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Muni-Bond Investors Embrace Higher-Risk Issuers.

High-yield municipal funds rake in $14 billion as investors flock to lower-rated deals

Investors are flocking to riskier corners of the traditionally safe municipal bond market in a search for yield.

They are buying hundreds of millions of dollars of debt issues from unrated and below-investmen--grade borrowers such as energy projects and upstart charter schools.

It is a shift within a part of the bond market commonly considered almost as safe as Treasurys. Municipal-bond payments are often backed by taxes or revenue from essential services. The bonds are known for low default rates and prized by investors for stable returns and interest payments that are typically tax-free.

Continue reading.

The Wall Street Journal

By Gunjan Banerji and Heather Gillers

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