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BlackRock Reshapes Two Muni Bond Funds for ETF Market.

BlackRock Inc., the world's largest asset manager, is converting a municipal bond mutual fund into an ETF and revamping another, following a trend among issuers seeking to capitalize on growing demand for exchange-traded funds.

The New York-based firm plans to convert its \$1.7 billion BlackRock High Yield Municipal Fund into an ETF and revamp its existing \$195.84 million BlackRock High Yield Muni Income Bond ETF (HYMU) into an iShares-branded product. The mutual fund conversion, set to close on Feb. 7, will result in the creation of the iShares High Yield Muni Active ETF, according to a filing with the Securities and Exchange Commission.

ETFs are snatching an ever-increasing market share from mutual funds—so far this year ETFs raked in \$588.1 billion and mutual funds bled \$217 billion, Morningstar said recently. To accommodate demand issuers have converted dozens of mutual funds to ETFs since the first transition from Guinness Atkinson in March 2021, and Bloomberg ETF analyst Eric Balchunas has said that \$1 trillion worth of mutual funds may convert to ETFs, which are easier to trade, by 2033.

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