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## **Municipal Bonds Win: Why Smart Investors Focus on Tax-Equivalent Yield**

One of the best pieces of investment advice could be, “It’s not what you earn, it’s what you keep that matters.” As such, active tax management is a key piece of portfolio management. And many investors use a variety of techniques and strategies to keep Uncle Sam out of their pockets. But one strategy is often underappreciated by many investors no matter what their tax bracket is.

And that’s the taxable equivalent yield on municipal bonds.

Munis provide many tax advantages over taxable bonds such as U.S. Treasuries and corporates, chief of which is their ability to provide tax-advantaged and tax-free income. Often, investors ignore the real after-tax yield when building their fixed income portfolios. And that’s a shame as, more often than not, munis win out on yield.

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