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New ETF Created to Tap Demand for Muni Debt With Social Investing.

- **Fund appears to be first of its kind aimed at the two markets**
- **Will focus on muni debt that finances sustainable development**

VanEck plans to wade deeper into sustainable investing with the launch of what appears to be the first-of-its-kind municipal-bond exchange traded fund.

The asset-management company on Feb. 5 filed to register an actively-run Sustainable Muni ETF that will focus on investment-grade state and local government debt from "issuers with operations or projects helping to promote progress towards sustainable development." The fund will use the United Nations' Sustainable Development Goals, which aim to encourage sustainable cities and promote responsible consumption, to help make investment decisions, the filing says. No other muni ETF of that profile has so far been set up, according to data compiled by Bloomberg.

The plans for the fund come amid growing interest in both the $52 billion municipal ETF industry and investment strategies that promote the public good. The $3.8 trillion municipal-bond market, which finances things like public transit systems and green-energy start-ups, has seen firms like Brown Advisory and Neuberger Berman add mutual-fund products focused on investments that are perceived to have a positive impact on society.

The VanEck fund would also take a rules-based approach to choosing its investments, the filing says. It will incorporate ratings from independent research firm HIP Investor Inc., which measures investments' impact on society. Those investments could include bonds for affordable housing, hospitals and green spaces, the filing says.

VanEck municipal portfolio manager Jim Colby will manage the fund, the filing says.

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