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## [The Muni Market is Becoming More Concentrated.](#)

**Retail investors are a staple of the municipal bond market, holding about three-quarters of the nearly \$4 trillion in outstanding bonds. But, according to recently released Federal Reserve data, the value of muni bonds directly held by retail investors fell by \$18 billion during the fourth quarter of 2021, reaching their lowest levels since 2008.**

Many retail investors are turning toward mutual funds and, increasingly, exchange-traded funds (ETFs) for exposure, which offer more diversification and better liquidity than direct ownership. In addition, actively-managed funds can tailor strategies to reduce risk during specific economic cycles or capitalize on opportunities as they arise.

This article will look at how the rise of muni bond funds could impact the market and the most significant funds in the space.

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