



Artesian Capital Management Pty Ltd

Research topic: ***Next Gen Investing “What Are We Passing On?”***

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The youngest baby boomers are reaching the age of retirement, and on January 1, 2026, the leading edge of the baby boom generation started becoming octogenarians.

Born between 1946 and 1964, boomers sit at the intersection of longevity, created wealth and rising financial, social and environmental risks. They are living longer than any previous generation, often with more assets than their parents ever imagined, but also with costs and responsibilities that few fully anticipated, although arguably they should have.

The legacy of this generation draws strong, often one-sided perspective. On the “credit side”, this generation has presided over significant achievements. In much of the developed world, they have built and expanded the modern middle class through a long postwar boom, extended home ownership and higher education, and overseen major advances in civil rights, women's rights and environmental regulation.

They also built and scaled the technology, healthcare, and financial infrastructure that later generations now take for granted. The personal computer, the internet's early commercialization and more recently, AI and large advances in medicine and life expectancy all prevailed during their watch.

On the debit side, arguably the planet's systems have never been under greater stress and economic inequality is increasing. Other social problems, conflicts and dislocation would also seem to be rising and creating stress, with politics seemingly never more divisive.

However, as some of these issues reflect the cumulative impact of prior generations, laying them all at the feet of baby boomers would therefore be unfair and ultimately misses the point. This is not about allocating blame or credit. It is about understanding where we are today, the challenges this generation now faces, and the strategies best suited to addressing them.

So, we are faced with arguably unprecedented legacy environmental and social challenges, a paucity of political leadership, and the passing of a huge pool of capital to the generation that will increasingly inherit these issues. Importantly, this is also a generation that will be in a position to influence the ways those challenges are addressed, including through the deployment of that capital; investing.

For investors, particularly sustainable, responsible and impact investors, it's important to consider: (i) the issues, (ii) the consequent investment risks and opportunities and their materiality, and (iii) the broader impact of these investments on environmental, social and economic systems, including financial capital. We consider each of these hereunder.

Financial Capital

In its 2026 Global Asset Management Report, Boston Consulting Group, estimated total global investment assets under management at USD147 trillion in 2025¹. Over the next two to three decades, one of the largest transfers of financial capital in history will take place.

Consultant and research group, Cerulli Associates, projects US\$124 trillion transferring through 2048, of which, US\$105 trillion is forecast to go to heirs and US\$18 trillion to charity; roughly 81% of that total originates with baby boomers and older generations².

In Europe, at the pan-European level, a 2025 Addepar report estimates €3.5 trillion will transfer across Europe over just the next five years³. At a country level, the UK has its own widely cited estimate: Kings Court Trust estimates a £5.5 trillion transferring over the next 30 years⁴.

In Australia, JBWere estimates approximately A\$5.4 trillion will pass to younger generations by 2050 (an increase on the Productivity Commission's earlier, more conservative estimate, of A\$3.5 trillion), with annual inherited assets rising from roughly A\$120 billion today to around A\$500 billion within 25 years, concentrated overwhelmingly in superannuation and residential property⁵.

Environmental Impacts

Arguably, the planet's systems have never been under greater stress, with six of the nine systems tracked by the Stockholm Resilience Centre planetary boundaries framework, pushed beyond their safe operating limits. Climate change is the biggest, both because of its own damage and because it worsens most of the others.

We note the remaining carbon budget for holding warming near 1.5°C is nearly exhausted, with recent tracking suggesting that an overshoot is increasingly likely.

Biodiversity loss has become a crisis in its own right. WWF's Living Planet report has tracked roughly a 73% average decline in monitored wildlife populations since 1970, while more recent research warns that ecosystems face compounding threats. Habitat loss, climate change and pollution do not occur in isolation; together they increase the risk of ecosystem collapse rather than

¹ Global Asset Management Report 2026: An Imperative for Growth — Boston Consulting Group, published 2026. URL: <https://www.bcg.com/publications/2026/an-imperative-for-growth-and-the-new-economics-of-asset-management>

² www.cerulli.com/press-releases/cerulli-anticipates-124-trillion-in-wealth-will-transfer-through-2048

³ "The great wealth transfer in EMEA: Why technology is the key to meeting next-generation expectations" Addepar June 26, 2025. URL: <https://addepar.com/blog/emea-wealth-transfer>

⁴ www.kctrust.co.uk/wealthtransfer

⁵ The Bequest Report Reshaping Australia by passing on more than assets Author: John McLeod, Senior Consultant, Family Advisory and Philanthropic Services, JB Were Australia, July, 2024

simply, gradual decline. Water stress, plastic and chemical pollution, and soil degradation tend to travel with these same drivers and get less attention but compound the load⁶.

Social Capital

Despite the growth in many widely adopted indices and measures, economic inequality seems to be increasing. Oxfam's January 2026 report puts global billionaire wealth at around \$18.3 trillion and continues to document the top 1% holding roughly 44% of global wealth⁷. This level of concentration is not simply an economic issue, it is increasingly framed as a threat to democratic function itself, noting that democratic backsliding and institutional trust is an increasingly serious issue of itself.

Other issues include mental health, interestingly frequently a focus in developed wealth economies.

Inheritance Trends & Implications

Financial planners call the passing of assets from older to younger generations the “great wealth transfer”. But much of the commentary misses the real story. Interestingly, this build-up and passing of wealth is not without social and economic implications. The coming wealth divide is not primarily between generations, but within them: between those who inherit wealth and those who do not.

The popular narrative goes something like this: baby boomers hold most of the wealth, while Millennials and Gen Z are waiting their turn. Eventually, this narrative suggests that wealth will flow down to younger Australians. But this framing overlooks how wealth moves through society. When wealth is passed down through families, it does not simply move between generations. It compounds advantage within the same families over time. Those who already own property or assets, can pass them on.⁸ Indeed, Cerulli noted that more than US\$62 trillion — over half the total US\$124 trillion it projects being transferred through to 2048), originates from high-net-worth and ultra-high-net-worth households, even though those households represent just 2% of the total population. This a sharp reminder that this transfer isn't a broad-based demographic event, with the implications considered below.

Another aspect is the implication of the large advances in medicine and life expectancy that are legacies of the baby boomers; most Western populations are living longer and they're passing on their wealth later. The financial impact

⁶ WWF (2024) Living Planet Report 2024 – A System in Peril. WWF, Gland, Switzerland.

⁷ Resisting the Rule of the Rich Defending Freedom Against Billionaire Power, Oxfam 19 January 2026

⁸ Australia's great wealth transfer divide isn't between generations
, Kasy Chambers, Pearls and Irritations, johnmenadue.com/post/2026/03/australias-great-wealth-transfer-divide-isnt-between-generations/

of inheritance is significant. In the US, 46% of recipients say it makes them feel more financially secure, 40% cite improvements in savings and 22% associate it with increased spending. Some even report retiring earlier or lightening their workloads.⁹ Nevertheless, inheritance amounts and trends are shaping consumer behaviour and have the power to influence spending patterns across industries.

A recent JBWere report, *"The Growth of Women and Wealth"*¹⁰, makes a striking claim: women are projected to inherit custodianship of \$3.2 trillion over the next decade, representing more than 65% of the report's \$4.9 trillion¹¹ total intergenerational wealth transfer. This means women are set to control much of the wealth moving through Australian estates, not just a proportional share. The report also found that the eldest daughter is 50% more likely to control the family finances at the point of wealth transfer. Similar work by McKinsey in the USA suggested that household assets controlled by women will rise from 1/3 to 2/3 within a decade and Schroders in the UK saw it happening even sooner due to the more imminent demographic changes in that country¹².

Looking Forward

While the growth in the future value of total inheritances is locked in by demographics, it is how they are used where we could see great gains for Australian society. The opportunity is for families to pass on financial assets in alignment with their values, allowing the for-purpose sector to play a more significant role in assisting that legacy over time.¹³

The issue of what "assets and liabilities" are being transferred is important to framing the approach for investors. But those liabilities should not be viewed solely in financial terms. They also include the environmental and social impacts. This is particularly relevant for sustainable, responsible and impact investors. There is a significant pool of capital that is being transferred. Accompanying this are various challenges, which require addressing.

Estimates for climate mitigation investment vary significantly, depending on scope. Whether you're talking about tracked climate finance flows, total

⁹ <https://www.morganstanley.com/insights/podcasts/thoughts-on-the-market/inheritance-market-impact-michelle-weaver>

¹⁰ The growth of Women and Wealth A closer look at Australia's growing cohort of high-net-worth female investors, JB Were March 2024

¹¹ The \$4.9 trillion figure specifically: sits alongside, but doesn't match, JBWere's later \$5.4 trillion estimate update. This \$4.9 trillion appears to be from a related but distinct JBWere modelling exercise done for this specific report, over what looks like a shorter (roughly decade-long) horizon rather than the full 2050 timeframe and so it is treated as directionally consistent rather than a strict apples-to-apples reconciliation with the other figure

¹² The Bequest Report Reshaping Australia by passing on more than assets Author: John McLeod, Senior Consultant, Family Advisory and Philanthropic Services, JBWere Australia, July, 2024

¹³ The Bequest Report Reshaping Australia by passing on more than assets Author: John McLeod, Senior Consultant, Family Advisory and Philanthropic Services, JBWere Australia, July, 2024,

energy-system transformation spending, or specifically the cross-border finance owed to developing countries.

Current tracked climate finance sits around \$1.9 trillion a year, yet even conservative estimates of what's required to address the globe's climate crisis vary; from roughly \$6 trillion a year up to \$9.2 trillion a year in gross terms. The most cited baseline comes from the Climate Policy Initiative's (CPI) Global Landscape of Climate Finance¹⁴, the standard tracking exercise for actual climate-related investment flows worldwide. Their most recent complete data shows global climate finance reached \$1.9 trillion in 2023, more than double what it was six years prior, growing at roughly 26% annually over that period. Against that, CPI's own "conservative" estimates of what's needed is at least \$6 trillion in annual climate investment, implying a gap of somewhere north of \$4 trillion a year at current flow levels.

Noting the fiduciary duties and expectations placed on asset managers and advisors, including the obligation to provide competitive investment returns, there is a case wherein this pool of capital can and should direct a meaningful share toward environmental and social problems to provide capital to fund solutions. This case is reasonably well documented, but is briefly set out here.

1. Can - Risk Management and Opportunity Seeking.

ESG factors, particularly climate related risks, are financial risks like any other. A prudent fiduciary who ignores financially material risks (physical climate risk to assets, transition risk to carbon-intensive holdings, litigation risk, and stranded-asset risk) is arguably failing the ordinary duty of care. They also address many of the environmental and social impacts that are being "passed on" to future generations.

2. Should

This is based on a closing-the-loop argument that this capital has accumulated alongside, and partly as an outcome of debt accumulation, housing supply constraints, and delayed climate action now being handed to the recipients of this same wealth.

However, this capital is private and not public revenue, and so cannot, nor should it be directed to invest in a particular way, or for a particular (environmental or social) outcome. A more compelling proposition for this pool of capital is to remove frictions through creation of investment products and services that provide appropriate risk adjusted return. This may require reworded policy and regulation to better enable some privatisation of the public good created. However, many such products already exist and include;

- Public markets debt instruments, including green and social bonds

¹⁴ Global climate finance hits \$1.9 trillion—bridging the climate investment gap remains within reach, Climate Policy Initiative, June 24, 2025

- Impact investing
- Transition finance
- Blended finance and catalytic capital
- Climate tech venture capital

This period of wealth transition is literally a once in a generation opportunity to unlock significant pools of capital, which have accumulated in many Australian households, for environmental and social impact.