

# ESMA study looks at reasons for lower costs in ESG funds



PUBLISHED MAY 23, 2022  
BY [EUROPA](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has published a study looking at the potential reasons behind the relatively lower ongoing costs, and better performance, of environmental, social and governance (ESG) funds compared to other funds, between April 2019 and September 2021.

ESMA recently determined that ESG equity undertakings for collective investment in transferable securities (UCITS), excluding exchange-traded funds, were cheaper and better performers in 2019 and 2020 compared to non-ESG peers.

Understanding the cost and performance dynamics of ESG funds is of particular interest as it may bring insights for the overall fund industry on how to make funds more affordable and profitable for retail investors.

ESMA, in today's article, is looking at some of the potential drivers behind this relative cheapness, and outperformance, of ESG funds, and finds several differences between the two categories of funds:

ESG funds are more oriented towards large cap stocks;

ESG funds are more oriented towards developed economies; and

The sectoral exposures also differ between ESG and non-ESG funds.

Even after controlling for these differences, ESG funds remain statistically cheaper and better performing than non-ESG peers. Further research is thus needed to identify the other factors driving these cost and performance differences.

Further information:

Solveig Kleiveland

Senior Communications Officer

Tel: +33 (0)1 58 36 43 27

Email: [press@esma.europa.eu](mailto:press@esma.europa.eu)

*Press release distributed by Wire Association on behalf of Europa, on May 23, 2022. For more information subscribe and [follow](#) us.*

---

## Media Assets

### Embedded Media

Visit the [online press release](#) to interact with the embedded media.

<https://wireassociation.eu/newsroom/europa/releases/en/esma-study-looks-at-reasons-for-lower-costs-in-esg-funds-314>

---

## Europa

**Newsroom:** <https://wireassociation.eu/newsroom/europa>

**Website:** <https://europa.eu/>

**Primary Email:** [press@europa.eu](mailto:press@europa.eu)

### Social Media

Twitter - [https://twitter.com/EU\\_commission](https://twitter.com/EU_commission)

Facebook - <https://www.facebook.com/EuropeanCommission>

Instagram - <https://www.instagram.com/europeancommission/>

Linkedin - <https://www.linkedin.com/company/european-commission>

---