
Why Active Management is Thriving in the Municipal Bond ETF Market

Active ETF adoption and launches have hit critical mass this year as investors both big and small have started to understand their benefits. Low-cost and tax-efficient active ETFs have plenty of potential to outperform passive funds. And as such, Wall Street has delivered torrid growth in the number of new products on the market.

But it turns out many of those products center around a few sectors.

One of the hottest places for new launches happens to be boring municipal bonds. The number of active muni ETFs has grown exponentially over many other fixed income and equity sectors. And there are plenty of reasons why investors can and should be excited. Municipal bonds happen to be one of the best places where active managers can add real alpha to a portfolio.

The Number of Active Muni ETFs Surge

Truth be told, municipal bonds are a boring subsector of the boring bond market. These bonds are issued by state/local governments and feature tax-advantage/tax-free income potential. The generally conservative nature of these bonds attracts conservative investors, pension funds, and insurance firms, among others. We're talking about a very buy-and-hold crowd.

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