
Press release

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Pages 5

Explanatory note to editors – PLEASE READ FIRST

- This study looks at both public and private market funds at the global, European and Luxembourg level.
- Public market funds invest in traditional instruments such as fixed income and equities, and can be distributed to both retail and institutional investors.
- Private market funds are investment vehicles that pool capital to invest in non-publicly traded assets, such as private equity, real estate, infrastructure, or private debt.
- Funds of funds are excluded from the analysis in order to avoid double counting. Moreover, when referring to public market figures, money market funds are also excluded, given that their capacity for material sustainability integration is restricted by their short-term, high-liquidity nature.
- Regarding the European and Luxembourg figures for public market funds, the analysis takes into account UCITS (for EU jurisdictions) and their equivalent (for non-EU jurisdictions). As for European and Luxembourg data on private market funds, the figures include all private market funds that invest in private equity, private debt, infrastructure and real estate.
- **As a result, the total figures presented for these markets might not reflect their full size or match other sources, given that certain types of funds are excluded from the analysis.**



Sustainable finance moves from momentum to maturity

Press release, Luxembourg, 20 March 2026.

ALFI and LSFI, in collaboration with PwC Luxembourg, publish “Sustainable Finance in Europe and Luxembourg 2025: Navigating recalibration”

Key findings

- As of the end of 2025, the total assets under management (AuM) of sustainable public and private market funds in Luxembourg stood at EUR 1,632.7bn.
- On the public market side, Luxembourg-domiciled sustainable public market funds held EUR 815.4bn in AuM, compared to EUR 3,495.4bn for conventional public market funds (excluding money market funds). Their AuM grew at a compound annual growth rate (CAGR) of 9.1% between 2020 and 2025, with the total number of sustainable public market funds reaching 2,327.
- Luxembourg remains the leading domicile for European sustainable public market funds in terms of AuM, representing 31.0% of the total sustainable public market fund AuM in Europe.
- Regarding the EU Sustainable Finance Disclosure Regulation, in Luxembourg, public market funds disclosing under Articles 8 and 9 accounted for 71.5% of total AuM of public market funds domiciled in the country.
- Luxembourg also remains the leading domicile for European sustainable private market funds in terms of AuM, representing 77.0% of the total sustainable private market fund AuM in Europe.
- Sustainable private market funds domiciled in Luxembourg have been on a growth trajectory. By 2024, their AuM reached EUR 855.6bn – or 40.1% of the total private market funds domiciled in the country.
- In Europe, sustainable public market funds accounted for EUR 2.6tn out of a total EUR 14.0tn (excluding money market funds), representing 18.8% of AuM.
- In terms of SFDR disclosures, in Europe 49.7% of total public market fund AuM is disclosed under Article 8 or 9 of the SFDR, representing nearly EUR 7.0tn in AuM at the end of 2025, almost equal to the EUR 7.1tn held by public market funds disclosing under Article 6.
- On the private markets side, sustainable private market funds held EUR 1.1tn, or 27.4% of total European private market fund AuM as of the end of 2024. They recorded a CAGR of 41.8% since 2020.
- At a global level, sustainable public market funds reached EUR 3.1tn in AuM at the end of 2025, representing 6.0% of the total public market fund AuM. Their AuM has grown steadily from EUR 1.7tn in 2020, reflecting a CAGR of 12.5%.



Sustainable finance has come a long way since 2020, evolving from a period marked by regulatory uncertainty to one of greater maturity and clarity. Despite recent regulatory recalibrations, Europe stands at the forefront of this shift, driven by pioneering regulations and reinforced climate commitments. As the second largest investment fund domicile in the world, Luxembourg stands out as a key hub in the sustainable finance landscape.

While challenges persist, sustainability is becoming integral to financial decision-making. Luxembourg is continuously adapting to maintain its leadership through close-knit collaboration with all relevant stakeholders in the Luxembourg financial centre.

Nicoletta Centofanti, CEO of the Luxembourg Sustainable Finance Initiative (LSFI), commented:

“The need for sustainable finance not only persists but is intensifying, as it serves as a key driver of resilience and long-term value creation. Beyond addressing environmental and social challenges, sustainable finance strengthens the robustness and stability of financial systems, enhancing their capacity to withstand global shocks stemming from climate change, governance gaps and increasing social issues, and the long-term risks these challenges pose to economic stability and prosperity. In this evolving landscape, Luxembourg has firmly positioned itself as a leading international financial centre for sustainable finance. Going forward, measurement and high-quality data are key enablers of clarity, comparability, and confidence across jurisdictions and market segments. Through this research, we aim to support the financial industry by providing insights to advance the sustainable finance journey.”

Serge Weyland, CEO of ALFI, added:

“Sustainable finance remains a key pillar of the European asset management industry. Recent reviews of sustainability rules are a welcome opportunity to ensure that the framework delivers real impact rather than unnecessary complexity. The industry has an important role to play in supporting the transition to a more sustainable economy, but this requires clear, workable rules combined with ~~leeway~~ for innovation. With its strong expertise in cross-border fund structuring and its leading position in public and private markets, Luxembourg is uniquely positioned to help channel global capital toward sustainable and transition investments.”

Geoffroy Marcassoli, Partner and Sustainability Assurance Leader at PwC Luxembourg, said:



“Although the Omnibus ‘simplification’ measures suggest a scaling back from previous regulatory ambitions, the asset management industry continues with its commitment. The emphasis is increasingly placed on robust data, measurable sustainability achievements, and enduring resilience. Luxembourg’s influential position within the European sustainable finance landscape continues to drive progress, guaranteeing that sustainability remains a fundamental strategic focus as frameworks such as the SFDR evolve.”

[Download the full report](#)

Note to Editors:

The Luxembourg Sustainable Finance Initiative (LSFI) and the Association of the Luxembourg Fund Industry (ALFI) decided to join forces and, with the support of PwC Luxembourg’s Global AWM & ESG Research Centre, prepared the present study, which builds on previous research efforts carried out.

By using Morningstar’s data and proprietary analysis of sustainable funds, this study provides a comprehensive analysis of the asset management industry at the global, European and Luxembourg levels. It highlights how sustainable finance is gradually becoming more ingrained within the industry’s traditional and private assets segments, amidst a more challenging political and regulatory context.

About ALFI

The Association of the Luxembourg Fund Industry (ALFI) represents the face and voice of the Luxembourg asset management and investment fund community. The Association is committed to the development of the Luxembourg fund industry by striving to create new business opportunities, and through the exchange of information and knowledge. Created in 1988, the Association today represents asset management companies and a wide range of business that serve the sector. Luxembourg is the largest fund domicile in Europe and a worldwide leader in cross-border distribution of funds. ALFI’s mission is to lead industry efforts to provide solutions and make Luxembourg the most innovative international investment fund centre.

About LSFI

The LSFI is Luxembourg’s coordinating entity on sustainable finance, driving change across the whole ecosystem as a Centre of Excellence and Knowledge Hub, supporting the financial sector to accelerate the financing of the transition, and measuring progress.

The LSFI was founded in January 2020 by the Luxembourg Ministry of Finance, Ministry of the Environment, Climate and Biodiversity, Luxembourg for Finance and the High Council for Sustainable Development (Conseil Supérieur pour un Développement Durable).

About PwC Luxembourg



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