

# MARKET DATA

## GREEN FUNDS

### EUROPE

at 31.DEC.2021



## "GREEN FUNDS" SEEKING DEFINITION

Novethic published its annual study on the green funds market in November 2021, in partnership with ADEME. It depicts the variety of environmental strategies, the composition of green funds, and their ability to meet European regulatory requirements that are now operational. This edition of Market Data offers a review of the main characteristics of this market, which are discussed in greater detail in the study.

Since 2017, Novethic has been studying the European green funds market in all its forms. After careful study and in view of the wide range of approaches found in the funds, Novethic has chosen to keep only the three most demanding in its panel of green funds:



Environmental theme, funds investing in companies selected for their activities linked to sustainable development (renewable energy, water, circular economy, etc.).



Low Carbon, funds with a quantitative emission reduction target: compared to a benchmark ( $\geq 30\%$ ), or with an annual target ( $\geq 7\%$  per year).



Green Bonds, funds with an almost exclusive selection of green bonds, often with a minimum share in the portfolio.

### Majority of green funds classified as Article 9

Novethic decided to keep only the most demanding green funds in the panel. This choice connects well with the European Disclosure regulation. The majority of green funds are in fact classified as Article 9 by their promoters (60% of total assets under management in the panel). These funds systematically have a formalised environmental sustainability investment objective, as required by regulation.

#### NOVETHIC MARKET DATA | Europe green funds

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427 Funds

€ 253 bn\* ↑ +94%\*\*

\*AUM \*\*YTD

260 funds

€ 165 bn

Environmental theme

110 funds

€ 66 bn

Low carbon approaches

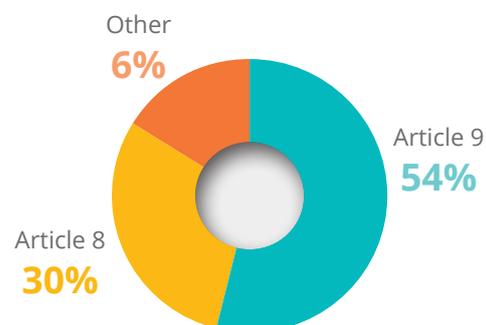
72 funds

€ 23 bn

Green Bonds

A fund may combine several approaches

### SFDR Classification



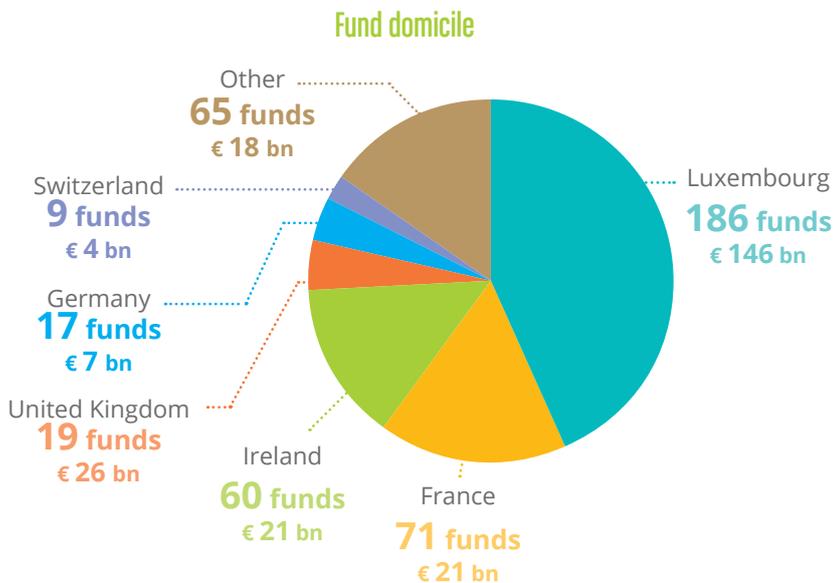
Novethic has analysed and quantified the European green funds market since 2017. Their identification is based on wording and documentation analysis including a verification of the existence of an investment strategy with an environmental focus.

These Article 9 funds are mainly environmental themed funds (128 funds). Just like every year, renewable energy and energy efficiency are the main themes. This time however, other themes have caught up: both historical themes like sustainable transport, environmental services, etc. and emerging ones like circular economy and even biodiversity which appeared this year.

### Environmental themes of Article 9 funds (a fund can have several themes)

Renewable energy	100	Water	79
Energy efficiency	85	Waste	64
Sustainable buildings	61	Environmental services	65
Sustainable transport	61	Combating climate change	69
Agriculture, wood and forestry	40	Clean technologies	10
Biodiversity	9	Circular economy	20

### France is the market leader in European green funds



The European green funds market is concentrated in a few key countries, among which two have special status: Luxembourg, which welcomes funds managed by the Luxembourg subsidiaries of French (>70 funds), Swiss, Dutch or German (>10 funds each) asset management companies. In Ireland, international asset managers such as BlackRock, Impax, HSBC, etc. are to be found. Both countries are major financial centres because of the tax advantages they offer.

## NOVETHIC MARKET DATA

Every quarter, Novethic captures trends in the European sustainable finance funds market.

Also refer to the Market Data:

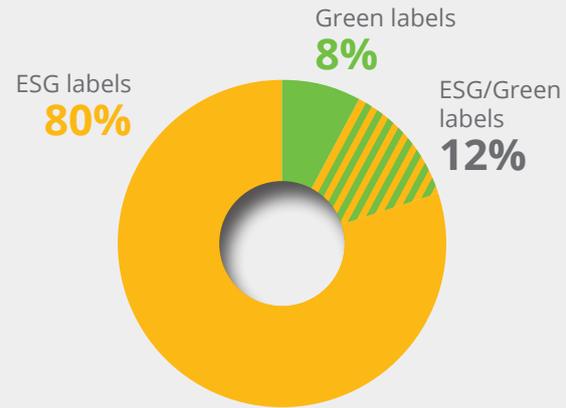
[SUSTAINABLE FUNDS FRANCE](#)

[EUROPE SUSTAINABLE LABELS](#)

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## Breakdown of the 109 labelled funds by type of label



Green labels: Greenfin, LuxFLAG Environment, LuxFLAG Climate Finance

## Top 10 environmental exclusions

Exclusion type	Funds
Coal	252
Fossil fuels	214
Nuclear	152
Oil	60
GMOs	43
Raw materials	17
Pulp	16
Pesticides	13
Intensive livestock farming	8
Aviation	6



Founded in 2001, Novethic - the sustainable transformation accelerator - is a subsidiary of the Caisse des Dépôts Group.

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