The case for investing in municipal bonds

Catherine Stienstra, Head of Municipal Investments

COLUMBIA THREADNEEDLE INVESTMENTS

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The muni asset class is very stable, it's high-quality, and it offers extremely attractive taxable-equivalent yields.

Investors are looking for consistent reliable returns that offer tax-exempt income. And the municipal market is a high-quality stable asset class that has low correlation to the equity market. There's a low default rate in our market relative to corporates and the tax-free income is very attractive, relative again to corporates.

I think investors are also surprised that municipal bonds can outperform in a rising interest rate environment, and that is key right now as we've been in this low absolute environment for so long.

The market is still very valuable for high net worth individuals, that tax rate went from 39% to 37%. So, there really wasn't much of a drop there. So, the demand for the municipal bond market is still very robust and valid for that tax-exempt income.

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