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[Municipal Bond Funds Are Hemorrhaging Cash Due to This Tax-Cutting Trade.](#)

- **Muni mutual funds see outflows despite strong November gains**
- **Investors can reduce tax bills by selling holdings at a loss**

It's vexing for managers of municipal bond funds: The market just had its biggest monthly rally in 41 years, yet investors keep pulling out their cash.

Blame the taxman.

Even after the November rebound, the deep losses that piled up since 2022 have left the prices of some bonds still deeply in the red. That's creating an opportunity for investors to reduce tax bills by cashing out of mutual funds at a loss — providing a tax write down — and then reinvesting the proceeds.

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