



Press Release

The Effectual Principle: Sustainable return as a new, objective and verifiable criterion for sustainable investing

- **Newly developed investment approach based on applied science**
- **Theory of externalities enables consideration of overall costs and benefits to society and the environment**
- **Newly launched Effectual Capital Fund – Global Sustainable Equities is first application of sustainable return with asset management specialist Quoniam as implementation partner**

(Munich, 22 June 2023) Although investors show great interest in sustainable investing, a clear and intuitive framework for it is still missing. In many cases, existing approaches are highly subjective and opaque, not meeting the fiduciary standards of institutional investors. This leads to a dilemma: Despite great willingness, institutional investors are cautious to implement sustainable investments.

Effectual Capital offers institutional investors a solution for sustainable investing within an objective, verifiable and comprehensive framework – and thus to contribute to the sustainable transformation of the economy. The Effectual principle applies the established economic theory of externalities to portfolio management. In essence, it is a matter of taking into account overall social costs and benefits at realistic values.

Based on proper valuations and using Big Data, Effectual computes a sustainable return that captures both, financial and ESG performance. This provides institutional investors with the objective metric they require for sustainable investing.

The recently launched Effectual Capital Fund – Global Sustainable Equities is the first application of the principle and uses sustainable return to construct a portfolio of global equities in developed markets. This Luxembourg UCITS fund was initiated by Investment Office Perpetual. The fund started with a seed investment of 60 million US dollars and already has commitments totalling over 100 million US dollars.

The implementation partner of Effectual Capital Fund – Global Sustainable Equities is Quoniam Asset Management GmbH, an asset manager based in Frankfurt and London that offers quantitative investment solutions for institutional investors. As a pioneer in systematic investing in Germany, Quoniam has extensive expertise in Big Data analytics and data-driven sustainable investment approaches tailored to the individual needs of investors. That makes Quoniam an ideal long-term partner for the implementation of the Effectual principle.

The Effectual Capital Fund – Global Sustainable Equities is aimed at institutional investors with long investment horizons such as pension funds, pension plans, insurers or family offices. With its broad diversification, the fund is suitable for the core portfolio – while most other ESG investments are seen as suitable for satellite allocations only.



Andreas Gintschel, co-initiator and managing director of Effectual, comments: "Applying the theory of externalities to derive sustainable return, we offer an objective, verifiable and comprehensive framework for sustainable investing. And the Effectual Capital Fund - Global Sustainable Equities, is the proof of its practical implementation. In this case, for a broad universe of approximately 9,000 companies worldwide from which the fund selects its investments."

And Christian Wiehenkamp, CIO of Perpetual and co-initiator of Effectual, says: "If you really think long-term and sustainably, capital allocation is only efficient if all aspects are taken into account - in other words, environmental and social aspects are assessed in addition to the classic financials. Just as we take a very systematic, structured approach as an investment office, we want to think about sustainable investing in the same objective, verifiable and comprehensive way."

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About Effectual

„Making capital effectual for the transition to the sustainable economy.“

Effectual stands for an economically effective approach to sustainable investing. The foundation is the theory of externalities: When overall costs to society are quantified and internalized, a Pareto-optimal equilibrium can emerge. Effectual translates this principle into the "Effectual® Sustainable Return". For the first time, sustainable portfolios can be constructed along objective, verifiable and comprehensive criteria.

The Effectual principle was developed by Dr. Andreas Gintschel and Dr. Christian Wiehenkamp for Effctl Capital GmbH, where this approach is also licensed for investment products. Effectual was initiated and founded by the investment office Perpetual Investors GmbH, which also backs Effctl GmbH.

The Effectual Capital Fund – Global Sustainable Equities is the first investment product to apply the sustainable return approach. The implementation partner for this Luxembourg UCITS fund is Quoniam Asset Management GmbH, a quantitative asset manager based in Frankfurt and London that develops customized investment solutions for institutional investors.

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