

**MARATHON CLUB LAUNCHES CONSULTATION PAPER ON
LONG TERM, LONG ONLY INVESTING**

The Marathon Club, a collaboration of investment organisations whose core belief is that active long-term investing is beneficial to achieving added value to the investment decision making process, has today unveiled its industry wide consultation paper. The consultation paper seeks to stimulate debate from all parts of the investment industry on the principals behind long-term, long-only investing and provides guidance to trustees of pension funds, trusts, and foundations on what the components of a long-term, long-only mandate might include.

The Consultation Paper initially defines long-term, long-only investment as “a fundamental, research-orientated investment approach that has a focused discipline of optimising positive absolute returns over the long term business cycle.” It then seeks to raise awareness of the wider industry issues and thinking behind the adoption of a long-term, long-only investment approach. In particular it identifies the critical factors that trustees should consider if they are to develop and implement a long-term mandate. The second section of the Consultation Paper contains guidance on the components of a long-term, long-only mandate. These include the articulation and expression of trustees’ investment beliefs, their relationship with the investment manager, the content of review meetings and alignment of financial interest.

Sir Graeme Davis, Chairman of the Marathon Club and Chairman of the Universities Superannuation Scheme, commented on the Consultation Paper: “It is the strongly held belief of the Marathon Club that the current short-term focus of both the investment and corporate community leads to investment choices being made which fail to maximise the longer-term financial performance of client portfolios, investee companies and the wider economy.

“Businesses are being valued on the basis of accounting metrics that do not capture the effect of extra-financial factors on long-term operating performance. In receipt of the wrong signals from investors, investment managers are in danger of inefficiently allocating capital.

“Many institutional investors are, by our very nature, long-term investors. So we cannot escape asking ourselves if the present focus on quarterly performance, and the behaviours this promotes, is in line with the best interests of our customers and end beneficiaries. This Consultation Paper is not designed to be an exercise in pure theory, but rather a way to refocus institutional investment on long-term fundamentals.”

Based on the responses to the Consultation Paper, the Marathon Club will refine and develop guidance so that it reflects the collective views of thought-leaders throughout the industry and can serve as an effective blueprint for the wider development and implementation of long term, long only mandates.

A copy of the Consultation Paper can be obtained from the Club’s website www.marathonclub.co.uk or from Elaine Wallis (elaine.wallis@hewitt.com). Submissions to the consultation are welcomed from all members of the investment community including trustees, pension’s managers, investment advisers, fund managers, securities analysts and regulators and should be sent to Yusuf Samad (yusuf.samad@hewitt.com) or Giustino Palazzetti (giustino.palazzetti@hewitt.com).

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Notes to editors:

About the Marathon Club

The Marathon Club is comprised of institutional fund trustees, senior executives or senior specialists who have a proven track-record in playing a relevant leadership role in public and private institutional funds and endowments. The members' combined assets exceed £130 billion.

The overall goal of the Club is to stimulate pension funds, endowments and other institutional investors ("Institutional Funds") and their agents to be more long-term in their thinking and actions, and place more emphasis on being responsible and active owners with a view to increasing knowledge about how their investment strategy and process can improve the long term financial and qualitative buying power of fund beneficiaries.

The Club has four core objectives:

1. Publish and disseminate a series of practical "how to" (and "why to") briefings which explain how trustees and consultants can foster a more long term and responsible approach.
2. Develop and promote templates or blueprints for mandates that encourage long-term, responsible and active investment approaches.
3. Encourage Institutional Funds to award new mandates or adapt existing mandates and reporting processes accordingly.
4. Supplement other approaches to continuous professional development of trustees, investment consultants and critical other players so they are better able to contribute to the goal.