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## **Money Managers Gain Sway Over Muni Market.**

### **More than half of the amount held by households sits in separately managed accounts or mutual funds**

A larger-than-ever share of municipal bonds is being managed by professionals, shaking up a market that has traditionally been the domain of mom- and-pop investors.

The rapid expansion of muni money managers, under way for more than a decade, reached a milestone in the past year: More than half of the total amount of muni bonds held by households—a third of the \$4 trillion market—now sits in separately managed accounts or mutual funds.

Investors in these separate accounts typically pay an annual percentage to a portfolio manager tasked with buying and selling bonds, rather than purchasing bonds from a brokerage account for a one-time fee and holding them.

Separate accounts held about \$600 billion in municipal debt at the end of the first quarter, triple the amount in 2010, according to Vikram Rai, head of municipal strategy at Citigroup Inc. In addition, muni mutual funds, which are also overseen by a manager but are pooled funds rather than individual accounts, held \$739 billion, a 52% increase, during the same period, according to the Federal Reserve.

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### **The Wall Street Journal**

By Heather Gillers and Gunjan Banerji

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