

SFDR : a half-hearted application for Article 9 funds

Market Data

Novethic publishes the key figures for the Article 9 fund offers open to retail investors on the European market, which are also the most ambitious funds in regards to the regulatory requirements of SFDR. In the first semester 2022, 877 funds indicating pursuing a sustainable investment objective for 361 billion euros, were analysed based on the relevance and clarity of their approach.

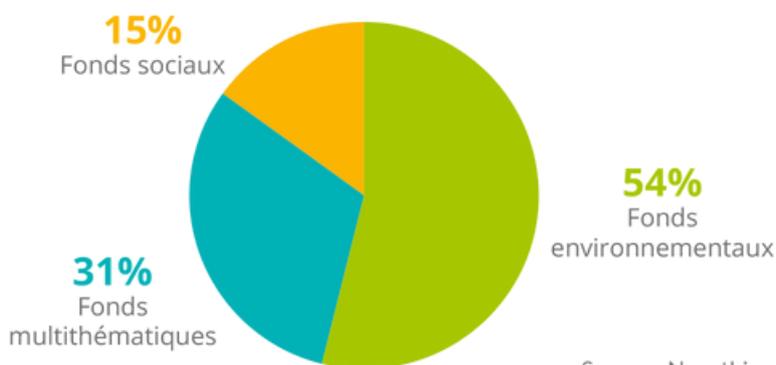
The delay of the offer in comparison to the ambition of SFDR

Despite ambitious exclusions of the most controversial sectors, reporting methods for Article 9 funds do not seem yet ambitious enough for the level of expectation carried by the European regulation. Sustainable objectives and the way they are to be achieved still lack clarity, and only 43% of the funds analysed communicate indicators in impact reports, yet one of the fundamental requirements of Article 9 classification. Management approaches can also be criticized: while 87% of Article 9 funds are managed according to an active strategy, more than half settle for an ESG integration (Best-in-Class, Best-in-Universe and Best-Effort), closely followed by approaches using thematic selection, which are gaining ground in these assets.



The environmental theme remains the dominant approach

Novethic identifies 443 Article 9 funds (totaling 209 billion euros) carry a thematic approach. 54% of these funds have an environmental approach, which has always dominated sustainable funds in France and Europe. This phenomenon is accelerated by the European regulation and the deployment of the Green Taxonomy. The energy, sustainable consumption and water sectors are the top 3 sectors on which the majority of these 239 green funds focus on.



Green finance: a lever for the energy transition?

A large majority (93%) of the Article 9 green funds is focused on the energy thematic, and target more specifically renewable energies as a sustainable investment objective. They amount to 222 funds for 123 billion euros.

Among the Article 9 funds that indicate no thematic, 23 billion euros are invested in green bonds, and several market studies estimate that 40% of that amount is focused on projects related to renewable energies, or 23 billion euros. In total, over 131 billion euros are targeted towards the energy transition through listed sustainable Article 9 funds. Per comparison, UCITS and AIF European funds totaled 19 400 billion euros in the second quarter of 2022, according to the EFAMA.

Consulter l'étude

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Novethic Market Data

Market Data is Novethic's sustainable funds data base. Focused on the most ambitious market sectors, it analyses since 2022 Article 9 funds offer open to retail investors on the European market. These are funds available for sale in the European Union, UCITS or accessible to individuals, outside FCPE.

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