



PRESS RELEASE

MARATHON CLUB PUBLISHES GUIDANCE NOTE ON LONG-TERM INVESTMENT

London, 18th April, 2007 - The Marathon Club ("the Club"), a collaboration of investment organisations, representing combined fund assets in excess of £170bn, has today published a Guidance Note providing practical guidelines to trustees and their advisers on the implementation of a long-term investment approach.

Responses to an industry-wide consultation paper, issued in March 2006, have been used by the Club to address how the financial industry might overcome the apparent barriers to long-term investing, particularly in an environment where pension funds face deficits and funding problems. The consultation process illustrated that, for a long-term investment approach to be successful, the mindset of trustees and their beliefs, and on how the investment process is structured, implemented and managed is critical.

Peter Scales, Chairman of the Marathon Club, commented:

"The financial community's interest in this project demonstrates its desire to develop a long-term investment solution. Given the nature of their obligations, the long-term approach serves the interest of pension schemes, but importantly also benefits broader economic growth. However, the change in mindset required is significant and will not be achieved without the cooperation of all participants in the investment decision chain – trustees, investment managers and investment advisors. We would encourage the industry as a whole to use this framework as a way to radically re-consider the way it invests."

The Guidance Note provides practical guidelines for six key components of an investment mandate:

- **Trustees' investment beliefs** should be clearly articulated and explicitly recorded – an example of such a document is provided
- **Clear objectives for risk and return** should be set, based on those beliefs and long-term goals, and communicated clearly to advisers and investment managers
- **Selecting of fund managers** should be directly linked to how each candidate fits with the trustees' long-term investment beliefs and objectives, together with the establishment of clear mandate parameters
- **Alignment of trustee and manager objectives** is best achieved through individual managers owning a stake in their business. Appropriately structured performance incentive fees should also be introduced and maintained
- In building a long-term **relationship with a manager**, it is important to place greater emphasis on the content rather than the frequency of review meetings, and include an opportunity to test the continuity of or changes to philosophy, process, people and the rationale for stock selection – the Guidance provides examples of this.
- Implementation requires **strong governance and leadership**, to control strategy and objectives consistent with established investment beliefs, and able to withstand short-term market movements.

To hear more about investing for the long-term or to register for a copy of the Guidance Note, please contact: enquiries@marathonclub.co.uk

-Ends-

For further information, please contact:

Claire Maloney
Capital MS&L on behalf of the Marathon Club
+44 (0) 207 307 5341 or claire.maloney@capitalmsl.com

Yusuf Samad or Giustino Palazzetti
The Marathon Club
+44 (0) 207 939 4363 or +44 (0) 207 939 4437
yusuf.samad@hewitt.com or giustino.palazzetti@hewitt.com

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 £170 billion. Hewitt Associates, a global human resources services company, is currently Secretary to the Club.

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.