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Municipal Bonds: Supply & Demand, Taxes & Infrastructure

Summary

- In 2021, inflows to municipal bond funds have been strong (demand has been exceptionally high), outstripping supply.
- By design, high yield municipal bond funds carry larger allocations to credit risk relative to investment-grade municipal bond funds.
- During periods of limited supply and strong inflows, larger municipal bond funds have historically struggled to be discerning when it comes to credit selection.

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Seeking Alpha

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