

## **New Climate Endowment to be launched to commit long-term capital for the Green Industrial Revolution**

*Berlin, 5. June 2019.* Today, a group of international investors and entrepreneurs have announced the launch of the Climate Endowment as an urgent response to the Climate Crisis and to the European voters' demand for a Green Revolution. The aim of the Climate Endowment is to enable institutional investors to allocate more of their significant assets to climate solutions across all asset classes, with endowment-type returns and a risk-profile suitable for conservative investors, thanks to the higher diversification inherent to the endowment model. Over the past decades, large US endowments have returned about twice as much per annum as the average EU pension fund<sup>1</sup>.

Its initiators plan to obtain commitments from the public and private sector to achieve a size comparable to the large US endowments, with approximately €20-40bn of assets under management. It will be launched in the autumn 2019 and be headquartered in Berlin, the centre of the energy transition and home to many research and policy institutions on climate change.

The Climate Endowment will focus on illiquid investments in sustainable and commercially viable technologies and business models, resulting in a strong reduction in global CO<sub>2</sub> emissions. It will invest in the champions of the Green Industrial Revolution, driven by global market forces at the intersection of the energy, transport, finance, agricultural, AI/IT, education and health, and economic transitions in general. It aims to provide an attractive solution for EU pension funds and insurance companies to invest into this largely untouched space, and within their usual risk tolerances.

“Public opinion on climate protection has reached a critical mass - recent EU elections, as well as the ‘Friday for Future’ protests, have signalled a clear demand for a green revolution”, said Jochen Wermuth, founder of Wermuth Asset Management GmbH and initiator of the Climate Endowment. “I believe there has never been a better time than now for the investment community to step forward and do their part to implement this change.”

Dr Mariana Bozesan, co-founder and board member AQAL AG, a member of the Club of Rome, says “AQAL's mission is the implementation of the UN SDGs within Planetary Boundaries. We only have eleven years left to fulfill the Agenda 2030, and we are convinced that transformation is feasible. The Climate Endowment is the most significant stepping stone at this point in time.”

The last European elections have confirmed that more and more European citizens are asking for an acceleration of this transition towards a world more respectful of women and men, their environment and a less carbon-intensive economy. This message resonates with a dual

---

<sup>1</sup> According to the OECD's Global Pension Statistics, the nominal average 15-year return was 4.7% in local currencies for all eight EU countries for which data is available through the end of 2017. According to the Yale Investment Office the average return over the past 20 years ending June 2017 were 12.1% in US dollars. <https://news.yale.edu/2017/10/10/investment-return-113-brings-yale-endowment-value-272-billion>



observation that almost no institutional money is allocated to finance the transition, while at the same time most pension funds are showing only modest returns on their investment portfolios.

In that respect, it makes sense to consider why, over 15-20 years, large US endowments have returned about twice as much as the average for EU pension funds<sup>2</sup>. This is due in large part, to their endowment-style of investing: use a long-term horizon, largely in illiquid assets, alternative asset classes and taking equity risk. EU pension and insurance funds, subject to prudential regulation such as “Solvency II” for the insurance industry, are not allowed to invest in this fashion and often don’t have the personnel required to make such investments. As a result, they have achieved significantly lower average returns than the large US endowments. They are hard put to generate the required returns to fund their pension or insurance liabilities in a near-zero interest rate environment.

The initiators and founders of the Climate Endowment are:

- Wermuth Asset Management GmbH (WAM), the family office and impact investing adviser
- AQAL AG, a Munich-based multi-family office and integral company builder
- Jochen Wermuth, impact investor, principal of WAM and investment committee member of KenFo, Germany’s €24bn nuclear waste storage financing endowment
- Markus Bodenmeier, Co-founder AQAL AG, serial entrepreneur turned integral (impact) investor who has a focus on renewables and energy efficiency
- Patrick Horend, who formerly worked in the Global Special Situations department at the Abu Dhabi Investment Council, a leading sovereign wealth fund and endowment-style investor

They are supported by a strong group of senior advisers, potential partners and supervisory board members:

- Mats Anderssen, former CEO of AP4, a large Swedish pension fund
- Stephen Blyth, former CEO of the Harvard Endowment
- Philippe Desfossés, former CEO of ERAFP, France’s largest pension fund

**Press Contact:** Doreen Rietentiet, [dr@dwr-eco.com](mailto:dr@dwr-eco.com),

Climate Endowment contact: [phorend@wermutham.com](mailto:phorend@wermutham.com)

---

<sup>2</sup> According to the OECD’s Global Pension Statistics, the nominal average 15-year return was 4.7% in local currencies for all eight EU countries for which data is available through the end of 2017. According to the Yale Investment Office the average return over the past 20 years ending June 2017 were 12.1% in US dollars. <https://news.yale.edu/2017/10/10/investment-return-113-brings-yale-endowment-value-272-billion>

