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SFDR Article 8 and Article 9 Funds: Q3 2025 in Review

Article 8 fund inflows surge with the market, while Article 9 fund outflows persist.

Morningstar Sustainalytics
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Executive Summary

Since the European Union's Sustainable Finance Disclosure Regulation (SFDR) came into force in March 2021, asset managers have been required to provide specific information on the sustainability risks and impact of their investment products sold in the EU. The level of disclosure depends on the sustainability objective of the products — that is, whether these are classified as Article 8 or Article 9 under the SFDR. Funds with no environmental, social, and governance characteristics are classified as Article 6.

This report provides an update on the landscape of Article 8 and Article 9 funds (excluding money market funds, funds of funds, and feeder funds) as at the end of September 2025, examining aspects such as flows, assets, launches, closures, and fund name changes. We also provide analysis of funds in scope of SFDR after grouping them in seven categories based on the ESG-related terms used in their names ("sustainable", "ESG, "SRI", "environmental", "transition", "impact, and "social"). Finally, we provide an update on the regulatory landscape.

Key Takeaways

- In the third quarter of 2025, Article 8 funds netted an estimated EUR 75 billion of net new money, an increase from the EUR 47 billion inflows seen in the prior quarter.
- These new inflows, however, were lower than those into Article 6 funds, which amounted to EUR 134 billion in the third quarter, despite Article 6 funds accounting for a smaller share of EU fund assets.
- Article 9 funds experienced outflows for the eighth consecutive quarter. Redemptions rose to an estimated EUR 7.1 billion, from EUR 1.4 billion in the second quarter.
- Fixed income and active funds remained the dominant money gatherers across Article 8 funds.
- Combined assets in Article 8 and Article 9 funds rose by 6% to EUR 6.8 trillion, supported by market appreciation. Article 8 and Article 9 funds' market share remained close to 59%.
- Fund renaming activity has dropped since the ESMA fund naming guidelines' May 21 deadline. About 121 Article 8 and Article 9 funds[1] were renamed in the third quarter: 64 funds dropped ESG-related terms, 44 swapped terms, and 13 added terms. Since January 2024, we estimate that at least 1,450 Article 8 and Article 9 have been renamed. This represents about 31% of funds in scope of the ESMA fund naming guidelines.
- "Sustainable" remains the most popular term used in fund names, as over 860 funds used this reference as of the end of September, followed by "ESG" (709), while about 310 funds have opted for a "transition"-related term.

1 Including money market funds, funds of funds, and feeder funds

Article 8 and Article 9 Fund Universe

The Article 8 and Article 9 fund universe in this study encompasses open-end and exchange-traded funds in the scope of the SFDR that state in their prospectuses that they promote environmental and/or social characteristics (Article 8, "light green" funds) or they have a sustainable-investment objective (Article 9, "dark green" funds). We identified these funds using the EU SFDR Fund Type (Article 8 or Article 9) data point in the Morningstar Direct database. Funds within the scope of the SFDR that are neither Article 8 nor Article 9 are Article 6 funds (Not Stated in Morningstar Direct). This report uses SFDR disclosures collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

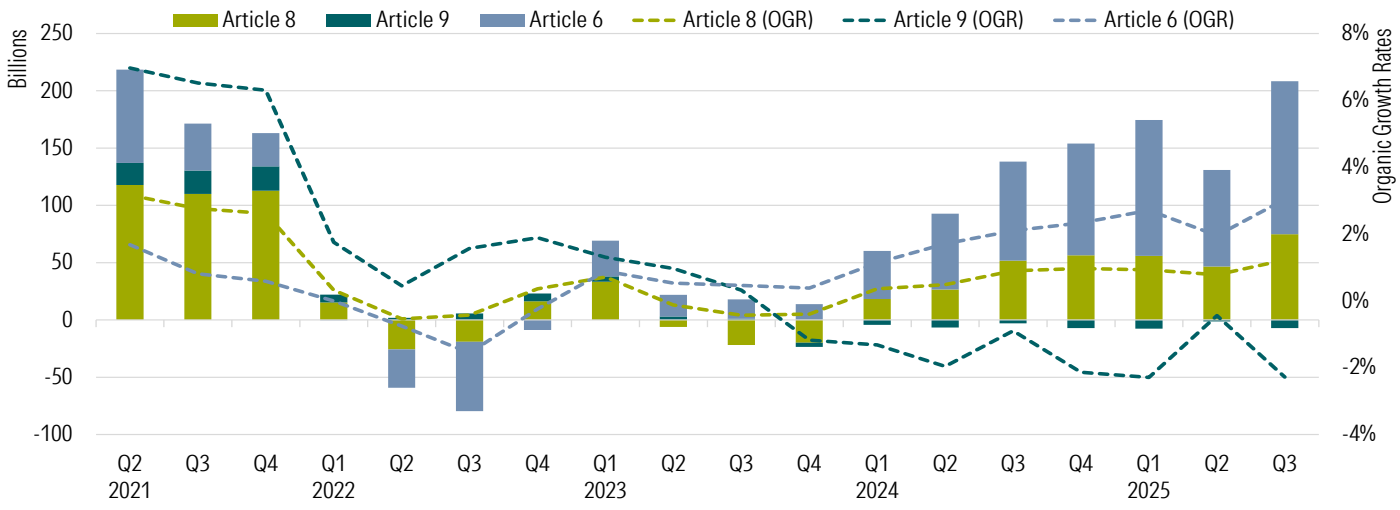
Article 8 Funds Attract Higher Inflows, but Article 9 Funds Continue to Face Outflows

Article 8 funds attracted an estimated EUR 75 billion of net inflows in the third quarter of 2025, compared with the restated EUR 46.7 billion recorded in the previous quarter. This is the highest recorded net inflows for the category since the fourth quarter of 2021. Article 8 fund flows represented 37% of overall EU fund flows in the third quarter of 2025.

For the eighth consecutive quarter, Article 9 funds experienced outflows, losing an estimated EUR 7.1 billion in the last three months, following restated outflows of EUR 1.4 billion in the second quarter. The Q3 redemptions were in line with those of the two prior quarters, indicating a persistent loss of investor appetite for these products, even as renewable energy stocks (popular in Article 9 funds) showed signs of recovery.

By contrast, Article 6 funds attracted about EUR 134 billion in new money in the third quarter, the highest recorded net inflows for the category since the introduction of the SFDR in March 2021. Article 6 funds remain the dominant category in terms of flows, despite accounting for 41% of EU fund assets.

Exhibit 1 Quarterly Flows Into Article 8 and Article 9 Funds Versus Article 6 Funds (EUR Billion) and Organic Growth Rates (%)



Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses of 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Inflows into Article 8 and Article 6 funds in the third quarter were supported by market appreciation. For context, the Morningstar Global Market Index gained 7.6% over the period, while the Morningstar Global Corporate Bond Index rose by 1.6%.

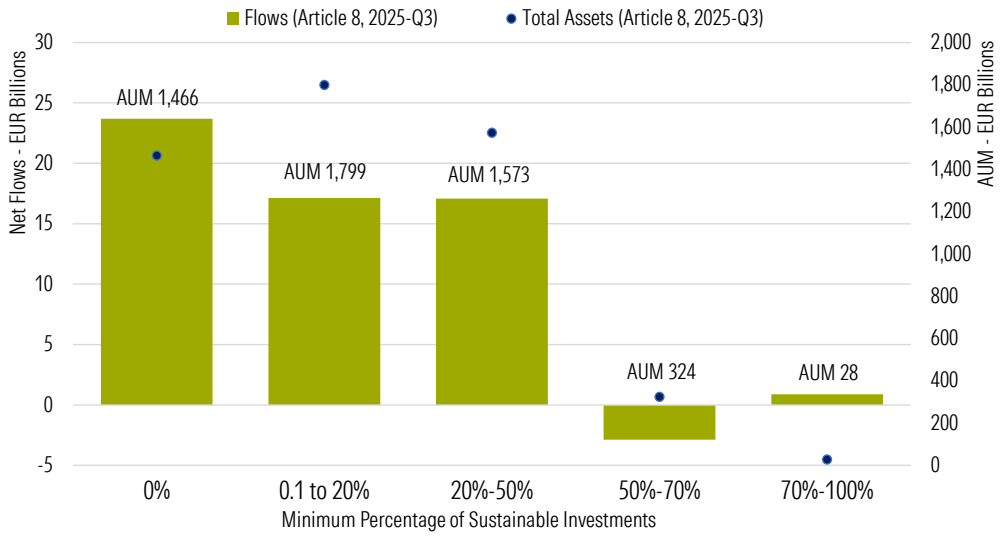
Calculated as net flows relative to total assets at the start of the period, the organic growth rate (OGR) of Article 8 funds increased to 1.2%, while that of Article 6 funds reached a record high of 3%. In contrast, Article 9 funds saw their OGR decline to negative 2.3%, approaching the category's previous low recorded in the first quarter of the year.

Article 8 Funds Committing No Sustainable Investments Pulled the Most Money

Among the Article 8 funds with positive planned sustainable investments, the most significant inflows last quarter were registered by those targeting no sustainable investments. The Article 8 funds with targeted sustainable investments between 0.1% and 50% garnered EUR 34 billion combined. Meanwhile, Article 8 funds that committed to allocating at least 50% of their assets to sustainable investments saw net redemptions.

Looking at these numbers, it is difficult to find a trend, as the numbers fluctuate significantly from quarter to quarter.

Exhibit 2a Q3 2025 Net Flows Into Article 8 Funds Per Percentage of Minimum Sustainable Investments (EUR Billion)



Source: Morningstar Direct. Data as of September 2025, including 9,559 Article 8 funds that reported the EU SFDR Minimum or Planned Sustainable Investments field in the European ESG template. Article 8 funds that didn't report the field amount to EUR 1.3 trillion in assets and registered EUR 25 billion in inflows in the third quarter.

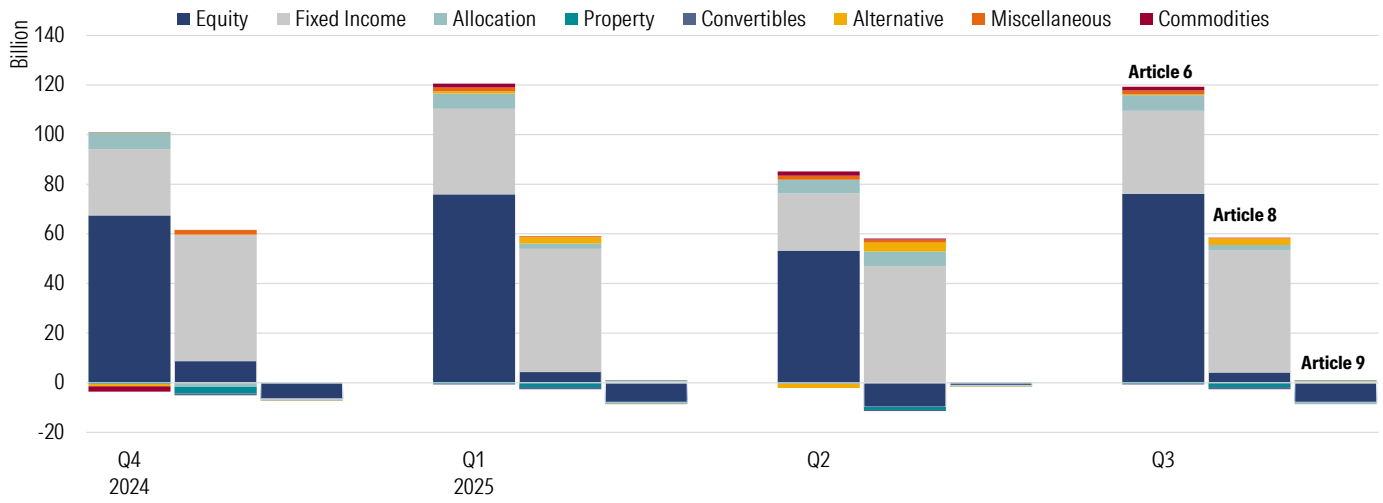
Fixed Income Continue to Dominate Article 8 Fund Inflows

Fixed income strategies continued to dominate Article 8 fund inflows in the third quarter. These garnered EUR 49 billion, while Article 6 fixed income funds attracted EUR 34 billion. Fixed income has consistently shown resilience, as highlighted in another report, Global Sustainable Fund Flows: Q3 2025

in Review. Article 9 fixed income funds gained a modest EUR 0.7 billion, up from the EUR 0.4 billion inflows recorded in the previous quarter and broadly consistent with first quarter levels.

Meanwhile, flows into Article 8 equity strategies showed a modest recovery, with EUR 4.3 billion of net subscriptions in the third quarter, following outflows of EUR 9.8 billion in the previous quarter. But these new equity fund subscriptions are in sharp contrast with the EUR 76 billion of new money poured into Article 6 equity funds, while Article 9 equity funds bled EUR 7.9 billion.

Exhibit 2b Net Flows Into Article 8, Article 9, and Article 6 Funds Per Asset Class (EUR Billion)



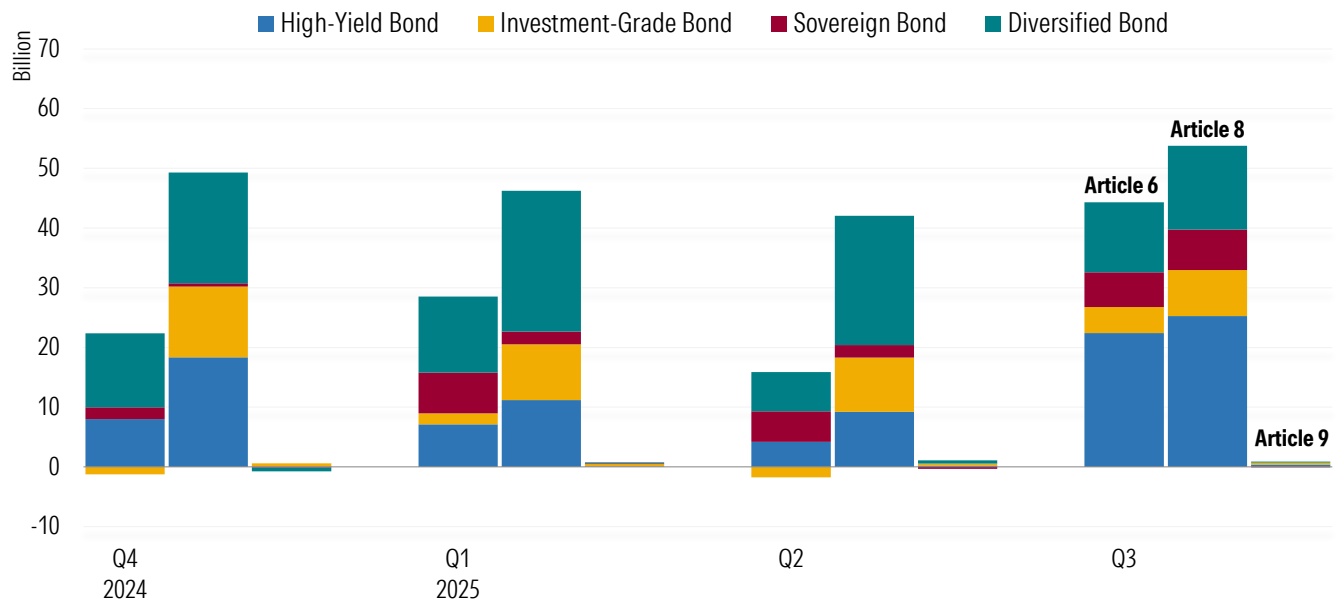
Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses of 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Drilling down into the Article 8 fixed income universe, high-yield bond funds emerged as the leading sub-strategies in terms of inflows during the third quarter, attracting EUR 25 billion, which is up from EUR 9 billion in the previous quarter, and accounting for 34% of total flows into Article 8 funds. Easing interest rates and expectations of further rate cuts have increased the appeal of high-yield bonds. Issuers in the high-yield sector so far have maintained healthy balance sheets, with low default rates and robust interest coverage ratios. This stability has reassured investors about the creditworthiness of high-yield bonds.

Meanwhile, diversified bond funds experienced a decline from the previous quarter, recording EUR 14 billion in inflows, compared with EUR 22 billion in the second quarter. Despite the slowdown, these funds gathered slightly more money than their Article 6 equivalent (EUR 11.7 billion).

Article 8 sovereign bond funds attracted a record EUR 6.8 billion in the third quarter, more than triple the restated EUR 2.1 billion recorded in the previous quarter.

Exhibit 2c Net Flows Into Article 8, Article 9, and Article 6 Fixed-Income Funds Per Morningstar Global Category (EUR Billion)

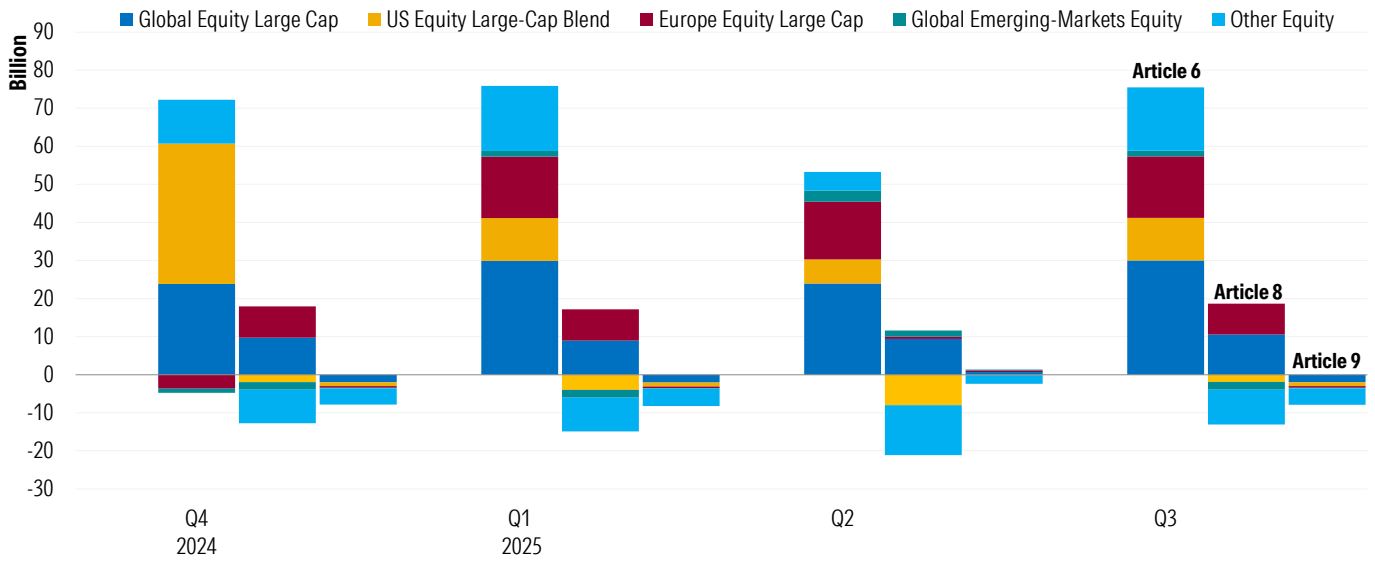


Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses of 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Looking more closely at Article 8 equity funds, global equity large cap funds continued to contribute the largest inflows into equity funds, adding EUR 10.5 billion. European equity large cap funds were the second largest contributors, with EUR 8.1 billion in net subscriptions, rebounding from the EUR 0.6 billion recorded in the previous quarter. In contrast, US equity large cap blend and global emerging markets equity funds recorded net redemptions of close to EUR 2 billion each. For context, the Morningstar US Market Index increased by 8.1% over the period, while the Morningstar Europe Index gained 3.3%.

Meanwhile, Article 9 equity funds experienced outflows across all equity exposures, losing a combined EUR 8 billion in the third quarter of the year.

Exhibit 2d Net Flows Into Article 8, Article 9, and Article 6 Equity Funds Per Morningstar Global Category (EUR Billion)

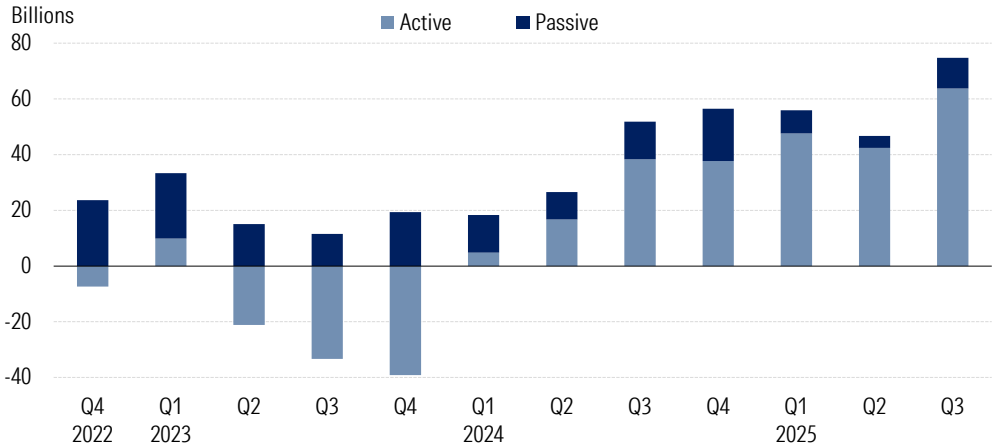


Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses of 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Active Article 8 Funds Continue to Attract More Money Than Passive Peers

Actively managed Article 8 funds attracted close to EUR 64 billion in the third quarter of 2025, the highest quarterly intake for the category since its peak levels in 2021. Active Article 8 funds have garnered more money than their passive peers for the past six quarters, contrasting with the trend seen prior to 2024. In the third quarter of 2025, passively managed Article 8 funds still saw their strongest quarterly performance of the year, with nearly EUR 11 billion in net inflows.

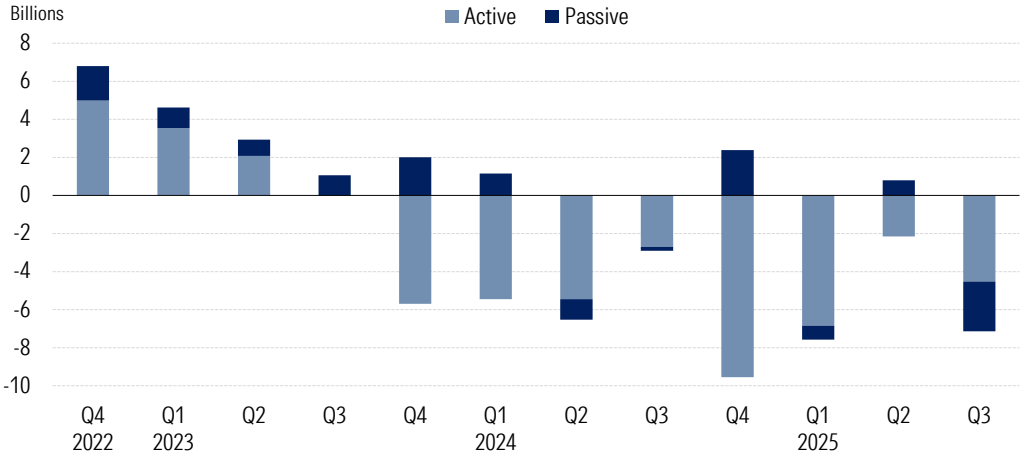
Exhibit 3a Net Flows Into Article 8 Funds Divided by Active and Passive (EUR Billion)



Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses of 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Meanwhile, actively managed Article 9 funds faced net redemptions of EUR 4.5 billion in the third quarter, almost doubling the loss from the previous one. Passively managed Article 9 funds saw EUR 2.6 billion withdrawn, the highest recorded outflow for the category since the introduction of SFDR in 2021.

Exhibit 3b Net Flows Into Article 9 Funds Divided by Active and Passive



Source: Morningstar Direct. Data as of September 2025 Based on SFDR data collected from prospectuses of 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Overall, Article 8 funds netted EUR 74.8 billion in inflows, driven by upticks in both actively and passively managed strategies, while outflows from Article 9 funds totaled EUR 7.1 billion across both active and passive strategies.

Flows — Leaders and Laggards

Below are the Article 8 and Article 9 funds that saw the largest inflows and outflows during the third quarter of 2025.

Exhibit 4 Article 8 Funds With the Largest Inflows and Outflows in the Third Quarter of 2025

Name	Inflows (EUR Million)	Name	Outflows (EUR Million)
DNCA Invest Alpha Bonds	2,533	SPDR Bloomberg U.S. Corporate Scored ETF	-5,931
iShares USA ESG Enhanced CTB ETF	1,621	Northern Trust World Screened Equity Index Fund	-3,591
Folksam LO Världen	1,563	UBS Long Term Themes (USD)	-1,716
HSBC Ultra Short Duration Bond	1,232	Caixabank Master Renta Variable USA Advised BY FI	-1,139
Cantor Fitzgerald Global Equity Fund	1,155	Cantor Fitzgerald Global Equity Fund	-1,107
Neuberger Berman Strategic Income Fund	1,154	BlackRock Institutional Cash Series Euro Ultra Short Bond Fund	-1,004
Schroder Global Credit Income	1,112	Eurizon Bond EUR 1-10 y LTE	-870
Mercer Passive Global Equity Fund	1,017	DNB AM Kort Obligasjon	-809
Fidelity Global Income Fund	1,012	M&G (Lux) Europe ex UK Equity Fund	-809
ICG Total Credit Fund	1,009	Mercer Tailored Credit Fund 1	-666

Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses of 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

DNCA Invest Alpha Bonds led the quarterly inflows, with EUR 2.5 billion in new subscriptions. Along with carbon footprint and revenue share linked to the UN Sustainable Development Goals, this Article 8 fund applies a best-in-universe approach based on proprietary scores. These scores assess the performance of both private and public issuers across four key dimensions: shareholder, environmental, employer, and social responsibility.

In second place was **iShares USA ESG Enhanced CTB ETF**, with EUR 1.6 billion in inflows. The fund tracks an index that applies ESG-related exclusions and weights the remaining companies using an optimization process designed to exceed EU Climate Transition Benchmark decarbonization standards while maximizing exposure to companies with high ESG ratings.

On the other hand, notable outflows were seen among the top five flow laggards, which bled EUR 13.5 billion in total. **SPDR Bloomberg U.S. Corporate Scored ETF** topped the outflow table, with net redemptions of EUR 5.9 billion, followed by **Northern Trust World Screened Equity Index Fund**. The outflows from the latter are due to a client's reallocation of assets. According to the management firm, the assets were transferred from the fund to an ESG custom segregated mandate. The SPDR ETF tracks an index that integrates the ESG scores of underlying issuers, while excluding issuers involved in controversial activities and those that fail to comply with the UN Global Compact principles.

Meanwhile, **Aikya Global Emerging Markets Fund** topped the bestselling Article 9 fund table after netting almost EUR 440 million over the past three months. In a distant second was **Federated Hermes Sustainable Global Investment Grade Credit Fund**, after recording EUR 203 million in new subscriptions. In a close third was **DPAM L Bonds Emerging Markets Sustainable**, which applies a proprietary quantitative sustainability model based on more than 50 criteria to assess the ESG profile of sovereign and semi-sovereign issuers, founded on the belief that strong institutions, fiscal disciplines, and robust strong macroeconomic performance are closely interconnected.

Exhibit 5a Article 9 Funds With the Largest Inflows and Outflows in the Third Quarter of 2025

Name	Inflows (EUR Million)	Name	Outflows (EUR Million)
Aikya Global Emerging Markets Fund	440	L&G ESG Paris Aligned World Equity Index Fund	-1,525
Federated Hermes Sustain. Global Investm. Grade Credit	203	AIA New Multinationals Fund	-660
DPAM L Bonds Emerging Markets Sustainable	192	Wellington Global Stewards Fund	-331
Danske Invest Global Index Restricted	187	Pictet Global Environmental Opportunities	-328
Pictet Global Sustainable Credit	170	BNP Paribas Funds Green Tigers	-300
Handelsbanken Global Småbolag Index Criteria	170	Handelsbanken Norden Index Criteria	-275
European High Yield Sustainable Climate Bond Fund	166	Handelsbanken USA Index Criteria	-263
Handelsbanken Europa Index Criteria	93	BlackRock Global Funds - Sustainable Energy Fund	-261
Candriam Sustainable Bond Global High Yield	91	Mirova Global Sustainable Equity Fund	-253
Candriam Sustainable Bond Euro Corporate	89	Stewart Investors Global Emerging Markets All CapFund	-222

Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

The 10 best-selling asset managers collectively recorded EUR 33.6 billion in net inflows in the third quarter. BlackRock topped the leaderboard, with EUR 6.8 billion, followed by Natixis (EUR 4.2 billion). In a close third was Schroders, which recorded EUR 4.1 billion in new subscriptions.

The asset managers that faced the largest redemptions in the last three months were State Street, Northern Trust and USB, which collectively bled over EUR 10.4 billion from their Article 8 and Article 9 products.

Exhibit 5b Top and Bottom 10 Article 8 and Article 9 Fund Providers by Flows in Q3 2025

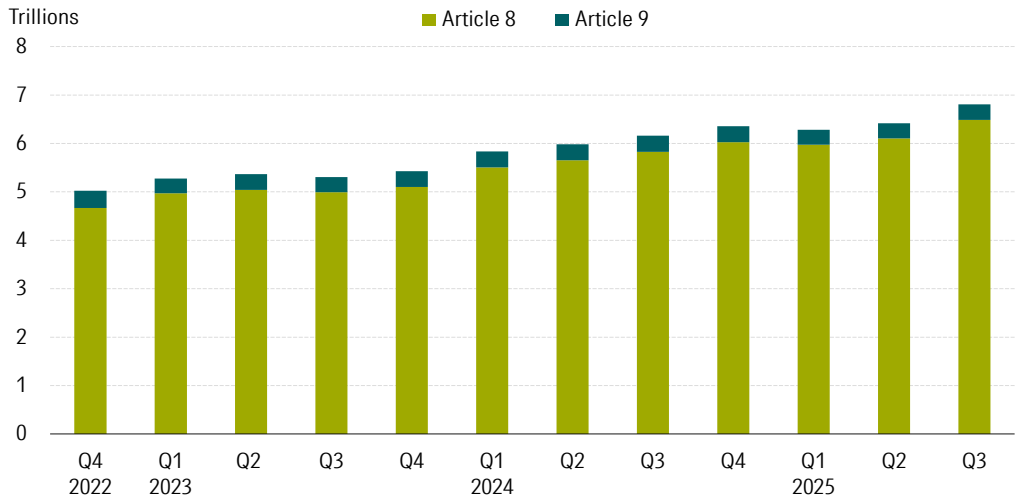
Firm	Net Inflows (EUR Million)	Firm	Net Outflows (EUR Million)
BlackRock (incl. iShares)	6,793	State Street	-5,292
Natixis	4,179	Northern Trust	-2,963
Schroders	4,104	UBS (incl. Credit Suisse)	-2,178
JPMorgan	3,693	Comgest	-1,644
Fidelity International	2,958	Allianz Global Investors	-1,505
Neuberger Berman	2,642	Franklin Templeton	-1,208
KBC	2,517	Flossbach von Storch	-837
HSBC	2,387	Union Investment	-833
Amundi (incl. Lyxor)	2,170	Eurizon	-786
DWS (incl. Xtrackers)	2,147	Nykredit	-779

Source: Morningstar Direct. Data as of September 2025.

Article 8 and Article 9 Fund Assets Rose to EUR 6.8 Trillion

Driven by inflows into Article 8 funds and market appreciation, combined assets in Article 8 and Article 9 funds stood at EUR 6.8 trillion at the end of September, up 6% from the EUR 6.4 trillion recorded at the end of June. For context, the Morningstar Global Market Index increased by 7.6% over the period, while the Morningstar Europe Index gained 3.3%.

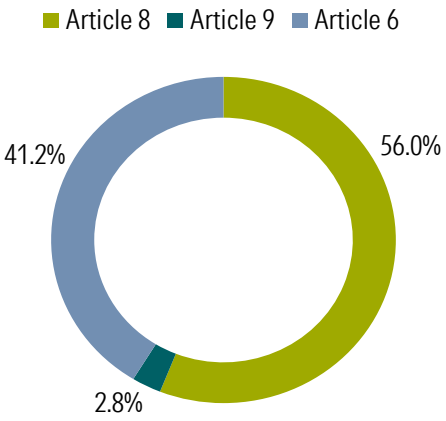
Exhibit 6 Quarterly Asset Breakdown by SFDR Classification (EUR Trillion)



Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

In terms of assets, Article 8 funds' market share increased to 56.0% from the restated 55.4%, while that of Article 9 funds continued to decline to 2.8%, from 2.9%.

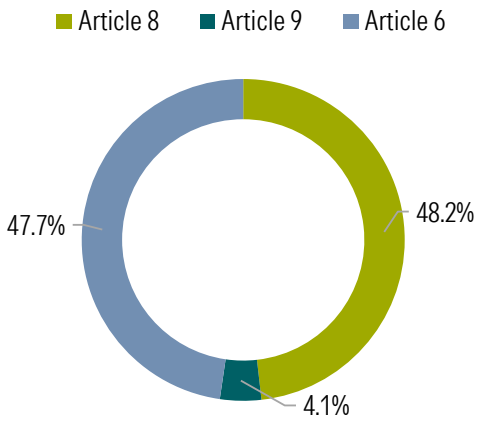
Exhibit 7a SFDR Fund Type Breakdown (by Assets)



Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Looking at market share by number of funds, Article 8 ranks the second largest category, with 12,046 funds, representing 48.2% of funds in scope for SFDR. Article 9 funds remain the smallest category, accounting for modest 3.1% with 1,031 funds, while Article 6 funds hold the largest share, at 47.7%, with 12,046 funds.

Exhibit 7b SFDR Fund Type Breakdown (by Number of Funds)



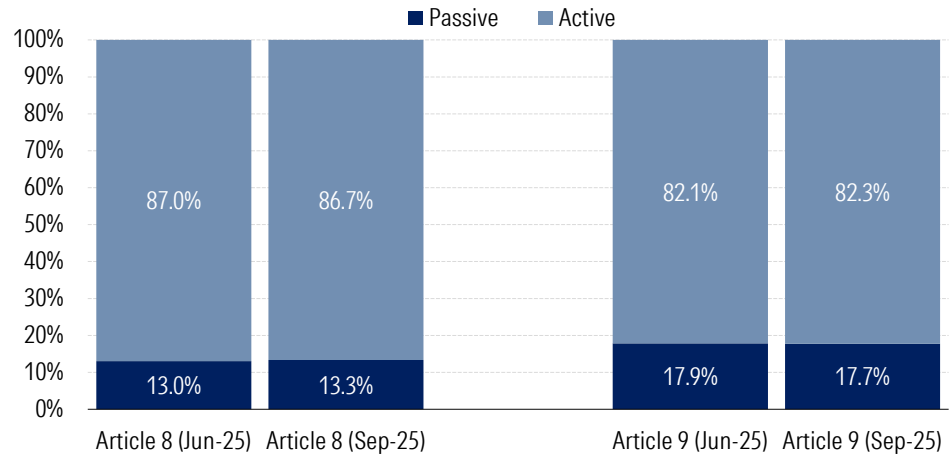
Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Passive Article 8 Funds Continue to Gain Ground

Passive Article 8 funds saw a slight increase in market share, reaching 13.3% at the end of September, from 13.0% at the end of the second quarter, while passive Article 9 funds lost a bit of ground, with a market share of 17.7%, compared to 17.9% three months earlier.

The expansion of ESG ETFs and index funds has been an ongoing trend, as investors seek low-cost exposure to sustainable investments. Sizable funds tracking Paris-aligned and climate-transition benchmarks have contributed significantly to the growth of passives in both Article 8 and Article 9 fund universes.

Exhibit 8 Market Share of Active and Passive Funds Classified as Article 8 and Article 9



Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

The Largest Article 8 and Article 9 Funds

The table below lists the largest Article 8 funds by size at the end of September. **AP7 Aktiefond** continues to top the table, at a whopping size of EUR 118 billion. In a distant second is **Fidelity Global Technology Fund**, which overtook **Flossbach von Storch Multiple Opportunities** and **AB American Income Portfolio** from the previous quarter. **Fidelity Global Dividend Fund** and **AP7 Räntefond** are two new table entries. The latter invests in Swedish government, municipal, and mortgage bonds, as well as green bonds, with a strong focus on climate and biodiversity.

Exhibit 9 The 20 Largest Article 8 Funds

Name	SFDR Fund Type	Morningstar Global Category	AUM (EUR Billion)	Active / Passive	Morningstar Sustainability Rating	Min. % Sustainable Investments
AP7 Aktiefond	8	Global Large-Cap Blend Equity	118.1	Active	—	-
Fidelity Global Technology Fund	8	Sector Equity Technology	27.0	Active	🌐🌐🌐🌐	5
Flossbach von Storch Multiple Opportunities	8	EUR Flexible Allocation - Global	23.8	Active	🌐🌐🌐	0
AB American Income Portfolio	8	USD Flexible Bond	21.2	Active	🌐🌐	0
DNCA Invest Alpha Bonds	8	Global Flexible Bond	21.1	Active	—	0
DWS Top Dividende	8	Global Equity Income	20.7	Active	🌐🌐	15
iShares USA ESG Enhanced CTB ETF	8	US Large-Cap Blend Equity	20.5	Passive	🌐🌐🌐🌐	20
Deka ImmobilienEuropa	8	Property - Direct Europe	18.3	Active	—	-
Swedbank Robur Technology	8	Sector Equity Technology	17.3	Active	🌐🌐🌐🌐	10
JPMorgan Global Income Fund	8	EUR Moderate Allocation - Global	17.0	Active	🌐🌐	10
Morgan Stanley Global Brands Fund	8	Global Large-Cap Blend Equity	16.4	Active	🌐🌐🌐🌐🌐	10
Schroder EURO Corporate Bond	8	EUR Corporate Bond	16.2	Active	🌐🌐	10
Capital Group New Perspective Fund (LUX)	8	Global Large-Cap Growth Equity	16.1	Active	🌐🌐🌐	10
Algebris Financial Credit Fund	8	EUR Subordinated Bond	16.0	Active	🌐🌐🌐🌐	0
DWS Vermögensbildungsfonds I	8	Global Large-Cap Blend Equity	15.5	Active	🌐🌐🌐	15
hausInvest	8	Property - Direct Europe	15.5	Active	—	5
UniImmo Deutschland	8	Property - Direct Europe	15.5	Active	—	-
Fidelity Global Dividend Fund	8	Global Equity Income	15.4	Active	🌐🌐🌐🌐🌐	20
DWS Concept Kaldemorgen	8	EUR Flexible Allocation - Global	14.7	Active	🌐🌐🌐🌐	10
AP7 Räntefond	8	SEK Diversified Bond	14.2	Active	—	-

Source: Morningstar Direct. Data as of September 2025. Based on SFDR data from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

The league table of the largest Article 9 funds as of June shows little change, with only two new entries from Swisscanto: **Swisscanto Sustainable Balanced (EUR)** and **Swisscanto Equity Fund Sustainable**. Both strategies apply the Swiss Climate Scores to evaluate companies' alignment with the 1.5°C decarbonization pathway and their commitment to net zero. The credibility of such commitments hinges on the robustness of interim emissions reduction targets — specifically, whether they are science-based, transparent, and supported by concrete measures to achieve real emissions cuts.

As expected, all Article 9 funds in the table below have high sustainable-investment targets (close to 85%), while the rest represent various allocations to cash and hedging instruments. Eight funds have a sustainable investment target of 90%. The majority focus on environmental themes, such as climate, clean energy, and water. Also featured is a handful of passive Paris-aligned strategies, including four offered by Handelsbanken and the two provided by Swisscanto mentioned above.

Exhibit 10 The 20 Largest Article 9 Funds

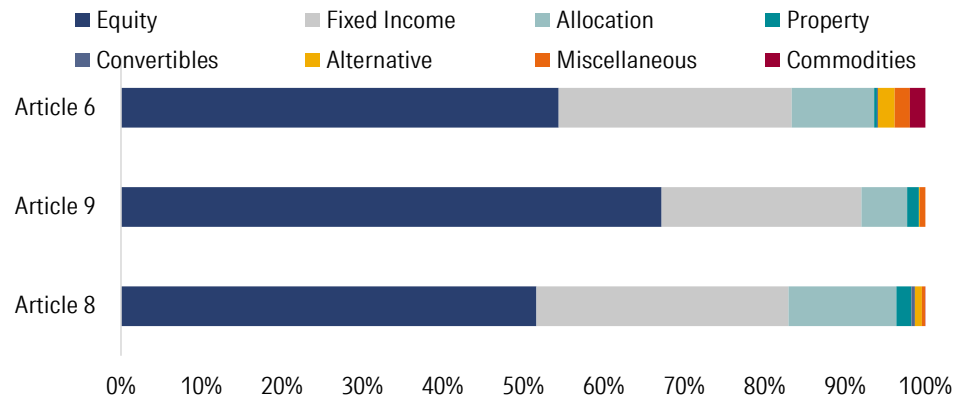
Name	SFDR Fund Type	Morningstar Global Category	AUM (EUR Billion)	Active / Passive	Morningstar Sustainability Rating	Min. % Sustainable Investments
Handelsbanken Global Index Criteria	9	Global Large-Cap Blend Equity	14.3	Passive	🌐🌐🌐	90
Nordea Global Climate and Environment Fund	9	Sector Equity Ecology	7.4	Active	🌐🌐🌐🌐	85
Pictet Water	9	Sector Equity Water	7.3	Active	🌐🌐🌐🌐	80
Pictet Global Environmental Opportunities	9	Sector Equity Ecology	5.3	Active	🌐🌐🌐🌐🌐	80
Mirova Global Sustainable Equity Fund	9	Global Large-Cap Growth Equity	5.1	Active	🌐🌐🌐🌐🌐	90
Handelsbanken Developed Markets Index Criteria	9	Global Large-Cap Blend Equity	4.6	Passive	🌐🌐🌐🌐	90
Handelsbanken USA Index Criteria	9	US Large-Cap Blend Equity	4.5	Passive	🌐🌐🌐🌐	90
DPAM L Bonds Emerging Markets Sustainable	9	Global Emerging Markets Bond - L	3.7	Active	🌐🌐🌐🌐	80
BlackRock Sustainable Energy Fund	9	Sector Equity Alternative Energy	3.5	Active	🌐🌐🌐🌐🌐	80
Handelsbanken Norden Index Criteria	9	Nordic Equity	3.4	Passive	🌐🌐	90
Candriam Sustainable Bond Euro Corporate	9	EUR Corporate Bond	3.2	Active	🌐🌐🌐	80
BNP Paribas Aqua	9	Sector Equity Water	3.1	Active	🌐🌐🌐	85
BNP Paribas Funds Aqua	9	Sector Equity Water	3.1	Active	🌐🌐🌐	85
Pictet Clean Energy Transition	9	Sector Equity Alternative Energy	2.9	Active	🌐🌐🌐🌐🌐	80
Impact ES Actions Europe	9	Europe Large-Cap Blend Equity	2.9	Active	🌐🌐🌐🌐	90
Robeco Smart Energy	9	Sector Equity Alternative Energy	2.9	Active	🌐🌐🌐🌐	90
BlueOrchard Microfinance Fund	9	Other Bond	2.6	Active	—	75
Swisscanto Sustainable Balanced (EUR)	9	EUR Moderate Allocation - Global	2.5	Active	🌐🌐🌐🌐🌐	80
Robeco Sustainable Water	9	Sector Equity Water	2.5	Active	🌐🌐🌐🌐	90
Swisscanto Equity Fund Sustainable	9	Global Large-Cap Blend Equity	2.4	Active	🌐🌐🌐🌐	80

Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Article 8 and Article 9 Funds Per Broad Asset Class

At the end of September, Article 8, Article 9 and Article 6 funds showed broadly similar fixed income allocations, while all remained heavily concentrated in equities. Equity exposure was highest in Article 9 funds, which allocate 67% of assets to equities, up slightly from the previous quarter, followed by Article 6 funds at 54%, and Article 8 funds at 52%. Turning to fixed income, the second largest asset class across all three SFDR categories, both Article 8 and Article 9 funds saw marginal reductions in allocation, while Article 6 funds recorded a modest increase. By the end of the quarter, fixed income represented 31% of Article 8 fund assets, 25% for Article 9 funds, and 29% for Article 6.

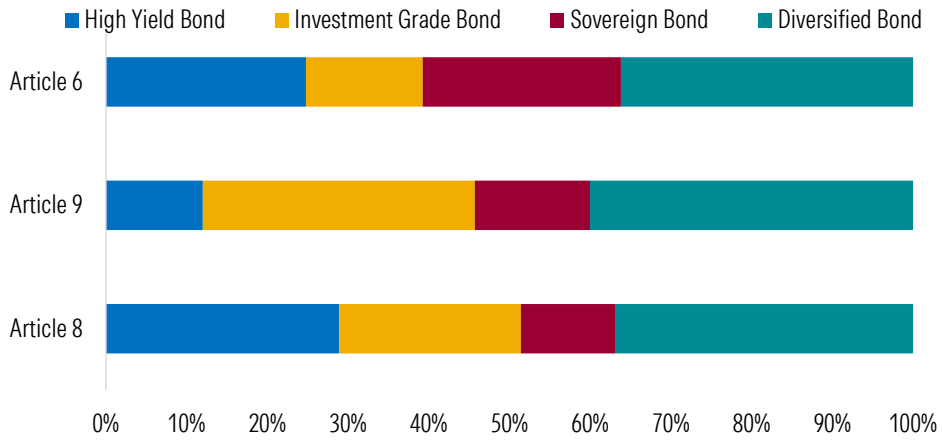
Exhibit 11 Article 8 and Article 9 Funds Per Broad Asset Class



Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Zooming in on the fixed-income space, the exhibit below shows an underrepresentation of sovereign bonds in both Article 8 and Article 9 fund categories, relative to Article 6 products. This may not come as a surprise, given the challenges of incorporating ESG factors into evaluations of sovereign issuers. Diversified bond funds (37%) and investment-grade bond funds (23%) make up the bulk of Article 9 fund assets. Diversified bond funds also make up more than 40% of Article 8 fund assets.

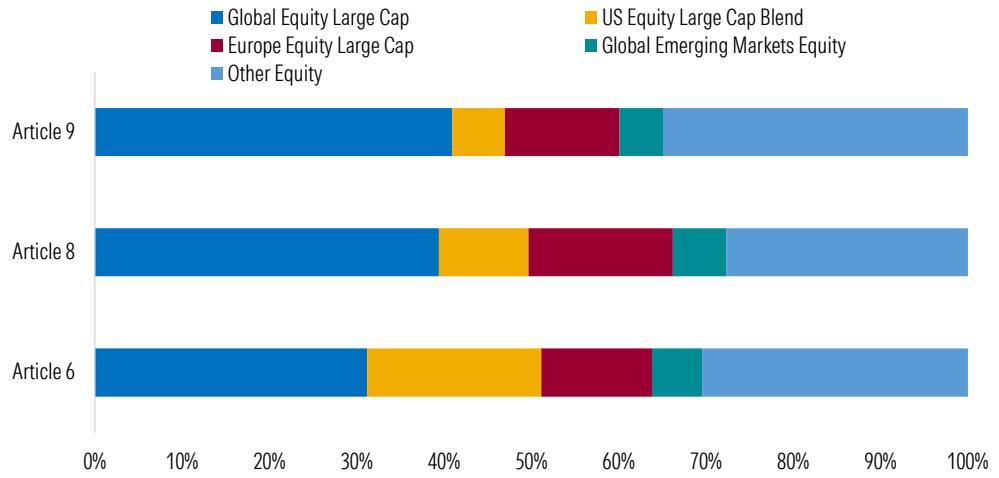
Exhibit 12 Article 8 and Article 9 Funds Per Broad Asset Class



Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

The exhibit below reveals an overrepresentation of global large-cap funds in the Article 8 and Article 9 categories, compared with Article 6 funds, as these represent 39% and 41% of equity funds in these categories, respectively (versus 31% for Article 6 funds). This reflects sustainability-conscious investors' preference for broad, diversified investment strategies focused on global opportunities. US equity large-cap funds are underrepresented within both Article 8 (10%) and Article 9 (6%) fund categories, compared to Article 6 funds (20%).

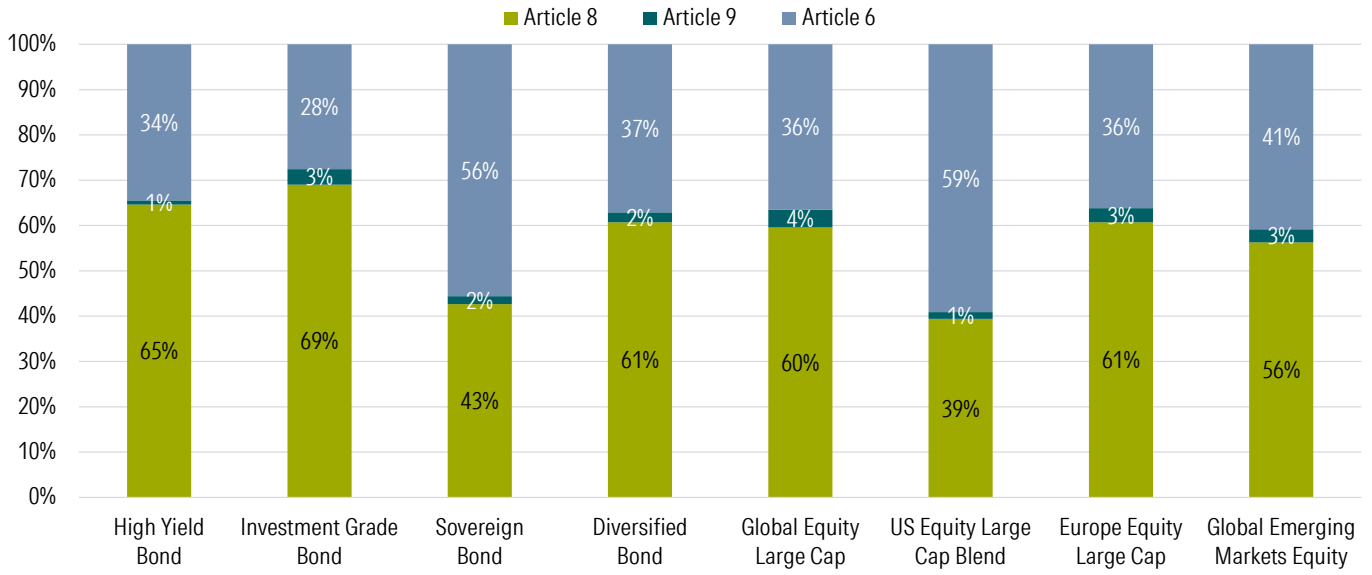
Exhibit 13 Article 8 and Article 9 Funds Per Broad Asset Class



Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

The exhibit below confirms the underrepresentation of Article 8 and Article 9 funds in diversified and sovereign bond categories and their stronger presence in the investment-grade bond, global emerging-markets equity, and Europe equity large-cap categories, relative to Article 6 funds.

Exhibit 14 Most Popular Morningstar Categories Split Into Article 8, 9, and 6 Fund Assets

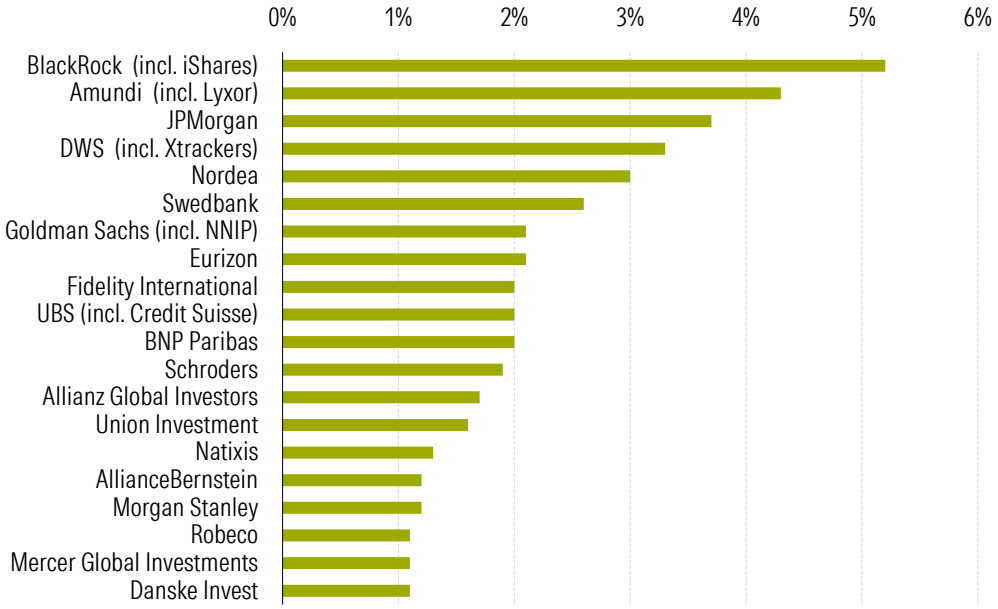


Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Provider League Tables

The exhibits below show the 20 asset managers with the highest market share in Article 8 and Article 9 funds, ranked by assets. BlackRock maintains its leading position in the Article 8 fund market, with a 5.3% share, ahead of Amundi, and JPMorgan keeps its third position with 3.7%.

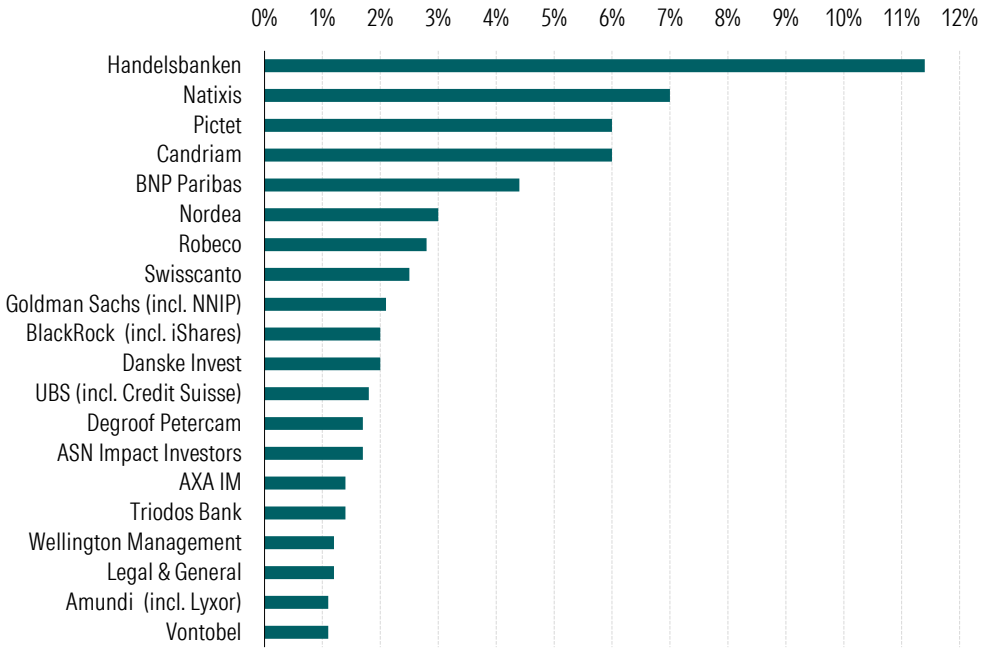
Exhibit 15 Top 20 Asset Managers by Article 8 Fund Assets



Source: Morningstar Direct. Assets as of September 2025 on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds. Using Branding Name in Morningstar Direct, a manager's market share is calculated as follows: manager's Article 8 fund assets divided by total market Article 8 fund assets.

Meanwhile, thanks to its large range of passive Paris-aligned funds classified as Article 9, Handelsbanken retains its leading position in the Article 9 fund league table, with a market share of 11.4%. Natixis and Pictet remain in second (7 %) and third place (6%), respectively.

Exhibit 16 Top 20 Asset Managers by Article 9 Fund Assets

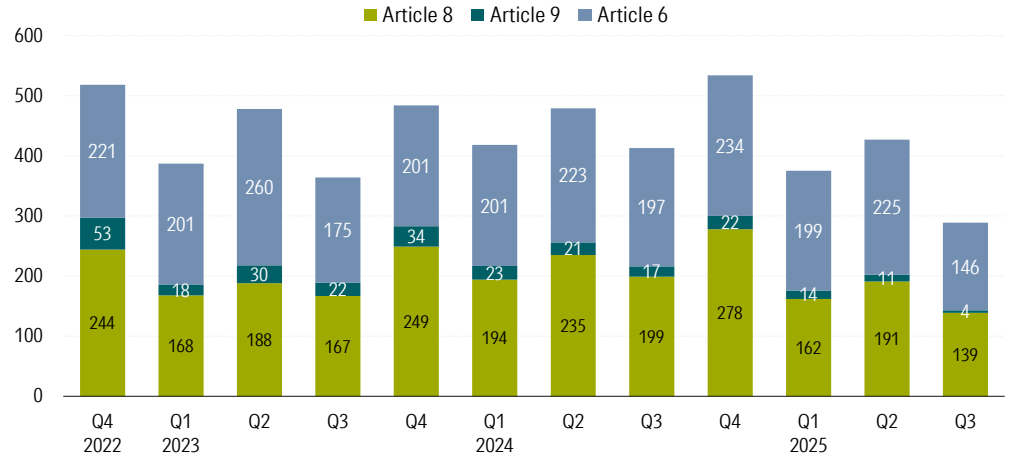


Source: Morningstar Direct. Assets as of September 2025 on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds. Using Branding Name in Morningstar Direct, a manager's market share is calculated as follows: manager's Article 9 fund assets divided by total market Article 9 fund assets.

Product Development — New Article 8 and 9 Funds Account for Lower Market Share

In the third quarter of the year, 131 new Article 8 and Article 9 funds hit the market. This is lower than the restated 202 new Article 8 or Article 9 products launched in the prior quarter. As we continue to analyze the data and identify additional launches, numbers could be adjusted in the next report.

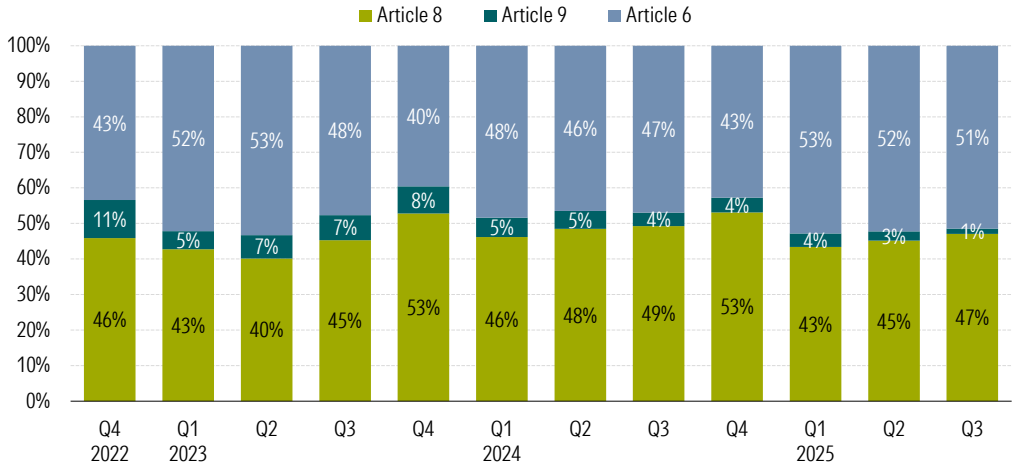
Exhibit 17 Quarterly Breakdown of Fund Launches



Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

In the third quarter, newly launched Article 8 and Article 9 funds accounted for close to 49% of all funds launched in the EU — almost level with the 48% seen in the previous quarter — confirming a continued downward trend compared to last year.

Exhibit 18 Quarterly Breakdown of Fund Launches



Source: Morningstar Direct. Data as of September 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

New Article 8 products continue to span diverse asset classes, market exposures, investment styles, and ESG strategies. The table below showcases the largest newly launched Article 8 funds for the quarter.

The largest new Article 8 launches included four bond strategies — **Danske Norsk Obligasjon**, **ICG Total Credit Fund** (EUR 2 billion in AUM as of September 2025), **Schroder Flexible Cat Bond** (EUR 1 billion), and **Alfred Berg Nordic Investment Grade** (EUR 668 million). The Schroder fund stands out for its focus on catastrophe bonds (cat bonds) and cat bond lites linked to natural catastrophe and/or life risks. The fund seeks to mitigate the negative impacts of such events, thereby supporting the rebuilding of economies and communities in their aftermath and enhancing long-term resilience.

UBS Sustainable Development Bank Bonds 1-5 stood out as the largest Article 9 fund launched in Q3, with EUR 313 million in assets. The passive fund tracks the Solactive Global Multilateral Development Bank Bond USD 25% Issuer Capped Index. The index consists of bonds issued by Multilateral Development Banks (MDBs), which fund projects supporting social and economic development in less-developed countries, such as infrastructure and clean water initiatives. The use of proceeds is closely aligned with Sustainable Development Goal 17.

In a distant second is Nordea's **European High Yield Sustainable Climate Bond Fund**, with EUR 167 million of assets. The actively-managed bond strategy invests in a portfolio that targets a reduction in its average greenhouse gas emissions by 2050, in line with — or exceeding — the goal of the Paris Agreement to keep the global temperature rise well below 2°C.

SFDR Reclassifications Continue to Slow Down

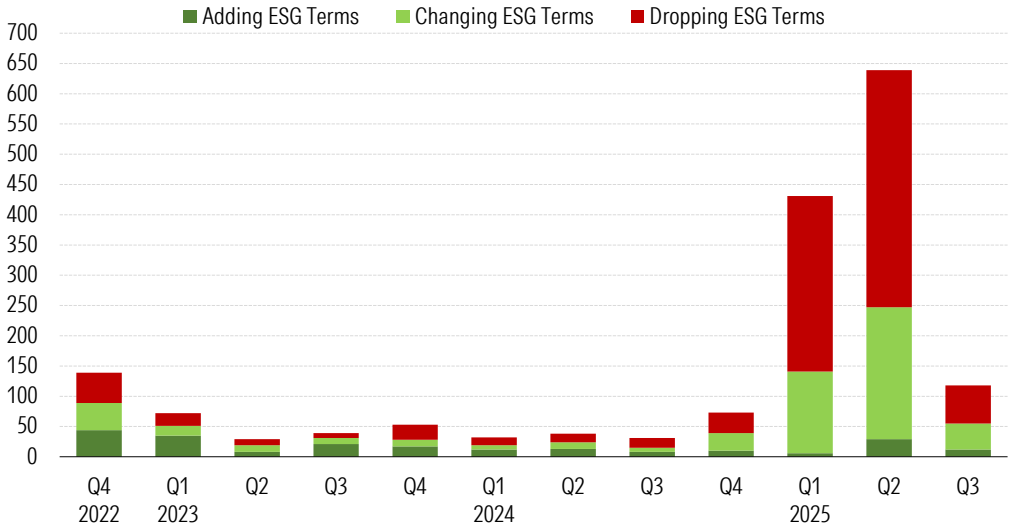
SFDR reclassification activity remained low in Q3 2025. Approximately 19 funds upgraded their SFDR status, with 17 moving from Article 6 to Article 8 and one from Article 8 to Article 9, compared with 117 upgrades in the previous quarter. During the same period, only one Article 8 fund was downgraded to Article 6. It is **Amundi Core Global Aggregate Bond**.

Renaming Activity Slows Following ESMA Fund-Naming Guidelines Deadline

After a busy first half of the year, during which asset managers rushed to implement the EU's ESMA fund naming guidelines ahead of the May 21 deadline, fund renaming activity has since slowed. In the third quarter of 2025, we identified a total of 121 renamed Article 8 and Article 9 funds.

Focusing on Article 8 funds, 63 removed ESG-related terms from their names. Examples include a series of JSS bond and equity funds, which dropped the term "sustainable", but maintained their investment objectives. **KBC Perspective World Timing 100-1** and **KBS Perspective Global Double Timing USD 100-1 Advanced** dropped the words "Responsible Investing", leaving their underlying strategies unchanged. Out of the 63 funds that dropped ESG-related terms in the past three months, almost all (61) were actively managed.

Exhibit 19 Article 8 Funds' Renaming Activity



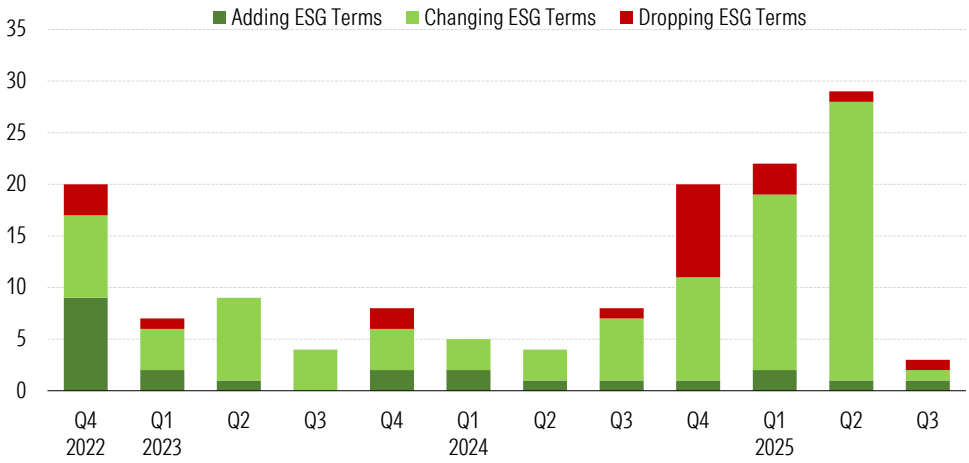
Source: Morningstar Direct. Data as of September 2025. Based on 2,252 Article 8 funds that have added, dropped, or changed ESG- and sustainability-related terms in the legal names since 2022. Including money market funds, funds of funds, and feeder funds.

Meanwhile, the number of funds that replaced ESG-related terms with others also declined to 43 from the restated sum of 353 seen over the first half of the year, and almost all (41) were active strategies. For example, **HI-Climate Transition Multi-Faktor Aktien Global-Fonds** replaced the word "sustainable" with the new term "climate transition". **EDM International Sustainable Global Equity Fund** replaced the word "impact" with "sustainable" in its name, while adhering to its investment strategy, under which

only companies with an ESG score of at least 50 (out of 100) are eligible for investment, according to the fund's proprietary ESG scoring system.

Similar to Article 8 funds, renaming activity among Article 9 funds also dropped, with only three funds renamed during the quarter, compared to 51 in the first half of 2025.

Exhibit 20 Article 9 Funds' Renaming Activity



Source: Morningstar Direct. Data as of September 2025. Based on 203 Article 9 funds that have added, dropped, or changed ESG- and sustainability-related terms in the legal names since the first quarter of 2022. Including money market funds, funds of funds, and feeder funds.

Since January 2024, we estimate that at least 1,450 Article 8 and Article 9 funds using ESG- or sustainability-related terms in their names have been renamed. This represents about 31% of funds in scope of the ESMA fund naming guidelines[2]. For context, there were 12,111 Article 8 and 1,037 Article 9 funds as of September 2025.

For more details and analysis on the impact of the ESMA fund naming guidelines on renaming activity, read: SFDR Article 8 and Article 9 Funds_Q2 2025 and ESMA's Guidelines on ESG Fund Names | Morningstar.

Analysis of Funds Grouped Into Categories Based on ESG Terms

To gain a better understanding of the EU landscape of funds with ESG-related terms in their name, following the implementation of ESMA's fund naming guidelines, we have grouped funds into categories, based on the ESG-related terms used, and examined the seven most prominent ones using a range of metrics (see how the groupings were built in the source of the exhibit below).

"Sustainable" Funds, "ESG" Funds, and "SRI" Funds Dominate the Landscape

As shown below, we found that the largest number of funds (867) falls into the "sustainable" category of funds. These are funds that must not only apply the strict Paris-Aligned Benchmark (PAB) exclusions but

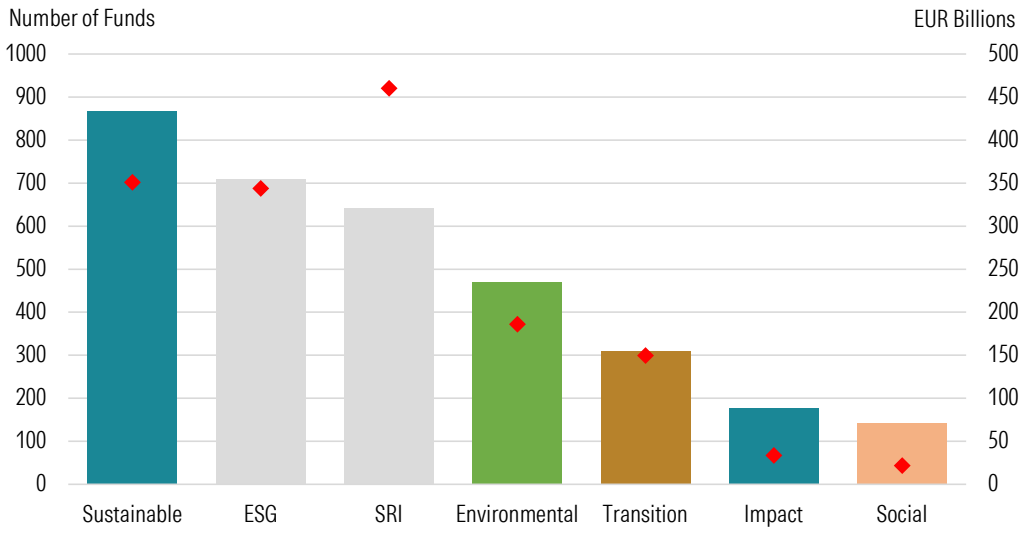
[2] Funds in scope of the ESMA fund naming guidelines are those funds that have ESG—related terms in their names

also allocate at least 50% of their assets to sustainable investments. This category is followed by "ESG" funds (709), "SRI" funds (642), and "environmental" funds (470), all of which are also required to apply the PAB exclusions.

It is worth noting that in terms of assets under management, "SRI" funds, in fact, form the largest category, at EUR 460 billion, surpassing both "sustainable" (EUR 351 billion) and "ESG" (EUR 344 billion) funds. This may be attributed to the presence of large French money market funds with an SRI mandate.

Meanwhile, we have identified 310 funds with terms related to the transition in their names, which we have categorized as "transition" funds. These are required to apply the Climate Transition Benchmark (CTB) exclusions. With EUR 150 billion of assets under management, the "transition" fund category is smaller than the "environmental" (EUR 185 billion) fund category, which includes the range of Paris-aligned strategies. Finally, "impact" and "social" funds, also subject to CTB exclusions, represent smaller categories, both in terms of number of products and assets. Only EUR 33 billion and EUR 22 billion are currently held in these funds, respectively.

Exhibit 21 Funds per Category of ESG-Related Terms in Names



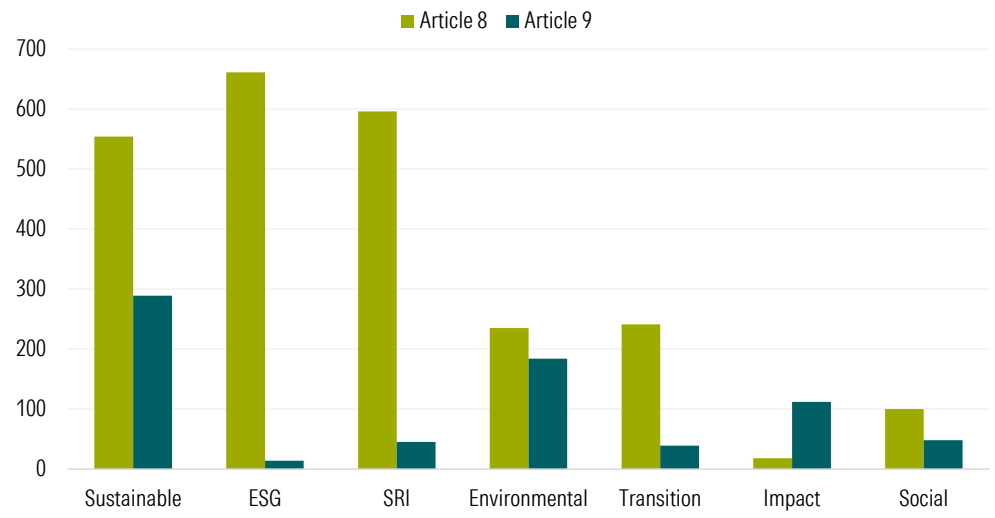
Source: Morningstar Direct. Morningstar Sustainalytics Research. Data as of September 2025, consisting of 3,317 funds, including money market funds, funds of funds, and feeder funds. Funds were counted only once and based on key terms in their names in all European languages. In the "Sustainable" category, we included only funds that use the terms "Sustainable", "Sustainability", or "SDG" in their names, except when used in combination with "Transition". For the "ESG" category, we included only funds that use the acronym "ESG". For the "SRI" category, we included funds that use the terms "SRI", "ISR", "Responsible", and "Ethics". For the "Environmental" category, we included funds that use the terms "Environmental", "Environment", "Climate", "Paris aligned", "Earth", "Ecology", "Ecosystem" and "Planet". For the "Transition" category, we included funds that use the terms "Transition", "CTB", "Evolution", "Progress", and "Net Zero". For the "Impact" category, we included funds that use only the term "Impact". For the "Social" category, we included funds that use the terms "Social", "Solidarity", "Society", "Diversity", "Gender", "Inclusion" and "Microfinance". Green bonds funds using any of the terms above are excluded. The qualifying terms used to build the seven categories are not comprehensive.

Two-Thirds of "Sustainable" Funds are Article 8

The exhibit below shows a breakdown of the seven categories by SFDR fund type. As expected, "ESG" and "SRI" funds are largely made up of Article 8 funds, while only 2% and 8% are Article 9 funds, respectively.

Perhaps surprisingly, only around one-third (34%) of "sustainable" funds are classified as Article 9, with the majority (66%) falling under Article 8. The "environmental" category presents a more balanced picture, split fairly evenly, with 56% of Article 8 and 44% of Article 9 funds. As expected, the "transition" category is dominated by Article 8 funds (86%), while a significant 86% of "impact" funds are classified as Article 9.

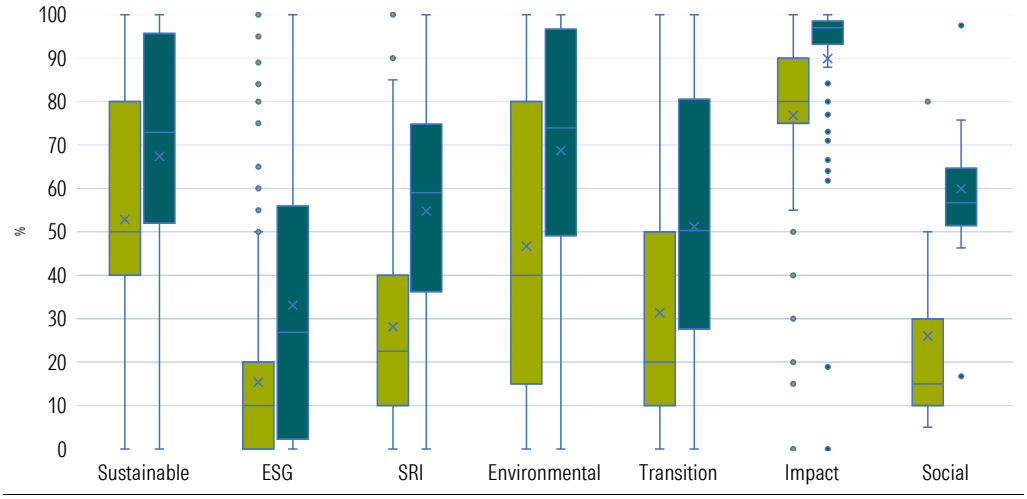
Exhibit 22 Number of Article 8 and Article 9 Funds per Category of ESG-Related Terms in Their Names



Source: Morningstar Direct. Morningstar Sustainalytics Research. Data as of September 2025. including money market funds, funds of funds, and feeder funds.

Below, for each fund category, we show the range of sustainable investment commitment and the actual level of sustainable investments, as reported in the European ESG template (EET). Consistent with the fact that an overwhelming majority are classified as Article 9 (with a requirement to hold 100% of sustainable investments), "impact" funds exhibit the highest level of both targeted and actual sustainable investments. They are followed by "Sustainable" funds, which are required to allocate a minimum of 50% to sustainable investments. The lowest level of committed and reported sustainable investments is found among products with "ESG" in the name.

Exhibit 23 Committed and Reported Levels of Sustainable Investments per Fund Category



Source: Morningstar Direct. Morningstar Sustainalytics Research. Data collected from European ESG Templates (EET) as of September 2025. Zero and Blank data are excluded. Data includes money market funds, funds of funds, and feeder funds.

"Transition" Funds Are the Most Exposed to Controversies, Fossil Fuel, and Oil & Gas Production

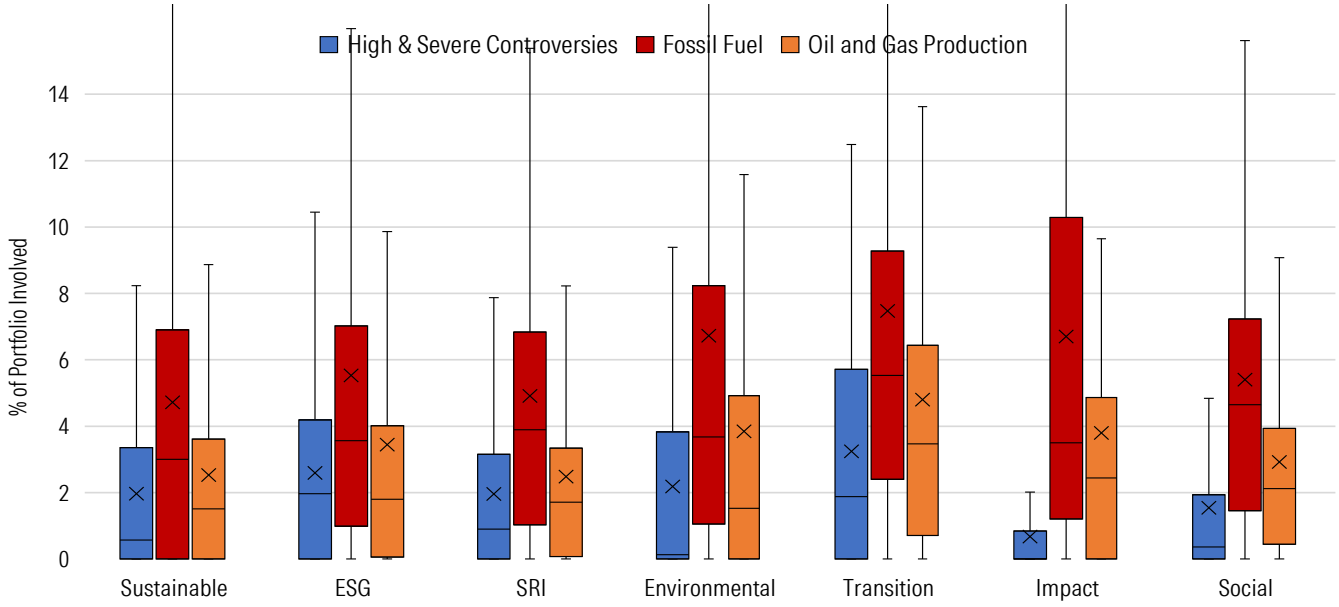
We then look at controversies and product involvement levels across the seven fund categories. We find, as expected, that "transition" funds are the most exposed to companies involved in both high and severe controversies, as well as fossil fuel, and oil and gas production. According to the ESMA fund guidelines, managers of "transition" funds should make sure the funds are on a clear and measurable path to social or environmental transition.

Controversies and product involvement levels are broadly similar across "sustainable", "ESG", and "SRI" funds. In comparison, "environmental" and "impact" funds tend to exhibit higher exposure to companies involved in fossil fuel, and oil and gas production, along with "transition" funds. This can be attributed to the fact that these funds often invest in companies that provide products and services aimed at addressing climate change (as evidenced in the following exhibit, these have greater exposure to carbon solutions). However, some of these companies continue to operate legacy fossil fuel businesses, which explains the higher involvement in fossil fuel, and oil and gas production.

For context, the Morningstar Global Market index had a 6.4% involvement in high and severe controversies[3], an 8.7% involvement in fossil fuel, a 6.9% involvement in oil and gas production, and a 16.2% involvement in carbon solutions, as of the end of September.

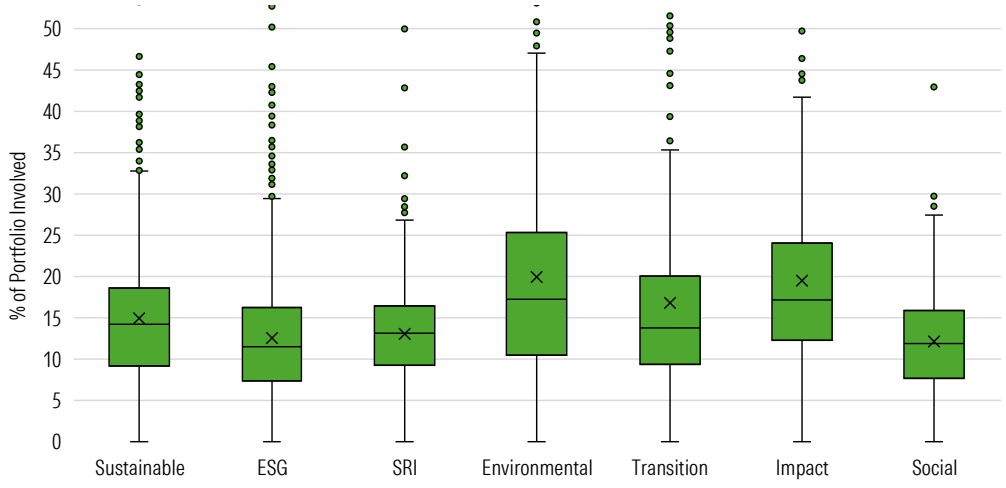
3 High and severe controversies are described as having high & severe impacts on the environment and/or society, posing high & severe business risks to the company. This category typically represents exceptional egregious corporate behavior, high frequency of recurrence of incidents, poor management of ESG risks, and a demonstrated lack of willingness by the company to address such risks.

Exhibit 24 Controversies, Fossil Fuel, and Oil & Gas Production Involvement per Fund Category



Source: Morningstar Direct. Morningstar Sustainalytics Research. Data as of September 2025. Including money market funds, funds of funds, and feeder funds. Only funds with portfolios updated between April and June are used. For higher and severe controversy involvement, we used the Percent of AUM with High and Severe Controversies data point in Morningstar Direct, which represents the percentage of a portfolio's rescaled covered corporate holdings' Assets Under Management with high and severe company level controversy assessments. For fossil fuel involvement, we used the Fossil Fuel Percentage of Portfolio Involved in Morningstar Direct. It is calculated as the percentage of the long-only portfolio that is exposed to corporations that make any revenue (>0%) from fossil fuels. Companies with fossil fuel involvement are defined as those in the following subindustries: thermal coal extraction, thermal coal power generation, oil and gas production, oil and gas power generation, and oil and gas products and services. For oil and gas production, we used the Oil and Gas Production Percentage of Portfolio Involved data point in Morningstar Direct. It represents the percentage of the long-only portfolio that is exposed to corporations that make any revenue (>0%) from oil and gas production.

Exhibit 25 Carbon Solution Involvement per Fund Category



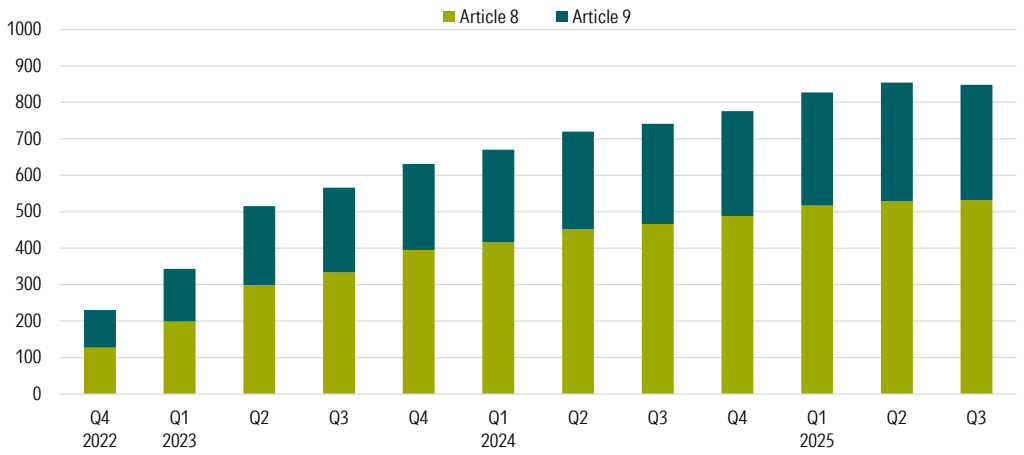
Source: Morningstar Direct. Morningstar Sustainalytics Research. Data as of September 2025. Data includes money market funds, funds of funds, and feeder funds. Only funds with portfolios updated between April and June are used. We used the Carbon Solutions Percentage of Portfolio Involved data point in Morningstar Direct. It is calculated as the percentage of the long-only portfolio that is exposed to corporations that make any revenue (>0%) from carbon solutions. It measures the exposure to companies involved in products and services focused on carbon solutions that help mitigate or avoid greenhouse gas emissions.

As explained in previous research,[4] fund exposure to controversial sectors and activities can vary, depending on the data sources used. It may indeed be surprising to see that funds with “sustainable”, “ESG, “SRI”, “environmental”, or “impact” in their name are exposed to companies involved in fossil fuels, and oil and gas production, while these are supposed to be excluded under the ESMA guidelines. This can be attributed to the fact that the scope of PAB and CTB exclusions varies across data providers, asset managers, and funds, due to differing interpretations of the regulation and data sources. For instance, Sustainalytics currently considers transportation and consulting services related to fossil fuels to fall within the scope of PAB exclusions.

Carbon Emissions-Reduction Objectives

An important, yet voluntary, field in the European ESG template, is the "Carbon Emission Reduction Objective,"[5] which more funds are adding as a feature to their strategies, as evidenced below by the growing number of funds responding "Yes" to the field in the European ESG Template (EET). As of September 2025, about 532 Article 8 funds and 316 Article 9 funds[6] reported having a carbon-reduction objective, accounting for 11% of the Article 8 funds and 34% of the Article 9 funds that have populated the field. These percentages were slightly lower than the restated percentages for the previous quarter.

Exhibit 26 Number of Article 8 and Article 9 Funds with Carbon Emissions-Reduction Objectives



Source: Morningstar Direct. Data as of September 2025, based on a total of 5,618 funds that populated the field, including 4,924 Article 8 funds and 963 Article 9 funds. The increase in the number of funds with carbon-reduction objectives also partly reflects the increase in EET coverage. For Q2 2025, we restated the whole history of the data point based on higher data coverage.

The exhibit above, in fact, encapsulates a wide range of objectives represented in this universe of Article 8 and Article 9 funds with emissions-reduction objectives. The least-constraining goal is to reduce a portfolio's carbon intensity relative to a benchmark or an investment universe with unquantified or relatively low targets. For example, while it does not specify a carbon reduction target

4 ESMA's Guidelines on ESG Fund Names | Morningstar

5 EET reference: 20570_Financial_Instrument_With_Objective_Of_A_Reduction_In_Carbon

6 Q2 numbers of funds with carbon emission-reduction objectives were incorrect. These new Q3 numbers are more in line with the trend seen in previous quarters.

relative to its investment universe, **UBS Global Emerging Markets Opportunity Reduced Carbon Fund** aims to maintain an absolute low-carbon emissions profile of below 100 tonnes of CO_2 per million US dollars of revenue.

Many other passive strategies choose to track or reference themselves to Paris-aligned benchmarks and climate-transition benchmarks target emissions reductions of 50% and 30%, respectively. For example, **Ossiam Bloomberg Europe ex Eurozone PAB** tracks an index that aims for a 50% greenhouse gas intensity reduction compared with the parent index, while seeking to maintain at least a 7% reduction, on average, per year.

Meanwhile, certain active strategies adopt a more dynamic, transitional approach by considering the contribution or progress made by individual companies, while offering compatible, quantified emissions reductions between 10% and 50%. For example, **La Française Obligations Carbon Impact** seeks to achieve a weighted average of the portfolio's greenhouse gas emissions per euro invested (scopes 1 and 2) at least 50% lower than that of the benchmark. Companies within the investable universe are then classified by quartile within their respective sectors into “low carbon,” (1st quartile, top 25%), “transition on track with the sectoral decarbonization trajectory” (2nd quartile), “transition requiring greater ambition” (3rd quartile), and “laggards” (last quartile) where no investment will be made in the last category.

Another example is **Schroder Carbon Neutral Credit**, which focuses on issuers contributing to the objective of carbon-emissions reduction by one or a combination of the three objectives, including being carbon neutral, being on track to achieve an 80% emissions reduction or equivalent by 2030, and/or demonstrating a contribution to a reduction of carbon emissions.

Regulatory Update

The European Parliament’s position on the Omnibus package is expected to be finalized in late October 2025. During the third quarter, various leaks provided previews of what stances the Parliament might take, but the exact details have not been finalized (as of our publication date). In terms of changes to the scope of applicability for CSRD and CSDDD, it is expected that Parliament will align closely with the Council of the European Union’s position, which was agreed to in July. Specifically, the Council proposed increasing the employee threshold for companies subject to CSRD from 250 to 1,000 and increasing the net turnover threshold from EUR 50 million to EUR 450 million. For the CSDDD, the Council similarly increased the thresholds, with the employee count rising from 1,000 to 5,000 and net turnover from EUR 450 million to EUR 1.5 billion. Once the Parliament’s position has been finalized, trilogue negotiations will begin, with a final agreement on changes to the CSRD, EU Taxonomy, and CSDDD expected towards the end of 2025, or early 2026.

In relation to the Omnibus, the European Financial Reporting Advisory Group (EFRAG) released exposure drafts of the European Sustainability Reporting Standards (ESRS) for consultation at the end of July. The proposed changes to ESRS were focused on making reporting under the CSRD more manageable, while preserving the relevance of the standards and their alignment with the European Green Deal. The

changes would substantially reduce the number of data points that are mandatory to report if material, slashing 57% from the original 2023 standards. In total, the mandatory and voluntary disclosures combined would be reduced by 68%. The EFRAG is scheduled to release its Draft Simplified ESRS in December. M

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