

Bond Case Briefs

Municipal Finance Law Since 1971

For Muni Investors, COVID-19 Provides Lessons In Liquidity.

Summary

- Over the years, individual investors have flocked to municipal bonds to meet safety, income and after-tax return goals. The recent coronavirus-driven liquidity crunch underscores that investors should also think carefully about how they gain exposure to the asset class.
- Not only have municipal bonds provided a higher historical risk-adjusted return than stocks even before taxes, but they have also zigged when equity markets zagged-serving as a buffer when it's needed most.
- But what investors need to know about municipal bonds doesn't begin and end with an attractive risk/return profile. Market liquidity also matters.

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