NewSquare Capital

September 2, 2026

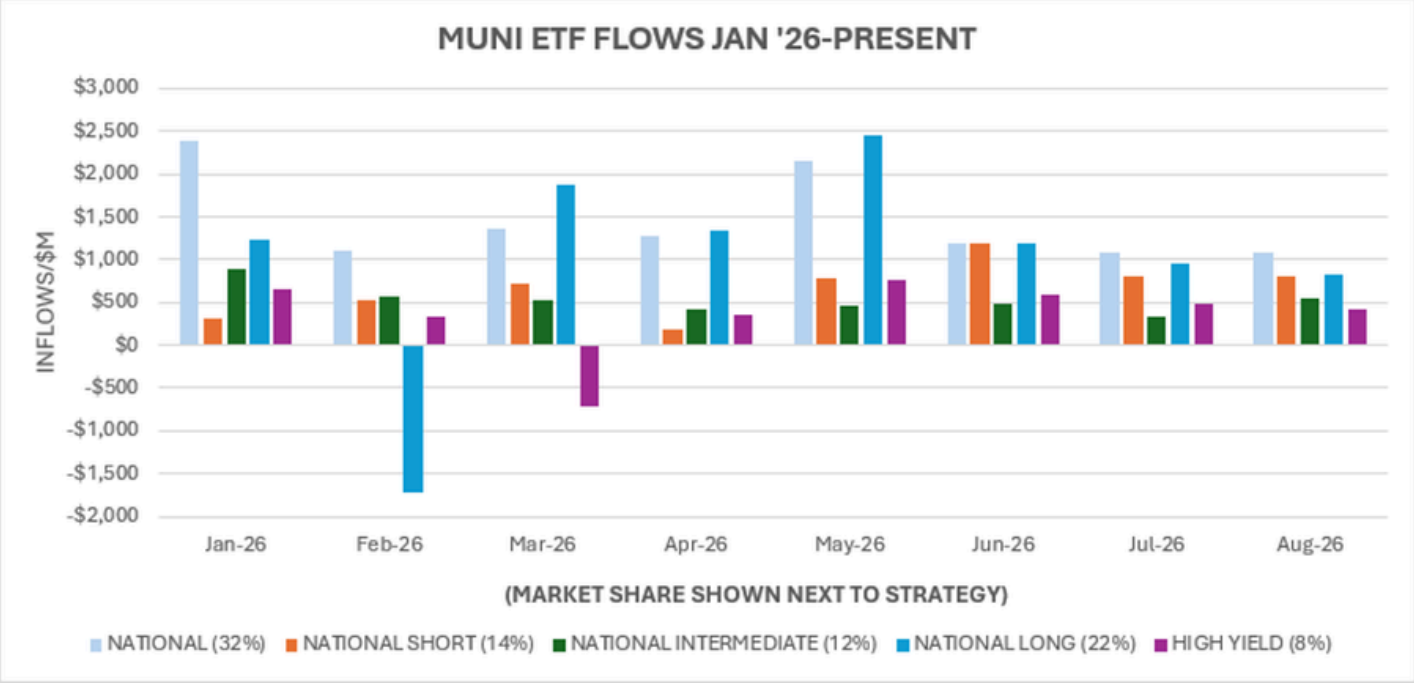
MUNI MINUTES

WITH KIM OLSAN

- Demand has been supported by fund flows, with ETFs in particular proving to be a valuable source of distribution beyond fixed-maturity bonds. The year's total across all muni ETFs is $36.4 billion (Bloomberg data), compared with the full-year total of $37.3 billion for 2025. National (i.e., general market) funds account for 32% of all inflows.

- Much like the shift in the municipal yield curve related to fixed-maturity bonds, a change in ETF allocations has occurred. Long-dated funds drew stronger support between March and May, with combined inflows of $5.6 billion, following a sizable outflow in February. However, over the last three months, that total has declined to $2.9 billion, representing 22% of all flows. Part of that shift is due to a larger share of assets being allocated to short-term strategies. Across all short-term ETFs, there has not been a single month with negative flows. These funds have averaged $667 million in monthly inflows this year, capturing 14% of all ETF allocations. Intermediate strategies have averaged monthly inflows of $530 million.

- Returns by tenor reflect stronger demand for ultra-short bonds, contributing to a 1.7% index gain this year. The intermediate range is down 0.3%, while a long-maturity index is up 1.3%. Over the last five years, short bonds have generated an 8.9% total return, well ahead of the 5.3% total return for intermediate bonds and the 1.5% loss in long-dated maturities.



Source: Bloomberg; ICI

Kim Olsan | Senior Fixed Income Portfolio Manager, NewSquare Capital LLC

610-325-5909 | newsquarecapital.com | kolsan@newsquarecapital.com

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