



Snapshot Sustainability

THE GERMAN SUSTAINABLE FUND MARKET IN Q3 2022

Assets of funds with sustainability features have increased by seven percent since the beginning of the year despite market slump

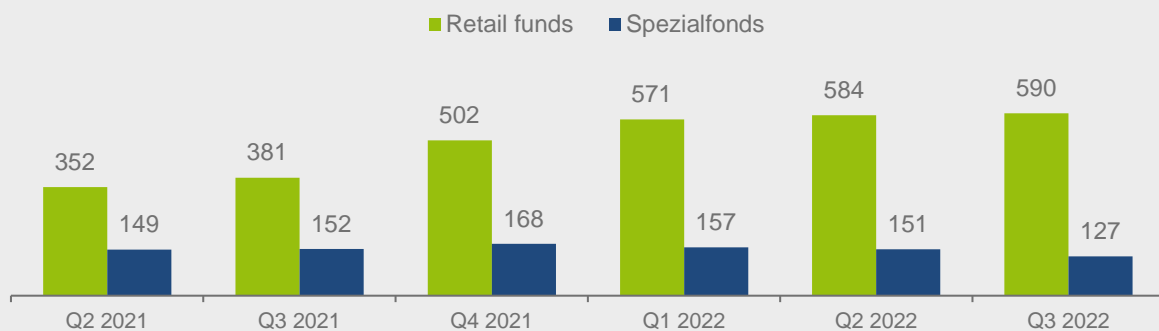
As of the end of September 2022, assets managed by retail funds and Spezialfonds with sustainability features amounted to EUR 717 billion. Despite a slight decline in the last quarter, this corresponds to growth of 7.1 percent since the end of 2021. By comparison, the volume of the conventional fund market has declined by 16.9 percent this year, primarily driven by the Ukraine war, high inflation rates, and the ongoing Corona pandemic. Sustainable investment products have to some extent managed to decouple themselves from the negative market environment. In addition, conversions of formerly conventional funds have affected sustainably managed assets positively.

Retail funds accounted for EUR 590 billion. Article 8 funds (with environmental and/or social features) and Article 9 funds (contributing to at least one sustainability objective) made up 47 percent of the total retail fund market. Sustainable Spezialfonds for institutional investors managed EUR 127 billion. Their investment strategies are usually tailored to the individual preferences of their investors.

Since August 2022, in addition to the status according to the Sustainable Finance Disclosure Regulation, further product characteristics have become relevant for fund distribution in Germany. Advisors

Net assets of sustainable funds according to SFDR

in EUR billion



End of quarter data

Adding distribution status (MiFID II) to the SFDR characteristics for retail funds

in percent of fund assets as at 30.9.2022

		Sustainability/distribution status as of 30.9.					Coverage
		Art. 6	Art. 8	Art. 8 Plus	Art. 9	Art. 9 Plus	
Sustainability status as of 30.6.	Art. 6	94%	1%	5%	0%	0%	54%
	Art. 8	1%	8%	88%	3%	0%	65%
	Art. 9	1%	21%	39%	39%	0%	34%
	New launches	67%	1%	32%	0%	0%	62%

Example: 94 percent of the funds without sustainability features as of 30.6. remained Article 6 funds. The remaining six percent became Article 8 funds, a large part of which is suitable for advising clients with sustainability preferences. So far, reports on the distribution status are available for half of the fund assets of Article 6 funds.

must recommend "Article 8 Plus" and "Article 9 Plus" funds to clients with sustainability preferences. These ensure a minimum proportion of sustainable investments or ecologically sustainable investments in the sense of the EU taxonomy or take the principal adverse impact (PAI) on specific sustainability objectives in their investment strategy into account.

So far, for more than half of total retail fund assets declarations on the distribution status (MiFID II) are available:

- Since the end of June, five percent of the fund assets previously managed without sustainability criteria have been converted to Article 8 Plus.
- Almost 90 percent of the existing Article 8 funds meet the new criteria as "Plus" funds.
- By contrast, products listed as Article 9 funds at the end of June were downgraded rather frequently. About 40 percent have either retained

their status or have fallen into the new category of Article 8 Plus funds. According to our information, the remaining products are no longer suitable for investors with sustainability preferences. However, due to the still low coverage, the total assets of these funds only amount to EUR 1.6 billion.

As expected, Article 8 Plus funds most commonly use a combination of PAI and a minimum share of sustainable investments. This combination is used for over 60 percent of funds' assets. Another 37 percent focus exclusively on the consideration of principal adverse impacts. Other combinations play virtually no role, mainly because reliable company data is still lacking, for example to assess compliance with the technical criteria of the taxonomy.

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Use of the new product features in Article 8 Plus funds

in percent of fund assets as at 30.9.2022

