

PWC - EU ESG UCITS funds set to reach over €11tn AuM by 2028



ESG UCITS funds in the EU are projected to reach €11 trillion in assets under management (AuM), an estimated 80.8% of total UCITS AuM, by 2028, according to a new PwC report. This forecast, representing a compound annual growth rate (CAGR) of 10.2% for the period 2024-2028, reflects continued momentum towards sustainable investing across Europe.

Published today, [EU ESG UCITS Moving Forward](#) marks the sixth edition of PwC Luxembourg's EU ESG UCITS series, offering a comprehensive overview of the evolving ESG UCITS ecosystem across the EU. The report shows that investment flows into EU ESG UCITS strengthened in 2024, with Article 8 and Article 9 funds reaching €7.4 trillion by year-end, up from €6.2 trillion in 2023.

Key findings include:

Investors favour active strategies: Active ESG UCITS significantly outpace passive funds in AuM as of end-2024, demonstrating a preference for active strategies in sustainable investing.

- **Luxembourg remains the leading domicile:** Luxembourg is the top domicile for EU ESG UCITS by AuM and number of funds as of end-2024, maintaining its central role in the European fund industry.

- **Strong net inflows into ESG UCITS:** Article 8 funds recorded substantial net inflows at end-2024, with mutual funds attracting €238.2 billion and ETFs €43.1 billion.
- **Equities continue to dominate:** When it comes to asset classes, equity investments were the preferred strategy of ESG UCITS, with €2.9 trillion in Article 8 funds and €225.9 billion in Article 9 funds, at end-2024. Bonds followed with €1.8 trillion classified under Article 8 and €78.6 billion under Article 9.
- **SFDR exclusions widely used:** At end-2024, 45% of Article 8 and 9 UCITS excluded weapons, with many also applying additional criteria such as fossil fuels, tobacco, and adult entertainment, under SFDR disclosure requirements.
- **BlackRock retains its top position with €542.9 billion in Article 8 UCITS AuM**, extending its lead over peers. P. Morgan held second place (€412.3 billion), followed by Amundi in third (€345.2 billion).
- **Handelsbanken emerged as the leading Article 9 UCITS asset manager in 2024 in terms of AuM** (€33.4 billion), up from €24.8 billion in 2023. Pictet, last year's leader, ranked second (€22.7 billion), followed by Candriam (€20.4 billion).

Michael Horvath, Sustainability and Sustainable Finance Leader at PwC Luxembourg said:

“Despite a perceived political rollback on sustainability in Europe, demonstrated by the European Commission's proposed Omnibus package, the sustained growth trajectory of EU ESG UCITS, reaching €7.4 trillion AuM in 2024, is a testament to increasing investor confidence and commitment to sustainable strategies. As a revamp to the SFDR is expected to be published in Q4 2025, we firmly anticipate that this strong momentum will not only continue but accelerate, with ESG UCITS projected to account for 80.8% of total UCITS AuM by 2028. This is more than a market trend: it signals the enduring shift in how capital is allocated across the EU, with ESG considerations now embedded in mainstream investment decisions.”

Geoffroy Marcassoli, EMEA AWM ESG Leader at PwC Luxembourg said: « At a time when scepticism towards ESG is running high, the findings of our report show that in the European asset management industry, funds that align with Articles 8 and 9 of the SFDR are holding ground, continuing to attract capital flows. As scrutiny over sustainability credentials grows, aptly demonstrated by the growing number of pension funds terminating their mandates with US-based managers who have backtracked on ESG, sustainability assurance comes to mind as an effective tool that asset managers can use to demonstrate the viability and accuracy of their claims. »