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Goldman Fund Makes Record Retreat From Muni Junk Bonds Over Risk.

- **High-yield fund boosts investment-grade holdings to record**
- **Flood of cash chasing yields has pushed up junk-bond prices**

Goldman Sachs Group Inc. has shifted money to the sidelines of the municipal junk-bond market, waiting for it to crack.

The company's $7.3 billion High Yield Municipal Fund, the third biggest focused on the riskiest state and local government debt, had about 62 percent of its assets in investment-grade securities by the end of April. It marks the fund's biggest move ever away from the lowest-rated bonds and a wager that the run-up in prices will reverse as speculative projects start to run into distress, said Ben Barber, head of municipal bonds at Goldman Sachs's asset management arm, which oversees $62 billion of the securities.

"What we're hoping for is there's a new round of opportunities in the muni market over the course of 2019 or 2020," he said in an interview. Goldman's high-yield muni fund beat more than 90 percent of its peers over the last five years.

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