

PRESS RELEASE

MARATHON CLUB REPORTS ON INDUSTRY RESPONSE TO LONG TERM, LONG ONLY INVESTING CONSULTATION PAPER

London, 2nd August, 2006 - The Marathon Club, a collaboration of investment organisations, which aims to promote active long-term (LTLO) investing, has today revealed the response it has received to its industry-wide consultation paper on the construction and implementation of LTLO investment mandates.

The consultation paper, launched in March 2006, was intended to stimulate debate from all parts of the investment industry on the principals behind LTLO investing and provide practical guidance to trustees of pension funds, trusts, and foundations on what the components of a LTLO mandate might include.

The Marathon Club has now received comprehensive and thoughtful responses from a broad range of investment institutions across Australia, UK and North America. Responses have been collated by the Secretary to the Marathon Club, Hewitt Associates.

The following key themes emerged from the responses:

- Lengthening the term of the investment contract while maintaining a quarterly review focusing on performance alone will not change short term behaviour.
- A greater focus must be placed on the development of a portfolio's investments within the review meeting.
- There is wide recognition that a long term approach requires a more comprehensive and in depth understanding of investment issues by trustees, prompting some respondents to suggest the need to develop appropriate governance structures and define further the scope of trustee education.
- Some respondents expressed a concern that the approach suggested in the paper was too narrow and should extend to other investment approaches.

Peter Scales, Chairman of the Marathon Club and Chief Executive of the London Pension Fund Authority, commented:

"We have been pleased with the quality of the industry's response to the Consultation Paper. The Marathon Club launched this consultation because we saw a need to refocus investment on the long-term. The feedback we have received is encouraging; it shows broad support for the Club's views and will greatly assist us in developing concrete guidelines for implementation of a long-term mandate."

The Marathon Club will now focus on incorporating the industry's best ideas into an effective blueprint for the wider development and implementation of LTLO mandates. This will be published before the end of 2006. For further information or to register for a copy, please go to www.marathonclub.co.uk.

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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.