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A Top-Performing Muni Fund That Ventures Where Others Don't.

Avoiding big losses is much more important to bond investors than scoring significant wins. “They’re in the market for principal preservation and tax-free income,” says Lyle Fitterer, who has been a municipal bond fund manager for over 30 years.

Fitterer, the co-lead manager of the \$644.5 million Baird Strategic Municipal Bond fund (ticker: BSNSX), manages to both avoid losses and deliver wins, though his strategy might strike some as unconventional. The no-load fund’s largest position is five-year U.S. Treasury note futures, for example, and it holds a significant amount of high-yield issues.

The fund saw inflows during 2022’s bond rout when other muni bond funds saw outflows. That allowed Fitterer to add some higher-yielding bonds with slightly lower-quality credits, which has helped Strategic Muni outperform this year.

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Barron’s

By Debbie Carlson

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