FOCUSING CAPITAL
on the LONG TERM

Understanding the investment value chain

Institutional investors and corporate boards are key 'levers' in the investment value chain

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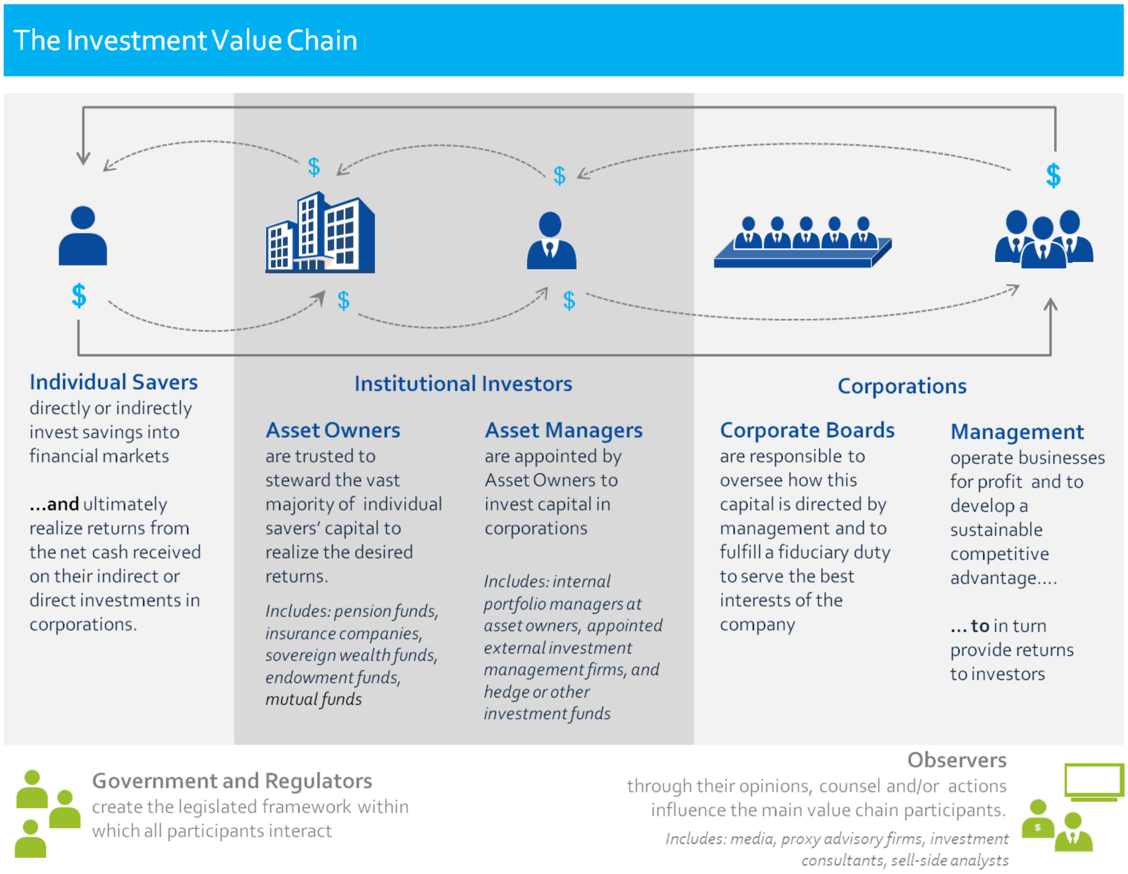
Institutional investors and corporate boards are key 'levers' in the investment value chain to advocate for the long-term interests of savers and enhance long-term value creation.

Short-term decision making runs counter to individual savers needs. Much of the capital in the chain originates with savers whose interests are long-term. Yet today few individuals' directly invest their own savings into markets.

Rather, the majority of capital works its way through the hands of multiple financial market participants before individual savers realize some return from the net cash received on their effective investments in corporations, multiple links down the chain from them. Unfortunately as capital weaves its way through this system, it is increasingly subjected to value-destroying short-term forces and the savers' long-term interests are lost.

Metrics, measures and approaches that better reflect these long-term interests across the value chain have the power to change the short-term actions of companies and investors. Given their roles in the investment value chain, institutional investors and corporate boards have not only the duty, but the power to act as champions of long-term thinking. Changing the actions of these two groups has the potential to influence widespread change, ultimately resulting in a virtuous circle that will benefit companies, shareholders and society.


The Investment Value Chain
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Individual Savers
directly or indirectly invest savings into financial markets
...and ultimately realize returns from the net cash received on their indirect or direct investments in corporations.
Institutional Investors
Asset Owners
are trusted to steward the vast majority of individual savers' capital to realize the desired returns.
Includes: pension funds, insurance companies, sovereign wealth funds, endowment funds, mutual funds
Asset Managers
are appointed by Asset Owners to invest capital in corporations
Includes: internal portfolio managers at asset owners, appointed external investment management firms, and hedge or other investment funds
Corporations
Corporate Boards
are responsible to oversee how this capital is directed by management and to fulfill a fiduciary duty to serve the best interests of the company
Management
operate businesses for profit and to develop a sustainable competitive advantage....
... to in turn provide returns to investors
Government and Regulators
create the legislated framework within which all participants interact
Observers
through their opinions, counsel and/or actions influence the main value chain participants.
Includes: media, proxy advisory firms, investment consultants, sell-side analysts