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## Charter School Debt Seen as Insulated From Looming Recession.

- **Bonds backed by tourism, project revenues more susceptible**
- **No first-time payment defaults among charters year to date**

With angst about the health of the economy rising, portfolio managers are focusing on sectors that are shielded from a broad market downturn.

In general, municipal bonds tend to attract buyers in times of economic uncertainty as investors flock to haven assets. Still, some sectors within the \$4 trillion market, like those tied to tourism, are more susceptible to slowdowns in spending. With that in mind, charter school and higher education debt should be near the top of investors' lists for those willing to inch down the credit spectrum, according to portfolio managers.

"The predominant funding source for charter schools is state aid," said Yaffa Rattner, head of municipal credit at Hilltop Securities Inc. "As long as the states remain relatively liquid and their budgets are stable, there isn't significant pressure on them to reduce funding."

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### **Bloomberg Markets**

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