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Investor Interest in Muni ETFs Surge.

After municipal debt faced a rocky first half of the year, muni bonds and the related exchange traded funds are performing less poorly than aggregate bond strategies. In fact, munis are showing their best yields in five years. As a result, municipal debt is seeing a renewed interest from investors.

In the second quarter, investors allocated roughly \$5.4 billion to muni ETFs. And while inflows don't always indicate strong investor demand, Strategas strategist Todd Sohn told CNBC that "the overall trend seems to be toward more conservative areas like municipal bonds."

Risk-averse investors often enjoy the tax benefits and steady income streams that muni ETFs can provide. While debt issued by state and local governments pays interest, that income usually isn't taxed at the federal level. The same goes for common stock dividends or interest from other fixed-income assets.

At CNBC, Jesse Pound wrote that the tax advantages of municipal bonds "versus private debt can help boost the payouts for income-hungry investors," before adding: "As yields have jumped this year, and concerns about an economic slowdown have widened spreads, high-quality debt that is slightly riskier than Treasuries could be a sweet spot for investors."

Fixed income investors seeking the safety and tax advantages that munis offer may want to consider Invesco's BulletShares municipal bond ETFs. BulletShares ETFs in the muni space come with a range of maturity dates.

Depending on the maturity date, the ETF is based on the Invesco BulletShares® USD Municipal Bond (2021 to 2030) Index. The fund will invest at least 80% of its total assets in municipal bonds that comprise the index. The index seeks to measure the performance of a portfolio of U.S. dollar-denominated debt issued by states, state agencies, or local governments.

Fixed income investors are less exposed to changes in interest rates with shorter duration bonds. But with longer duration bonds, they can extract more yield while taking on more rate risk.

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