Municipal Insights

Outlook for 2019 — I can see clearly now…

No, sorry, I cannot see that clearly. A mixture of snow and sleet is pelting me and I can't see the bus stop a block away. The polar vortex is zigzagging through the streets at 30 mph. The -50° wind chill is cold enough to stop your heart. Readers, welcome to winter in Chicago.

Is it any worse than sitting at my desk watching the markets? Perhaps not. No offense Al Roker, but forecasting the weather is probably easier than forecasting interest rates, particularly for the coming year. Studies have shown over the years that most economic rate projections are terribly inaccurate with forecasts bunched together from crowd behavior. So what to do? Run multiple scenarios, assign probabilities and spit out the most likely base case at that point in time. Use that along with the structure of your portfolio's benchmark as a guidepost for the next few months, tweaking as a multitude of economic reports stream out. Here we come 2019.

The rain is gone…

Perhaps a bit as 2018 was quite stormy for many investors, particularly on the equity side. It was a wild fourth quarter as equity weakness in October was followed by bond yields peaking in early November and then falling dramatically through year-end. Equity investors faced a number of worries including U.S. central bank tightening, weaker Chinese growth, Brexit concerns, continuing trade wars and the potential for a global slowdown. In this turbulence, investors flew to quality — U.S. Treasuries and municipal bonds, the usual risk-off trade. As a result, yields fell in the last two months of the year, pushing municipal bonds into positive territory for the year. As the 10-year treasury yield declined from a peak of 3.25% to 2.69%, municipal 10-year yields fell by about half a percentage point, from 2.80% to 2.30%.

The Bloomberg Barclays 1-15 year Muni Blend Index, which as recently as October was in negative territory, returned 1.71% for the quarter. For the year, the Index returned 1.58%. Because of this year-end rally, every municipal index we follow ended the year in positive territory. This compares favorably to the total return of other U.S. taxable fixed income indices. For example, the Bloomberg Aggregate Bond Index eked out a 0.01% return for the year, while the Bloomberg U.S. Treasury Index returned 0.86%.

Municipal fixed income

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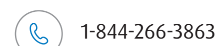
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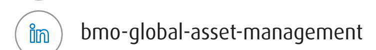
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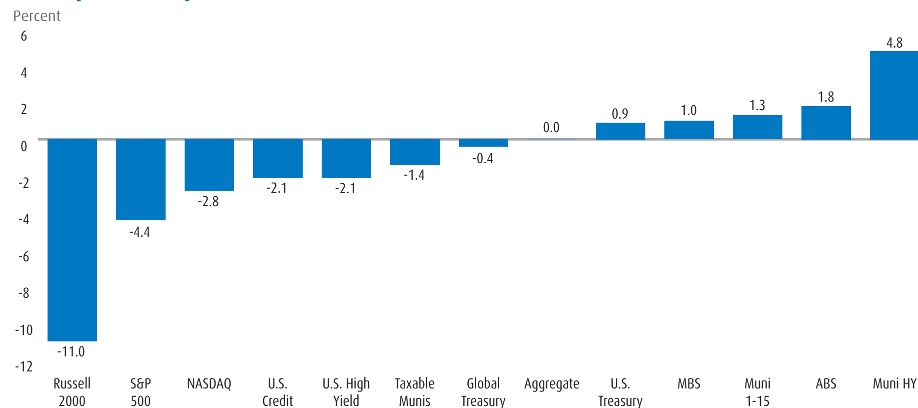
Municipal bonds performed well in 2018



Sources: Bloomberg Barclays Indices, Bloomberg, Barclays Research
Data represents total return for 2018. Past performance is not a guarantee of future results.

Issuance for 2018 totaled $338 billion, which was down 24% from the previous year's $449 billion. The market expected this substantial drop in volume as issuers were rushing to market numerous deals before 2017's tax law changes took effect. As for the demand side as measured by municipal net fund flows, tax loss selling was a significant factor for year-end outflows as investors took some gains in muni products to offset equity losses. The positive returns in November and December were not enough to attract large inflows. Despite this, total municipal fund flows for 2018 were largely positive at $9.6 billion. Like last year, we are off to a good start in the first month of 2019 with about $5 billion of net inflows. A good portion of this is likely from maturing municipal bonds and coupon payments, which are often reinvested back into tax-exempt bonds and funds. So overall, we had a relatively decent 2018 in Muni Land.

The positive returns in November and December were not enough to attract large inflows.

I can see all obstacles in my way...

Still quite a few obstacles, but the Federal Reserve (Fed) was kind enough to give us some guidance. In their first meeting of the year, the Fed held interest rates steady in their 2.25% to 2.50% target range. Chairman Powell stated, "The case for raising rates has weakened somewhat." Surprisingly, the committee removed the language of previous comments that further rate hikes are likely. One could argue that the tone of their statement and subsequent comments from the Chairman was largely capitulation to market expectations. However, we believe it is a needed pause due to subdued inflation, a slowing housing market, a continuation of tariff wars, Brexit concerns, a global slowdown and the drag from the government shutdown. While the government recently reopened, the next "deadline" for a solution to funding a border wall is quickly approaching. We also have a backup of government data to go through and the shutdown itself, an $11 billion shock to Q1, muddies the economic picture.

Perhaps more importantly, the Fed's more patient and flexible stance also applies to the balance sheet unwind (i.e., quantitative tightening), which moved along at a steady clip last year. Last year, the Fed removed about 10% of the support its balance sheet provided in a manner it described as watching paint dry — slow and boring. The monthly reduction in December was about $34 billion; a combination of maturing Treasury bonds and mortgage-backed securities. Many have attributed this quantitative tightening to be a major factor in the year-end equity decline. While that is still being debated, markets cheered this additional cautiousness and flexibility on the Fed's behalf. While there was never a formal level the Fed was targeting for the ending size of the balance sheet, many market participants are now anticipating an early end to the balance sheet runoff later this year.

Many have attributed this quantitative tightening to be a major factor in the year-end equity decline.

However, the most recent data pointed out the continuing strength of the U.S. economy. The January jobs report came in well above expectations with 304,000 jobs added over the past month. While December was adjusted down significantly by 90,000 jobs, it was still a strong jobs report. The main potential trigger for future inflation and expectations, wage growth, increased by 3.2% year-over-year and was in line with expectations. An uptick in the ISM's manufacturing index for January to 57% from 54% the previous month also allayed some fears about that high-paying sector. We will get better clarity on many more fronts over the coming weeks before the mid-March FOMC meeting. The market will be parsing Fedspeak over the next few weeks for additional clues on their thoughts. For now, we are left debating whether the Fed is in a tightening pause or finished for the year.

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Gone are the dark clouds that had me blind...

We will do our best to illuminate the coming year in Muni Land. So far, we are off to a good start in 2019 with the dovish Fed and better-than-expected corporate earnings driving a risk-on trade. The S&P 500® had its best January in 30 years and, in an atypical move, bond indices were positive as well. The Bloomberg 1-15 year Muni Blend Index was up 0.9% over the month of January. However, the best returns were in taxable bonds with investment grade corporate bonds up over 2% and corporate high yield returns over 4%. So, where do we go from here?

There is no doubt that the Fed's U-turn to dovishness has changed some market calls for 2019. For example, we have seen the median Fed forecast drop from two hikes to now closer to one hike in the second half of the year. The median forecast for the 10-year Treasury bond rate at the end of 2019 is 3.15% according to data compiled by Bloomberg. The 63 forecasts range from 2.20% to 3.80%. The median forecast for GDP is 2.5% with a range from 0.6% to 3.7% from 85 contributors. Quite a wide range, and as we stated earlier in so many words, no one is very good at these macro forecasts. And with the considerable challenges ahead of us, we think it is prudent to maintain a neutral position with respect to interest rate risk (i.e., duration close to the benchmark). With the current slowing we are seeing in China and the eurozone and expectations for U.S. GDP to grow in the mid-2% range, we think it will be difficult for the 10-year Treasury to get much above 3%. If wage inflation spikes, that could push it higher, but a spike looks doubtful at this time. Two of the larger rate catalysts ahead of us are the March 1 deadline for a U.S.-China trade deal and the March 29 Brexit deadline, both of which remain utter messes.

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Specifically for municipal bonds, with our neutral outlook for interest rates, we are expecting to get the bulk of the return from the yield. We would be happy with a gross return in the 3.00% range. With January's return of 0.9%, we are almost a third of the way there—but with many obstacles in the way. To pick up additional income, we will be looking for tax-exempt bonds that provide above average yields. With odds of a recession low through the next year plus, we will be looking primarily at A-rated bonds and some BBB-rated bonds when spreads are attractive. We did see spreads widen out in 4Q18 with outflows from municipal high yield funds, so you can still find some opportunities in the lower investment grade spectrum. As for curve positioning, the muni curve remains much steeper than the Treasury curve. We like the extra price return you can get over the next year from rolling down the curve as a bond moves one-year closer to maturity. The best roll-down returns are from the steepest portions of the curve with adequate duration exposure to give you some price return from rolling to the lower yield. We recommend avoiding the long-end of the curve as you can pick up 96% of the 30-year muni yield with a 20-year muni bond. Additionally, bank buying of municipal bonds continues to decline after the corporate income tax rate dropped to 21% last year.

Continued

We are still positive on the outlook for municipal credit quality. Economic growth is expected to be robust this year and should buoy state and local finances as it has over the past decade. Municipal ratings have been reflective of this strength. Recent reports from rating agencies have shown that upgrades have outnumbered downgrades 2 to 1 with 90% of ratings remaining unchanged over the past year. Albeit, rating criteria changes were responsible for many of the upgrades. However, it's still positive for the sector and the strength of the economy was a factor as well. Additionally, despite a multitude of natural disasters, only four issuers filed for Chapter 9 bankruptcy in 2018 versus seven in 2017.

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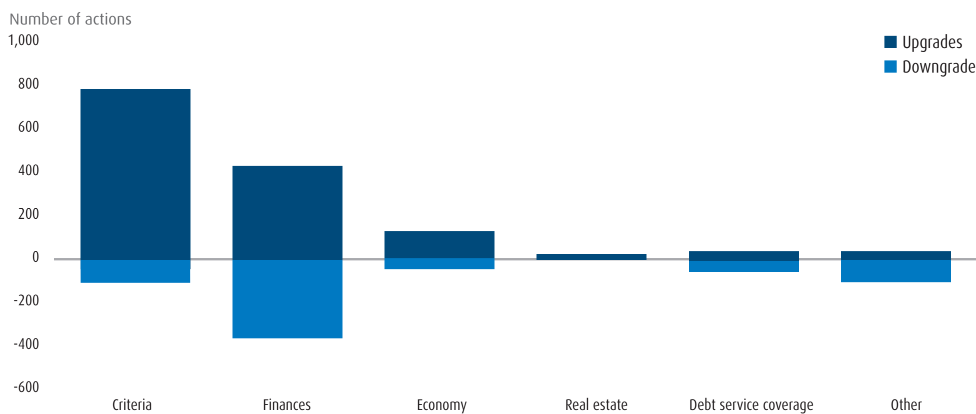
2018 rating change reasons



Note: Fourth-quarter 2018 data are preliminary and subject to revision. Source: S&P Global Fixed Income Reserach.

As for municipal supply in 2019, the street estimates we have seen are in the $350 to $400 billion range, versus $338 and $449 billion in 2018 and 2017, respectively. This seems reasonable to us. If you recall, a good portion of 2018's issuance was pulled into the fourth quarter of 2017 due to the unknown impact of income tax law changes. Therefore, average the last two years and you get $393 billion. Even with the reduction of bank buying of tax-exempts, we think retail demand will continue to be robust enough to absorb this level of supply, particularly if we continue to hear talk of higher income taxes on the ultra-wealthy. We may see some of the taxable Build America Bond (BAB) deals issued in 2010-11 refinanced with tax-exempt bonds. However, we believe any refunding of BABs will be more of a buying opportunity than a longer-term drag on municipal performance.

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Sectors we like this year:

Transportation: This includes airports, toll roads and ports. This sector has benefited from steady economic growth over the past decade. New construction and capacity-expanding improvements will continue at the state level in order to remain competitive on a global level. The ongoing essentiality of these facilities also tends to help the bonds retain value in periods of slow growth.

Public power: Fuel sources, including natural gas and coal, have stabilized. Federal tax credits and technological advances continue to be supportive of the industry. We are monitoring increasing capital costs due to movement toward renewable energy sources.

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Sectors we are cautious on:

Higher education: While good investment market performance has helped higher education institutions improve reserves, the sector still faces significant headwinds. These include thin enrollment with a declining number of international students due to U.S. immigration policies as well as higher costs relative to other countries. In addition, many institutions have limited pricing power due to affordability concerns and the declining number of high school graduates we are seeing in parts of the U.S.

Local GOs: Since the end of the recession, cities, counties and school districts have seen solid revenue growth, and operating stability has left many of these issuers on good footing. However, real estate prices may be peaking with the slowing housing market and property taxes are the primary revenue source for these issuers. Additionally, we may see more property value challenges with limitations on federal tax deductibility of state and local taxes. Local underfunded pension and OPEB liabilities remain an ongoing concern despite various creative solutions and improvements across the country.

Coastal areas: As a mutual fund manager, you may be purchasing bonds maturing 30 years from now, so you have to consider the potential impacts of climate change. In a recent commentary, Moody's noted that large U.S. cities are being more proactive in mitigating credit risks from climate events. Planning for these events will be a growing factor in credit ratings and our purchases over the next several years.

As a mutual fund manager, you may be purchasing bonds maturing 30 years from now, so you have to consider the potential impacts of climate change.

It's going to be a bright, bright, bright sunshiney day...

Yes, it will. Have a good day.
Thank you,
Johnny Nash, et al.

Strategy overview

Duration

- We moved portfolio duration longer and closer to neutral over the last two months.
- Government shutdown, tariffs, Brexit and market turmoil continue to cloud our economic and interest rate outlooks.
- Global and domestic economic deceleration is likely over near term.
- Federal Reserve Bank of Atlanta's running GDP estimate is currently tracking 2.7% for 4Q.
- Probability of rate hikes in 2019 has decreased dramatically. We think a March rate hike is off the table and June seems unlikely with the domestic and global hurdles we currently face.
- Inflation in line with Fed expectations, but we continue to watch wage pressures which showed strength in December.

Curve

- Moving some floating-rate note exposure to fixed-rate, intermediate maturity bonds with good roll returns projected over the next year.
- Bank holdings of long municipal bonds continue to decline.
- We will look at longer maturities, but at cheaper ratios to Treasury bonds (e.g., 105% of Treasury yield).
- The weekly municipal floating rate index (SIFMA) is 1.43% (1/30/2019) versus 0.97% last year. This is a low 57% of 1-month LIBOR. This should rise over the next few weeks, but is currently a drag on performance of longer funds with overweight positions.

Credit

- Probability of recession in next 12 months has risen, but remains low.
- Only four issuers filed for Chapter 9 bankruptcy in 2018 versus nine in 2017. Additionally, the number of municipalities defaulting for the first time was down 15% in 2018 (excluding Puerto Rico).
- Upgrades have outnumbered downgrades over the past year and the average rating has increased by a half-notch over the first three quarters of 2018.
- High Yield Munis underperformed investment grade over the fourth quarter as high yield funds saw heightened outflows. The Bloomberg Muni HY Index returned 0.30% versus 1.69% for the Investment Grade Index.
- We continue to hold our credit overweight, but remain selective in BBB purchases. We may see more opportunities with recent spread widening.

Geography and sector

- We currently favor airport bonds, transportation bonds, smaller non-rated GOs we deem investment grade quality, and AMT bonds.
- We are cautious in higher education and have turned neutral on the hospital sector from positive.
- Moody's commented that large U.S. cities are being more proactive in mitigating credit risks from climate events. Planning for these events will be a growing factor in credit ratings and our purchases over the next several years.

Continued

Performance

Fund performance as of January 31, 2019

Fund/Index	Share class	Inception date	Ticker	Returns as of January 31, 2019 (%) 1-month	YTD	1-year	3-year	5-year	10-year	Since inception	Returns as of December 31, 2018 (%) Q2	1-year	3-year	5-year	10-year	Since inception	Expense ratios (%)[1] Gross	Net
BMO Ultra Short Tax-Free Fund[2]	A NAV	05/27/14	BAUSX	0.21	0.21	1.31	0.90	0.74	—	0.97	0.46	1.28	0.87	0.73	—	0.96	0.62	0.55
BMO Ultra Short Tax-Free Fund[2]	A OFFER[3]			-1.84	-1.84	-0.76	0.21	0.32	—	0.76	-1.60	-0.79	0.18	0.31	—	0.74		
BMO Ultra Short Tax-Free Fund[2]	I	09/30/09	MUISX	0.23	0.23	1.56	1.15	0.99	—	1.21	0.42	1.44	1.13	0.98	—	1.20	0.37	0.30
Blended Benchmark[4]				0.20	0.20	1.37	0.76	0.60	—		0.54	1.34	0.74	0.57	—			
BMO Short Tax-Free Fund[2]	A NAV	05/27/14	BASFX	0.33	0.33	1.63	1.08	1.43	—	1.55	0.61	1.31	1.10	1.48	—	1.51	0.67	0.55
BMO Short Tax-Free Fund[2]	A OFFER[3]			-1.71	-1.71	-0.43	0.40	1.01	—	1.22	-1.44	-0.74	0.42	1.06	—	1.18		
BMO Short Tax-Free Fund[2]	I	11/29/12	MTFIX	0.34	0.34	1.78	1.24	1.60	—	1.71	0.64	1.47	1.29	1.65	—	1.68	0.48	0.40
Bloomberg Barclays Short (1-5 Year) Municipal Index				0.56	0.56	2.19	1.12	1.23	—		1.10	1.77	1.15	1.19	—			
BMO Intermediate Tax-Free Fund[5]	A NAV	05/27/14	BITAX	0.58	0.58	2.14	1.75	2.93	4.25	4.26	1.14	0.89	1.91	3.12	4.50	4.25	0.57	0.57
BMO Intermediate Tax-Free Fund[5]	A OFFER[3]			-2.92	-2.92	-1.46	0.54	2.19	3.88	4.11	-2.39	-2.64	0.72	2.39	4.13	4.11		
BMO Intermediate Tax-Free Fund[5]	Y	02/01/94	MITFX	0.58	0.58	2.14	1.75	2.93	4.25	4.26	1.14	0.89	1.91	3.12	4.50	4.25	0.57	0.57
BMO Intermediate Tax-Free Fund[5]	I	12/27/10	MIITX	0.60	0.60	2.46	1.98	3.18	4.41	4.33	1.18	1.11	2.15	3.37	4.66	4.32	0.33	0.33
Bloomberg Barclays U.S. 1-15 Year Blend Municipal Bond Index				0.85	0.85	3.34	1.84	2.87	3.64		1.71	1.58	1.96	3.00	3.89			

Returns as of January 31, 2019	Returns as of January 31, 2019 (%) 1-month	YTD	1-year	3-year	5-year	10-year	Returns as of December 31, 2018 (%) Q2	1-year	3-year	5-year	10-year
Bloomberg Barclays U.S. 1-10 Year Blend Municipal Bond Index	0.85	0.85	3.11	1.59	2.35	3.08	1.61	1.64	1.67	2.42	3.30
Bloomberg Barclays U.S. Municipal Bond Index	0.76	0.76	3.26	2.15	3.58	4.55	1.69	1.28	2.30	3.82	4.85

Source: Bloomberg Barclays and BMO Global Asset Management

Performance data quoted represents past performance and past performance is not a guarantee of future results. Investment returns and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Mutual fund performance changes over time and current performance may be lower or higher than what is stated. To receive the most recent month-end performance, call 1-800-236-3863. Returns quoted are pre-tax. Investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision as the illustration above does not reflect these factors. For more information about performance, please contact your investment professional. Total returns for periods of less than one year are cumulative.

[1] Expenses for Class A shares are based on estimated amounts for the current fiscal year. Net expense ratios reflect contractual fee waivers and/or expense reimbursements if applicable, made by BMO Asset Management Corp., the investment adviser (Adviser). The Adviser may not terminate these fee waivers and/or expense reimbursements prior to December 31, 2019 without the consent of the Board of Directors, unless the investment advisory agreement is terminated. Without these contractual waivers, the Fund's returns would have been lower.

[2] Performance data quoted prior to the inception of the Class A shares is the performance of the Fund's Investor Class (Class Y). Class A Offer reflects a sales load charged at the time of initial investment. On June 2, 2017, the Fund's Class Y shares were converted to Class A shares. The Fund no longer offers Class Y shares.

[3] Offering Price (MOP) returns for the BMO Ultra Short Tax-Free Fund and the BMO Short Tax-Free Fund include the maximum sales charge of 2.00%. Offering Price (MOP) returns for the BMO Intermediate Tax-Free Fund include the maximum sales charge of 3.75%. Net Asset Value (NAV) returns exclude this charge, which would have reduced returns.

[4] The Blended Benchmark: 50% Bloomberg Barclays 1-Year Municipal Bond Index and 50% iMoneyNet Money Fund Tax Free National Retail Index.

[5] Performance data quoted prior to the inception of the Class A shares is the performance of the Fund's Investor Class (Class Y). Class A Offer reflects a sales load charged at the time of initial investment. Performance data quoted prior to 12/27/10 (inception of Class I of the Fund) is the performance of the Fund's Investor Class (Class Y), not adjusted for any differences in the expenses of the classes.

Continued

Market data for the journey

Valuation data as of January 31, 2019

AAA yields (%)

		Change		
Year	Current	1-month	3-month	1-year
2	1.65	-0.13	-0.42	0.10
5	1.76	-0.18	-0.54	-0.07
10	2.17	-0.11	-0.56	-0.18
30	3.02	0.00	-0.36	0.11

Source: InvestorTools® Perform

Cross-market values (%)[1]

	Current (1-year averages)	
Year	Muni/treasury	Muni/corporate
2	67 (69)	66 (66)
5	72 (74)	68 (71)
10	83 (85)	72 (76)
30	101 (99)	84 (84)

Sources: InvestorTools® Perform and Bloomberg

Yield curve data as of January 31, 2019

Slope changes (%)

		Change		
	Current	1-month	3-month	1-year
Wkly - 2s	1.03	0.28	0.18	-0.35
2 - 5s	-0.70	-0.18	-0.54	-0.07
2 - 10s	0.52	0.02	-0.14	-0.28
2 - 30s	1.37	0.13	0.06	0.01

Source: InvestorTools® Perform

Performance by maturity (%)

Year	1-month	3-month	1-year
3	0.56	1.75	2.18
5	0.91	2.71	2.86
10	1.09	3.79	4.11
22+	0.56	3.22	2.83

Source: Barclays Point

Credit data as of January 31, 2019

Current rating spreads (%)[2]

	Current (1-year averages)	
Year	AAA–A	AAA–BBB
2	0.25 (0.20)	0.55 (0.47)
5	0.41 (0.40)	0.76 (0.72)
10	0.48 (0.48)	0.85 (0.84)
30	0.51 (0.50)	0.86 (0.83)

Source: InvestorTools® Perform

Performance by quality (%)

Rating	1-month	3-month	1-year
AAA	0.80	3.24	3.15
AA	0.73	3.08	3.14
A	0.76	3.04	3.37
BBB	0.80	3.00	3.98

Source: Barclays Point

BMO Funds Tax-Free Suite

	Ticker			
Fund name	Class A	Class Y	Class I	Premier Class
BMO Tax-Free Money Market Fund	—	MTFXX	—	MFIXX
BMO Ultra Short Tax-Free Fund	BAUSX	MUYSX	MUISX	—
BMO Short Tax-Free Fund	BASFX	MTFYX	MTFIX	—
BMO Intermediate Tax-Free Fund	BITAX	MITFX	MIITX	—

[1] Cross-market values represent the ratio of tax-free municipal yields to taxable Treasury yields. The percentage in the parentheses represents that average of this ratio over the prior twelve months.

[2] The current rating spread is the difference between the benchmark AAA municipal yield curve and the associated rating benchmark (either A or BBB) for the appropriate maturity time frame. The percentage in the parentheses represents the spread over the prior twelve months.

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All investments involve risk, including the possible loss of principal.

Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed-income investments are subject to various other risks including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications, and other factors. All of these factors can subject the funds to increased loss of principal.

Keep in mind that as interest rates rise, prices for bonds with fixed interest rates may fall. This may have an adverse effect on a Fund's portfolio.

Credit risk is the possibility that an issuer will default on a security by failing to pay interest or principal when due. Lower credit ratings correspond to higher credit risk.

Municipal bonds are subject to risks including economic and regulatory developments in the federal and state tax structure, deregulation, court rulings, and other factors.

An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation. You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. The Fund may impose a fee upon sale of your shares or temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not a deposit of BMO Harris Bank N.A., or any of its affiliates, and is not insured or guaranteed by the FDIC or any other government agency. The Adviser has no legal obligation to provide financial support to the Fund, and you should not expect that the Adviser will provide financial support to the Fund at any time.

Municipal bonds are subject to risks including economic and regulatory developments in the federal and state tax structure, deregulation, court rulings, and other factors.

Interest income from tax-exempt investments may be subject to the federal alternative minimum tax (AMT) for individuals and corporations, and state and local taxes.

Investments in municipal securities may not be appropriate for all investors, particularly those who do not stand to benefit from the tax status of the investment. Municipal bond interest is not subject to federal income tax but may be subject to AMT, state or local taxes.

You should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. For a prospectus, which contains this and other information about the BMO Funds, call1-800-236-3863. Please read it carefully before investing.

Bloomberg Barclays 1-10 Year Blend Municipal Bond Index is an unmanaged index of municipal bonds rated BBB or better with 1 to 12 years to maturity.

Bloomberg Barclays Municipal High Yield Index measures the USD-denominated, high yield, fixed-rate corporate bond market.

Bloomberg Barclays U.S. Municipal Bond Index is an unmanaged index of a broad range of investment-grade municipal bonds that measures the performance of the general municipal bond market.

Blended Benchmark consists of 50% Bloomberg Barclays 1 Year Municipal Bond Index and 50% iMoneyNet Money Fund Tax Free National Retail Index. Money Fund Report Averages™ is an arithmetic average of performance for all money market mutual funds tracked within this category. Money Fund Report Averages™ is a service of iMoneyNet, Inc. (formerly IBC Financial Data). The Bloomberg Barclays 1-Yr Municipal Bond Index is the 1-year component of the Bloomberg Barclays Municipal Bond Index, which is an unmanaged index composed of long-term tax-exempt bonds with a minimum credit rating of Baa.

Bloomberg Barclays Short (1-5 Year) Municipal Index includes investment-grade tax-exempt bonds that are issued by state and local governments and have maturities of 1 to 5 years.

Bloomberg Barclays U.S. 1-15 Year Blend Municipal Bond Index is the 1-15 year Blend component of the Bloomberg Barclays Municipal Bond Index, which is an unmanaged index composed of long-term tax-exempt bonds with a minimum credit rating of Baa and a range of maturities between 1 and 17 years.

Investments cannot be made in an index.

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