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## **More Funds Are Holding Municipal Bonds Rather Than Individual Investors.**

For the well-to-do, municipal bonds offer a way to access tax-free income while also getting debt exposure of high quality. However, it's been funds that have been fans of munis lately versus individual investors.

As noted, individual investors of high net worth have been the typical demographic when it comes to flocking toward municipal bonds. The interest and appeal of munis may not have changed, but it's how they are held in a portfolio that might be changing.

"One factor aggravating volatility in munis this year: Asset managers' increasing share of a \$4 trillion market once dominated by buy-and-hold individual investors," a Wall Street Journal report said.

"The share of outstanding municipal bonds held by U.S. households fell to 40% in the first three months of the year from 46% in 2020," according to a Municipal Securities Rulemaking Board report scheduled for release Wednesday. The report added further, "the board, a self-regulatory body overseeing the muni market, analyzed Federal Reserve data and determined that the market is shifting from direct ownership of bonds to investment through funds."

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