



Snapshot Sustainability

THE GERMAN SUSTAINABLE FUND MARKET IN Q1 2023

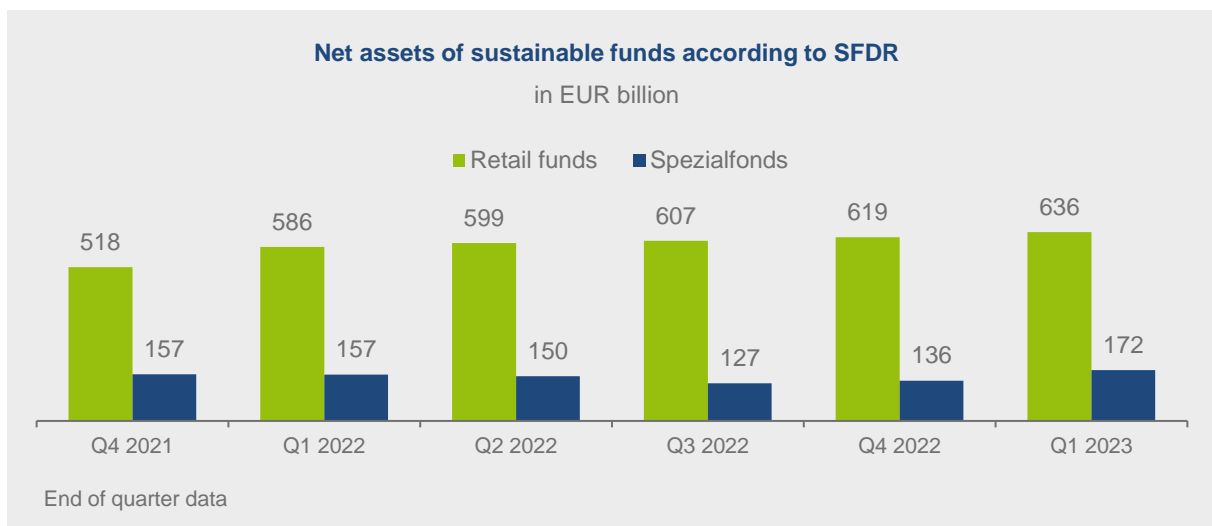
Practically all retail funds with sustainability features consider Principal Adverse Impact indicators

In the first quarter of 2023, assets under management of funds with sustainability features reached a new record level. As of the end of March, the volume of products according to Article 8 or Article 9 of the EU Sustainable Finance Disclosure Regulation (SFDR) amounted to EUR 808 billion. This corresponds to a growth of seven percent compared to the end of 2022. By comparison, the remaining fund market lost around 0.5 percent of total assets in the first quarter of 2023.

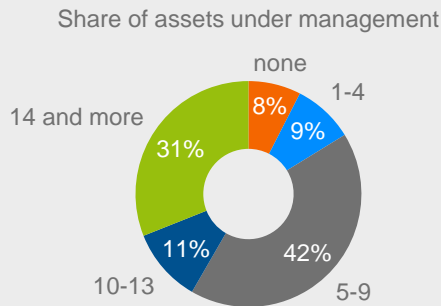
Retail funds with sustainability features managed almost EUR 640 billion; this implies that for the first time, Article 8 and 9 funds accounted for half of all retail fund assets in Germany. Spezialfonds for

institutional investors managed about EUR 170 billion. This is more than EUR 30 billion above the figure at the end of last year. A major reason for the leap in growth is the classification of some large products as Article 8 funds.

In the retail segment, advisors can only recommend funds to clients with sustainability preferences that either take into account the Principal Adverse Impacts (PAIs) on sustainability factors in the investment strategy or provide for a minimum proportion of sustainable investments in the sense of the SFDR or of EU Taxonomy-aligned investments. As of the end of March 2023, almost all Article 8 retail funds distributed



Number of PAIs considered by Article 8 retail funds



Includes funds known to consider PAIs.
Source: Morningstar Direct

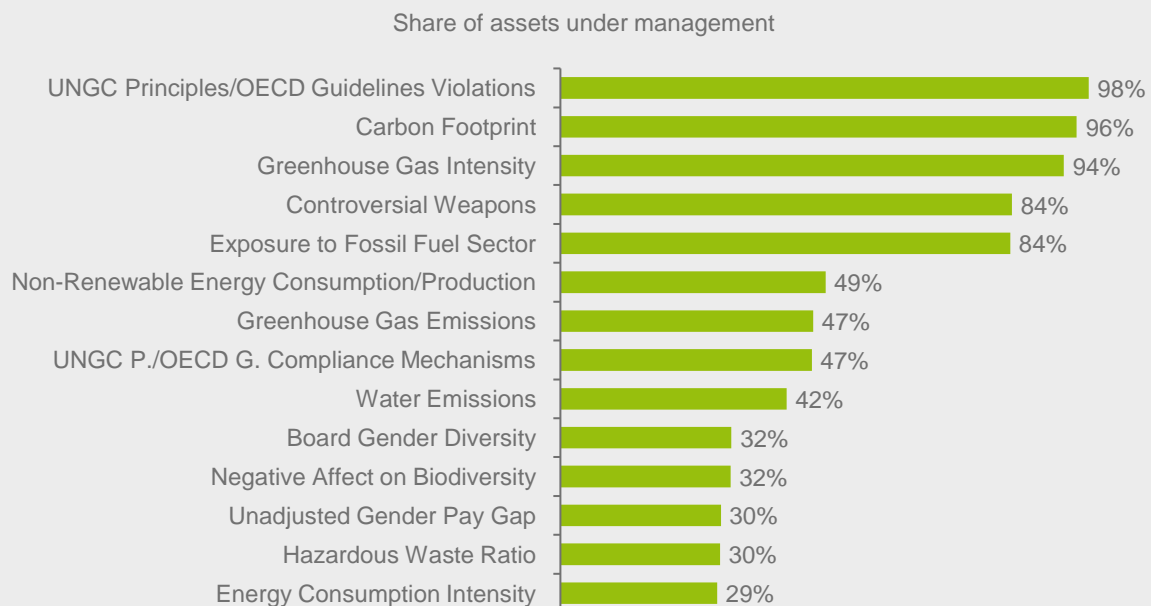
in Germany considered PAIs on sustainability factors: We have obtained data on products managing assets of more than EUR 420 billion on behalf of German investors, 96 percent of which included PAIs on environmental and/or social issues in their investment strategy. In addition, 62 percent additionally included a minimum proportion of sustainable investments. ESG strategies with a share of investments in the sense of the EU Taxonomy, on the other hand, made up only 5 percent of the market. In the case of PAIs, especially the 18 mandatory indicators, including 14 indicators for investments in

investee companies, are frequently used. Article 8 funds that use 14 or more PAI indicators stood for about one-third of assets under management, while only 17 percent considered fewer than five indicators. As far as the individual indicators are concerned, a market consensus seems to have emerged: More than 90 percent considered violations of the UN Global Compact (UNGC) and the OECD Guidelines as well as investee companies' carbon footprint and greenhouse gas intensity. Other indicators used on a regular basis were the proportions of the portfolio exposed to controversial weapons and fossil fuels. The remaining PAI indicators for investments in companies were used in the management of 20 to 50 percent of the assets attributable to German clients – including topics such as the use of non-renewable energy, emissions in water and board gender diversity. Through a combination of different PAI indicators, including from the list of 46 additional indicators, retail funds with sustainability features therefore cover a wide range of environmental and social issues.

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PAIs considered for investments in investee companies for Article 8 retail funds



Includes funds known to consider PAIs. Source: Morningstar Direct