

Global ESG Money Market Fund Dashboard: 2020

ESG Money Market Fund Prevalence Grew in 2020

Fitch Ratings estimates that assets under management (AUM) in ESG money market funds (MMFs) increased by around 50% by end-2020 to EUR123 billion. Growth in all MMFs in 2020 was around 20% to USD7.3 trillion. ESG MMF growth was primarily driven by funds converting to an explicit ESG approach – around 66% of ESG MMFs by AUM are conversions of pre-existing funds. About 60% of ESG MMFs was launched or converted in 2019 or 2020.

ESG MMF AUM remains concentrated in France. The largest French ESG MMFs are ‘standard’ MMFs under applicable European regulation and typically have a broader investible pool of assets than US 2a-7 or European ‘short-term’ MMFs, including more corporate exposure. Fitch defines ESG MMFs as those that explicitly present themselves to market as ESG MMFs, whether through the fund name, stated investment objectives or stated investment characteristics.

Traditional MMFs have responded to growing investor interest in ESG by adding language to their prospectuses describing how they address ESG considerations in their investment processes. The umbrella fund prospectuses of nine Fitch-rated European short-term MMFs featured ESG language as of end-January 2021.

On a like-for-like basis, Fitch estimates this is an increase of around 10% yoy (see: [Global ESG Money Market Fund Dashboard: End-2019](#), published 12 February 2020). More broadly, most fund managers now integrate ESG considerations in their investment processes to some extent, although not all will explicitly state their approach in their governing documentation.

What to Watch

Materiality and Disclosures: ESG MMFs primarily apply exclusionary investment approaches, based on varying criteria. Given differences in approach, the amount of exclusions may vary considerably between funds. The implementation of the Sustainable Finance Disclosure Regulation in Europe on 10 March 2021 will force funds to provide additional disclosure on their approach to sustainable investment, which may improve investors’ ability to differentiate between funds.

Ratings Impact: Neutral

ESG considerations are typically a neutral factor in Fitch’s rating analysis, provided the fund otherwise adheres to Fitch’s credit quality and liquidity criteria guidelines. However, in an extreme scenario, Fitch may elect not to rate an MMF where it believes the fund’s ESG investment approach has negligible materiality, resulting in potential reputational or regulatory risk to the fund should investors or regulators conclude that the fund’s ESG characteristics are over- or mis-stated.

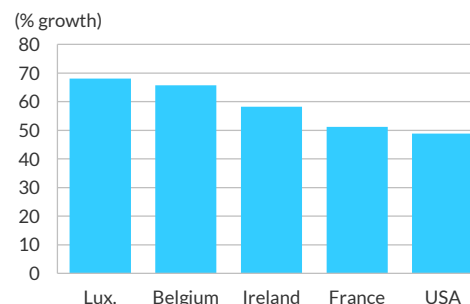


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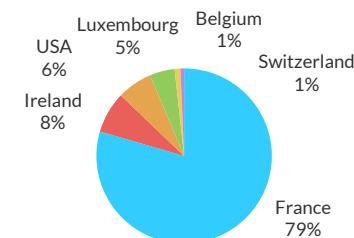
ESG MMF AUM Growth by Country



Source: Fitch Ratings, Lipper

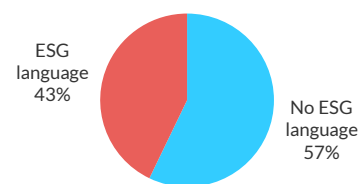
France Remains Top ESG MMF Domicile

(% of global ESG MMF AUM)



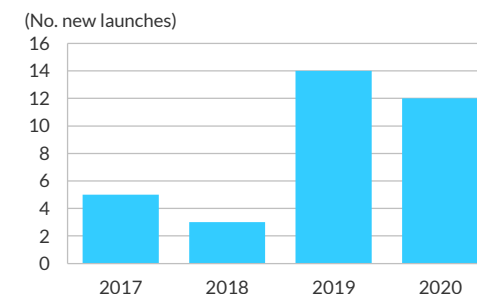
Source: Fitch Ratings, Lipper

ESG Prospectus Language in Over 40% of Traditional MMFs



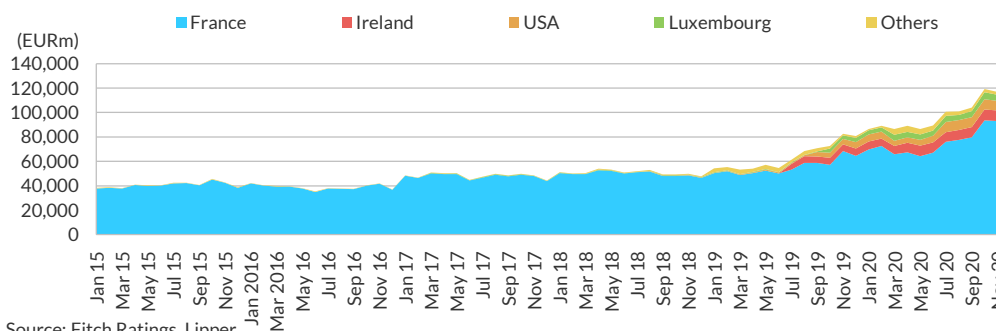
N=21; correct as of end-Jan-21
Source: Fitch Ratings, umbrella fund prospectuses

Net New Launches Slowed in 2020



Source: Fitch Ratings, Lipper

Global ESG MMF AUM Have Grown Since 2019



Source: Fitch Ratings, Lipper

Appendix: ESG MMFs

	Portfolio name	Fund management company name	Launch year	Conversion year	AUM December 2020 (EURm)	Domicile
1	Amundi Cash Institutions SRI	Amundi	1988	2012	23,236	France
2	BNP Paribas Mois ISR	BNP Paribas	1997	2008	11,349	France
3	Ostrum Sustainable Tresorerie	Natixis Asset Management	2002	2019	10,946	France
4	Ostrum ISR Cash Eonia	Natixis Asset Management	1999	2019	10,461	France
5	CPR Monetaire ISR	CPR Asset Management	1990	2007	8,252	France
6	Ostrum Cash Euribor	Natixis Asset Management	1989	2020	7,263	France
7	BFT Sequin ISR	BFT Investment Managers	1989		4,498	France
8	BlackRock ICS Euro Liquid Environmentally Aware Fund	BlackRock	2013	2019	4,220	Ireland
9	DWS Institutional ESG Euro Money Market Fund	DWS	1999	2019	4,021	Luxembourg
10	Federal Support Monetaire ESG	Federal Finance Gestion	2019		3,497	France
11	Allianz Securicash SRI	Allianz Global	2009		3,247	France
12	Morgan Stanley Institutional Liquidity ESG Money Market Portfolio	Morgan Stanley Investment Management	2004	2019	3,118	USA
13	BlackRock ICS Sterling Liquid Environmentally Aware Fund	BlackRock	2019		2,850	Ireland
14	Aviva Monetaire ISR CT	Aviva Investors	1998	2017	2,846	France
15	BlackRock ICS US Dollar Liquid Environmentally Aware Fund	BlackRock	2019		2,340	Ireland
16	BlackRock Wealth Liquid Environment Aware Fund	BlackRock	2019		2,091	USA
17	LBP ISR Eonia 3-6 mois	La Banque Postale	2009	2019	1,887	France
18	HGA Monetaire ISR	Humanis gest d'Actifs	2003		1,720	France
19	Aviva Monetaire ISR	Aviva Investors	2009	2017	1,709	France
20	OFI RS Liquidites	OFI Asset Management	1986	2017	1,379	France
21	BlackRock Liquid Environmentally Aware Fund	BlackRock	2019		1,372	USA
22	Ostrum Cash A1P1	Natixis Asset Management	2004	2020	1,283	France
23	Ostrum ISR EONIA 6-12 Mois	Natixis Asset Management	2009	2019	1,159	France
24	State Street ESG Liquid Reserves Fund	SSGA	2019	2019	757	USA
25	KBC Multi Interest SRI Cash 3 Month Duration	KBC Asset Management	2011	2019	661	Belgium
26	KBC Multi Interest SRI Cash Standard Duration	KBC Asset Management	2019		643	Belgium
27	Carmignac Court Terme	BNP Paribas	1989	2019	620	France
28	Federal Support Court Terme ESG	Federal Finance Gestion	2019		511	France
29	Swiss Life Funds (F) Short Term Euro	Swiss Life Asset Managers	1996	2020	506	France
30	Candriam Sustainable Money Market Euro Fund	Candriam	2017		494	Luxembourg
31	CM-CIC Mone ISR	Credit Mutuel Asset Management	2019		493	France

Source: Fitch Ratings

Appendix: ESG MMFs (Cont.)

	Portfolio name	Fund management company name	Launch year	Conversion year	AUM December 2020 (EURm)	Domicile
32	MA Sustainable Money Market Fund	LGT Capital	2018		349	Liechtenstein
33	Swisscanto (LU) Money Market Fund Responsible CHF	Swisscanto Asset Management	1991	2020	285	Luxembourg
34	DWS ESG Liquidity Fund	DWS	2013	2018	274	USA
35	Syz AM (CH) Liquidity Management-USD	GAM Investment Management	2009		260	Switzerland
36	Ostrum Responsible Tresoro	Natixis Asset Management	2009	2017	259	France
37	Swisscanto (LU) Money Market Fund Responsible USD	Swisscanto Asset Management	1991	2020	256	Luxembourg
38	UBS (Lux) Money Market SICAV - EUR Sustainable	UBS Asset Management	2018	2020	239	Luxembourg
39	Federis ISR Tresorerie	La Banque Postale	1999	2018	233	France
40	UBS Select ESG Prime Institutional Fund	UBS Asset Management	2020		203	USA
41	UBS (Lux) Money Market Sicav USD Sustainable	UBS Asset Management	2002	2020	164	Luxembourg
42	Swisscanto (CH) Money Market Fund Opportunities CHF	Swisscanto Asset Management	2010	2020	153	Switzerland
43	UBS Select ESG Prime Preferred Fund	UBS Asset Management	2020		120	USA
44	Swisscanto (LU) Money Market Fund Responsible EUR	Swisscanto Asset Management	1991	2020	118	Luxembourg
45	Swisscanto (LU) Money Market Fund Responsible AUD	Swisscanto Asset Management	1994	2020	73	Luxembourg
46	Allianz Monetaire	Allianz Global	1993	2009	68	France
47	SG Amundi Monetaire ISR	Societe Generale	2012	2015	59	France
48	Danone.Communities Investissement Responsable S1	Amundi	2007	2010	15	France
49	UBS Select ESG Prime Investor Fund	UBS Asset Management	2020		13	USA
50	Ecofi Premiere Monetaire	Ecofi Invest	1990	2018	5	France

Source: Fitch Ratings

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