



# Snapshot Sustainability

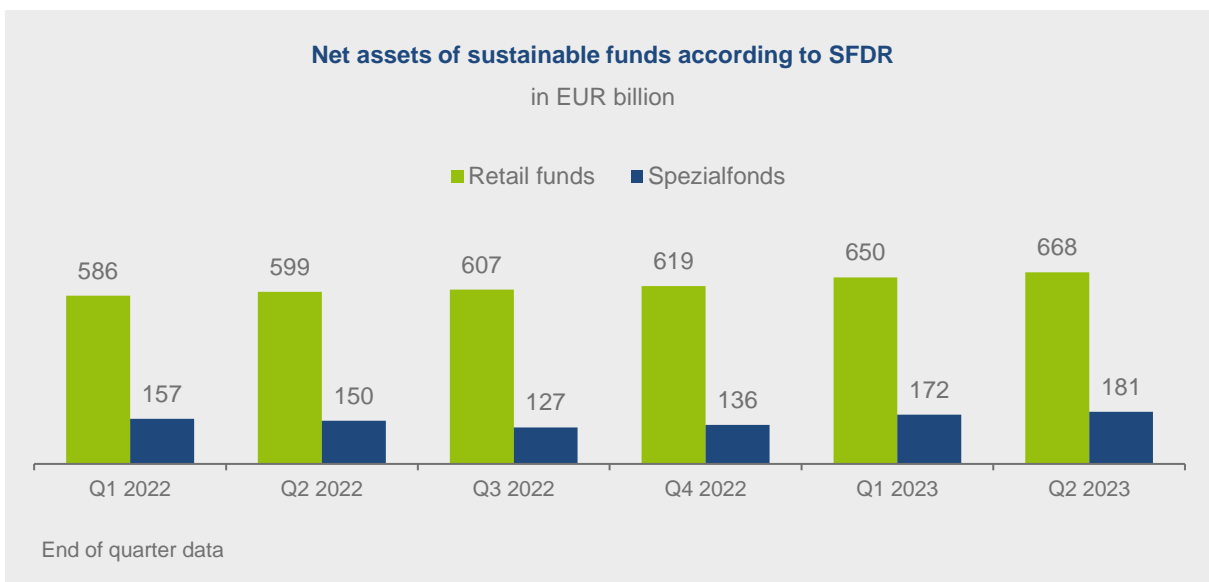
## THE GERMAN SUSTAINABLE FUND MARKET IN Q2 2023

### Funds with sustainability features manage EUR 850 billion – German companies with good sustainability ratings

At mid-year 2023, assets under management of funds classified as Article 8 or 9 of the EU's Sustainable Finance Disclosure Regulation (SFDR) stood at EUR 849 billion. This is an increase of 3.4 percent compared to the end of March. Retail funds with sustainability features accounted for EUR 668 billion of the total volume. This represents 50 percent of the money invested by German investors in retail funds. Spezialfonds with sustainability features accordingly managed EUR 181 billion for their German institutional investors.

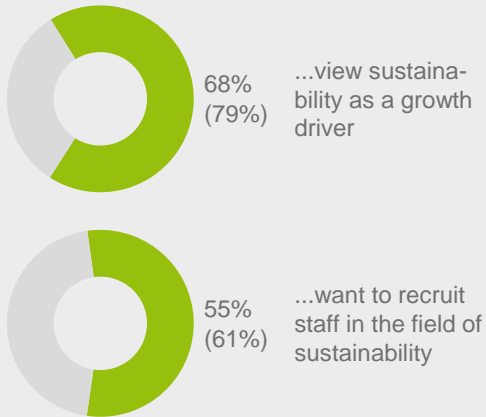
New business in Article 8 and 9 funds totalled EUR 4.4 billion in the first six months of the year, with retail funds and Spezialfonds each accounting for about half of the net inflow. Overall, German investors recently allocated more money to funds without sustainability features (EUR 26.3 billion). This is probably because market segments with a below-average share of sustainable funds were in demand.

Overall, interest in sustainability topics remains at a high level in the German fund industry. As a recent



**Opinions of specialists and managers in the German fund industry on sustainability**

in brackets: share at the end of 2021



Source: BVI Business Climate Survey for the first six months of 2023

BVI survey shows, over two thirds of specialists and managers at fund companies rated sustainable investments as a key growth driver in the first half of 2023. Many respondents also expect a further increase in the number of employees in sustainability-related roles – even after several years of strong

growth and despite an increasingly difficult economic environment for fund companies. This is the highest value of all business units, ahead of sales and IT. Both indicators are only slightly below the values at the end of 2021, when we last conducted a comparable survey.

A recent analysis of MSCI index data also shows that German listed companies are considered to have good sustainability scores. The rating is based on both the exposure to ESG risks as well as how well these risks are managed. In environmental issues, the rating of German companies is 6.6 - well ahead of all other regions considered (see chart). For social aspects and governance issues, Germany is also in the top group; only Japan and other European countries have an even better rating. Moreover, one contentious case plays a major role in the used MSCI Germany index: according to MSCI, Volkswagen Group is the subject of "severe controversies" regarding possible human rights violations in its Chinese joint ventures. Adjusted for this factor, the rating would be even higher.

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**Sustainability-related MSCI ratings for listed companies by region**

Environmental		Social		Governance	
Germany	6,6	Japan	5,5	Other Europe	6,4
Other Europe	6,4	Germany	5,3	Germany	6,0
USA	6,1	Other Europe	5,3	Japan	5,7
Japan	6,0	EM (excl. China)	5,3	USA	5,5
China	5,4	USA	5,0	EM (excl. China)	4,6
EM (excl. China)	5,2	China	4,6	China	4,2

Source: MSCI Index Profile Tool; evaluation for market capitalisation weighted MSCI indices. Ratings measure companies' exposure to key risks/opportunities and how they manage them. The score ranges from 0 (lowest) to 10 (highest)