



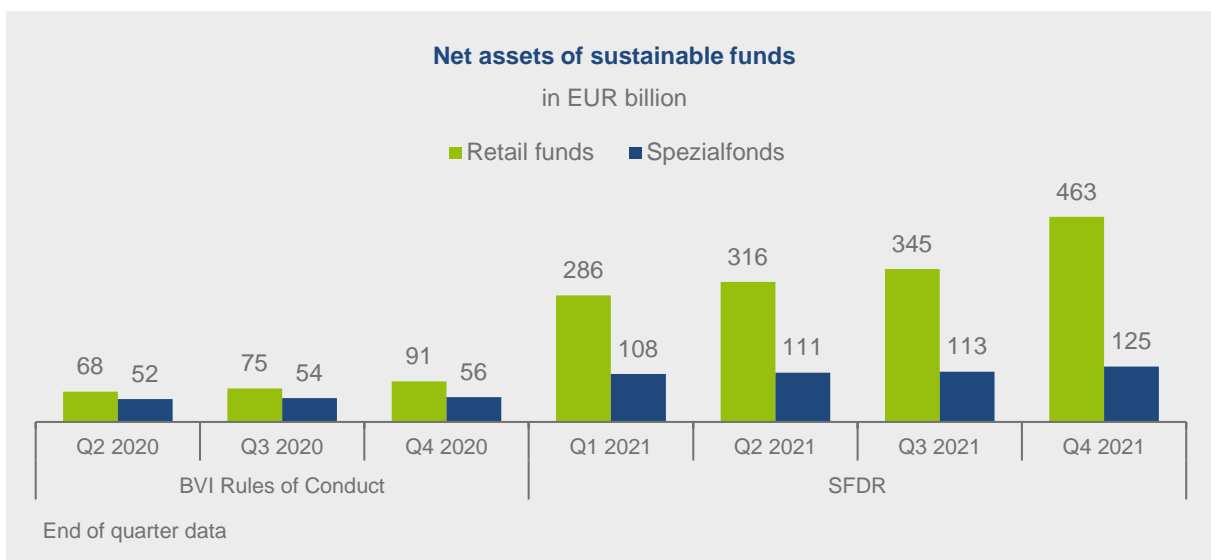
Snapshot Sustainability

THE GERMAN SUSTAINABLE FUND MARKET IN Q4 2021

Assets under Management of funds with sustainability features grow by EUR 130 billion

The volume of investment funds with sustainability features held by German investors grew significantly in the fourth quarter of 2021 again: retail funds managed EUR 463 billion as of the end of December, which corresponds to 31 percent of total retail fund assets. Spezialfonds managed EUR 125 billion. The total volume of these funds thus climbed to EUR 588 billion. Compared to the previous quarter, this corresponds to a growth of EUR 130 billion (about 28 percent). In the meantime, almost every sixth euro that German clients have invested in funds has been put into products with sustainability features. A year ago,

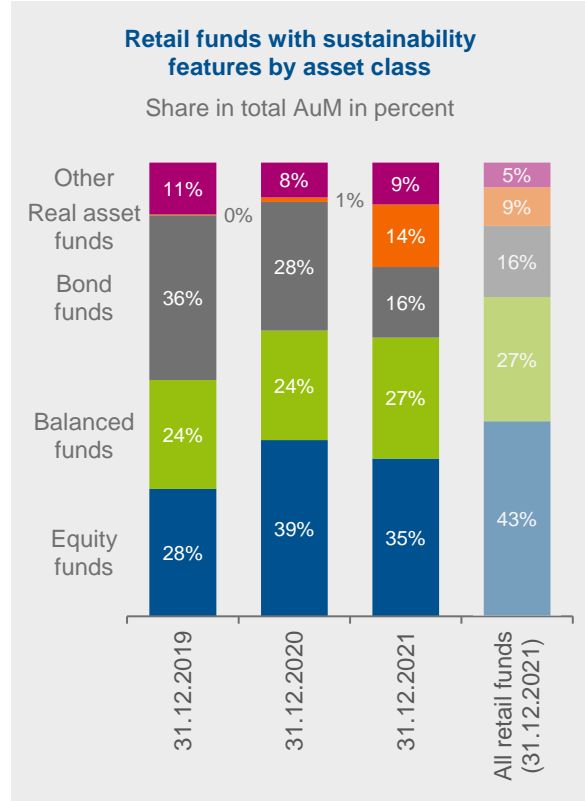
it was only every twentieth Euro. Up to and including February 2021, the analysis refers to funds that meet the criteria of the BVI Code of Conduct. Since then, we have taken into account funds that BVI members have classified as Article 8 funds (funds with a sustainability strategy) and Article 9 funds (funds that contribute to sustainability goals) in accordance with the EU Sustainable Finance Disclosure Regulation (SFDR). Background: The SFDR mainly contains disclosure requirements and does not set any minimum standards for the quality of sustainable investment strategies.



On the one hand, the strong growth in 2021 is driven by the conversion of existing funds as a result of the introduction of the SFDR (see our **Snapshot Sustainability Q3, 2021**). On the other hand, it is due to the strong increase in investor interest in sustainable investments. Retail funds with sustainability features achieved net inflows of EUR 60 billion last year. This corresponds to a threefold increase compared to 2020 (then: EUR 21 billion).

The market for retail funds with sustainability features has not only grown significantly but has also become more diverse: At the end of 2019, bond funds accounted for 36 percent of assets under management, which was far above their total market share. The main reason for this was the already established standards for green bonds at that time. For equity and real asset investments, by contrast, data and procedures for measuring sustainable behaviour did not become widespread until recently. Now, however, equity and real-estate funds account for 35 per cent and 14 per cent, respectively, of all products with sustainability features. This roughly corresponds to their share of total fund assets.

Despite the rapid development, the importance of funds according to Articles 8 and 9 SFDR is relatively low in Germany compared to other European fund markets. In the case of retail funds, the proportion of fund assets corresponds to 25 per cent of all funds domiciled in Germany and 31 per cent of all funds held by German investors. In contrast, funds with sustainability features account for 40 percent of assets across all EU countries. In France, for example, the figure is 60 percent, and in Sweden almost 80



percent. Apparently, fund companies in Germany tend to be more cautious in classifying their products as sustainable – in the sense of the EU regulation – than their colleagues abroad.

Contact

markus.michel@bvi.de
+49 69 15 40 90 242

