



## A LONG-TERM LENS IS NEEDED TO GENERATE ALPHA

HYWEL **GEORGE** | DIRECTOR OF INVESTMENTS AT OLD MUTUAL INVESTMENT GROUP

### ABOUT **THE AUTHOR**

Hywel is responsible for the delivery of performance across Old Mutual Investment Group's listed asset management business. He is key in providing thought leadership to the business as well as nurturing and developing new investment products.

In September, we hosted our third annual TOMORROW event – a thought leadership event exploring the benefits and challenges of following a sustainability-oriented process to drive alpha and ensure long-term growth not only in South Africa, but on the continent.

This year's theme was "A long-term lens is needed to generate alpha", as we continue to explore ways to ensure stable, long-term growth. A short-term focus by investors and issuers can be seen as problematic at a systemic level. Primarily, short-termism undermines future economic growth due to the lack of long-term capital investment, which ultimately leads to slower GDP growth, higher unemployment levels and lower future investment returns for savers.

Being a long-term investor is not just about understanding long-term trends, but being able to have a systemic view of the market and its connectivity to other social and biophysical systems. Seeing the world in this way results in a clearer appreciation of how long-standing ESG trends impact the stability and viability of markets.

To test this thinking, the global advocacy group Focusing Capital on the Long Term, in collaboration with McKinsey, undertook research on the performance of companies with a long-term value focus. Published in the Harvard Business Review, the research indicates that "companies that manage for long-term value creation have consistently outperformed their peers since 2001, across almost every financial metric that matters".

I discuss this research in more detail in the *Tomorrow: As Invested As You Are* book, which includes a wide range of articles from our investment professionals and a number of external contributors – all of whom unpack the key sustainability themes and challenges impacting our world.



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