

## Bonds Are Back

- We remain very bullish on bonds, especially U.S. municipal bonds.
- The severe market volatility witnessed last week underscores the importance of bonds. Fixed income investments, such as municipal bonds, could be considered a fundamental defensive play in the face of further market uncertainty.
- Municipal yields have dropped slightly but remain generationally attractive and tax-backed credit quality remains relatively strong.
- Demand for U.S. municipal bonds, in the form of investment dollars flowing into municipal mutual funds, continued to intensify in the beginning of August.

*Tom Kozlik*

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