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Investors Who Bet on Megacap Tech Stocks Should Consider Munis, Nuveen Says.

Saira Malik, chief investment officer of Nuveen, has a pitch for investors who have bet heavily on a group of tech megacap stocks called the Magnificent Seven: it's time to invest in US state and local debt.

"Investors with significant exposure to the Magnificent Seven may want to consider diversifying toward asset classes that were left behind in last year's broad rally, yet still offer attractive risk/reward profiles," Malik said in a note on Monday. "In our view, that calls for taking advantage of the opportunities in fixed income — municipal bonds in particular."

The group of tech stocks includes names like Alphabet Inc., Amazon.com Inc., and Apple Inc. Malik said those tech stocks are vulnerable to pullbacks given the run-up they've seen and the uncertainty around when the Federal Reserve will cut interest rates.

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By Amanda Albright

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