, which includes investment-grade municipal bonds with at least one month until maturity and \$25 million in face value."

Its fee is only 0.06%.

**etftrends.com**

by Dan Weil

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