

Navigating Opportunities in Municipal Fixed Income

Speakers: Sylvia Yeh (Co-head of Municipal Fixed Income and Global Head of Fixed Income Client Portfolio Management), Scott Diamond (Co-head of Municipal Fixed Income)

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Transcript

00:00:00 – 00:00:07 **Scott Diamond**

Hi, I'm Scott Diamond with Goldman Sachs Asset Management.

00:00:08 – 00:00:17 **Sylvia Yeh**

And I'm Sylvia Yeh. Together, Scott and I lead the municipal fixed income business. We believe that munis are an integral part of a diversified fixed-income allocation, and that they deserve particular attention in this landscape.

00:00:18 – 00:00:28 **Scott Diamond**

We're here to talk about the potential benefits of munis, our approach to investing, and what makes our team different. Let's jump right in.

00:00:29 – 00:00:56 **Sylvia Yeh**

With over 4 trillion in debt outstanding and a unique tax-advantaged status, we think that municipal bonds play a key role in a diversified fixed-income portfolio. Municipal bonds, or 'munis', are issued by local governments, states and public entities to fund projects like infrastructure, education, and health care. Munis have historically been characterized by a relatively low risk profile, predictable income streams, and low correlation with other assets, but the key advantage is tax benefits. [Disclosure: Past correlations are not indicative of future correlations, which may vary.]

00:00:57 – 00:01:17 **Scott Diamond**

Generally speaking, interest income for municipal securities is exempt from federal income tax and sometimes from state and local taxes, if the investor resides in the state where the bond was issued. When adjusting for the tax benefit, yields on municipal bonds often look more attractive than many other taxable fixed-income options.

00:01:18 – 00:01:32 **Sylvia Yeh**

With tens of thousands of issuers in the municipal market, a disciplined approach to portfolio management is essential to provide the best outcomes for clients. Our philosophy combines macro perspectives with fundamental research, all brought together through an integrated team.

00:01:33 – 00:02:09 Scott Diamond

For those macro perspectives, the team considers our economic outlook, along with technical factors in the market and potential policy impacts in formulating our views on duration, maturity, state and sector positioning. Critical in this approach is a disciplined, bottom up credit research process that we use to recognize tactical opportunities and strategic trends. Combining the portfolio manager and trader roles, along with fully integrating the research team into the process, allows the team to respond quickly to changing market conditions and achieve the best outcomes for clients.

00:02:10 – 00:02:30 Sylvia Yeh

We offer our clients the ability to access the market through highly customized, separately managed accounts, along with commingled vehicles like mutual funds and ETFs that offer a range of risk targets. For us, this platform of offerings allows our team to look across the entire muni market – across the country, across the yield curve, and across the credit spectrum to find the best opportunities for our clients.

00:02:31 – 00:02:47 Scott Diamond

Our platform offers the building blocks to help them achieve exactly what they are looking for from their fixed-income allocation. With senior members of the team averaging more than 20 years in the industry, and we can offer many options specific to your goals and objectives. We look forward to working with you.

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