

# Bond Case Briefs

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## What Actually Makes a Muni "High Yield"?

High yield munis offer tax-exempt income, historically lower default rates than corporate high yield, and distinct sector exposure. Here's what defines this asset class.

### **Key Takeaways:**

- High yield munis are project-backed, not government-guaranteed. Healthcare, education, and housing drive this market.
- Tax exemption can make after-tax yields highly competitive. High yield munis may exceed corporate high yield on an after-tax basis.
- Unrated does not automatically mean low quality. Many unrated munis skip ratings for cost reasons, not credit weakness.

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April 08, 2026