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[High Yield Municipal Bonds Have Pulled Back - A Buying Opportunity?](#)

As long-term interest rates have risen since the start of August from 1.17% to 1.63%, both investment-grade bonds and high-yield municipal bonds have sold off, explains Marvin Appel of Signalert Asset Management.

In the case of high-yield municipal bond funds, declines from August - October have ranged from 1.2%-1.8%. In comparison, the Vanguard Total Bond Market Index Fund (VBMFX), a taxable investment-grade bond fund) lost 1.6% over the same period.

Considering that high-yield municipal bond fund portfolios have longer maturities (typically nine years' duration) than the average investment-grade bond (6.5 years), high-yield municipal bond funds have held up better than one might have feared. Year-to-date, they remain one of the best areas of the bond market. The benchmark S&P High-Yield Municipal Bond Index is up 5% in 2021, compared to much smaller gains in investment-grade munis (S&P Municipal Bond Index up 0.9%) and to a total return loss of 2% in investment-grade bonds.

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