



## **Tomorrow's Company inquiry ready to roll**

14-strong inquiry team to be announced on Valentine's Day

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The 21st Century Investment Inquiry, a Tomorrow's Company-sponsored investigation into the relationship between investment and wealth creation, is gearing up and ready to go. The names of the 14 members of the team, which will be chaired by Sir Richard Sykes, former chief executive of GlaxoSmithKline, will be announced tomorrow.

'We are bringing together a disparate group of professionals involved in the investment chain such as trustees, fund managers and chief executives, each of whom understands their own part of the system,' says Mark Goyder, director of Tomorrow's Company. 'Our inquiry may become an attempt to understand what the optimal investment system would look like, and how we can move towards this.'

Paul Myners, former chairman of Gartmore Investment Management and author of the eponymous report into institutional investment decision-making, has described the Tomorrow's Company inquiry as a 'bold proposal'.

In light of what Howard Davies, chairman of the UK's Financial Services Authority, has called 'the huge value destruction process' of recent times, Myners points to the need for 'a new focus on the fundamentals of good performance.'

Goyder says the inquiry will entail a thorough examination of the investment decision chain. 'We will be asking questions about the decision-making process all along the chain, such as how do pension fund trustees make decisions? How do fund managers respond to their mandate? What are investors themselves looking for?'

According to Tomorrow's Company, the definition of investment performance involves a number of steps in the chain, such as how mandates are developed by the consumer and how performance is measured by investors. In the past, 'Equities have been presented as too much of a one-way bet. People were led to believe they were in a win-win situation.' But in the current market crisis all that has changed. 'In a short time,' jokes Goyder, 'investment funds will have to print a disclaimer warning people that your investments may go down as well as up.'

Equally, confidence in companies themselves has been hit because of governance failures. 'In a well-run and well-balanced company, we need a proper emphasis on short-term and long-term objectives,' says Goyder. 'Our inquiry hopes to examine how the various players can, at various stages, ensure that this happens.'