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Climate Risks Fuel Niche Market in Muni-Bond Funds.

- **Specially tailored accounts target flood, power projects**
- **Green impact performance has roughly tracked broader market**

US states and municipalities face a daunting challenge — and added costs — girding against weather that's becoming more extreme. Now a niche market is springing up for investors who are looking to target their dollars toward projects aimed at mitigating those risks.

A growing cadre of investors is turning to separately managed accounts, or SMAs, working with advisers to design individualized portfolios that allow them put their money toward projects aimed at abating flooding and other potential hazards.

"A lot of the strategies are newer in the grand scheme of things relative to standard funds or vehicles," Lauren Kashmanian, director of portfolio management and responsible investing at Parametric Portfolio Associates, an advisory firm specializing in customization. She's seen increased demand from clients interested in investing in projects like clean drinking water and renewable energy.

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Bloomberg Green

By Lauren Coleman-Lochner

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