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Baird Boosts Cash in Muni Funds to Shield Against Turbulence.

Baird is increasing cash positions within its municipal-bond funds in response to a tariff-induced selloff this month.

Its muni team previously kept a 1% cash cushion for its funds to weather volatility but discussed increasing that buffer to 3% “plus or minus” at a recent strategy meeting, said Lyle Fitterer, co-lead of Baird’s municipal sector, in an interview.

The decision was part of a larger discussion about how the growth of exchange-traded funds has increased liquidity in the muni market, notably accelerating the rout earlier this month. Two weeks ago, munis suffered their worst three-day selloff since the start of the pandemic because of uncertainty surrounding tariff policies.

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