



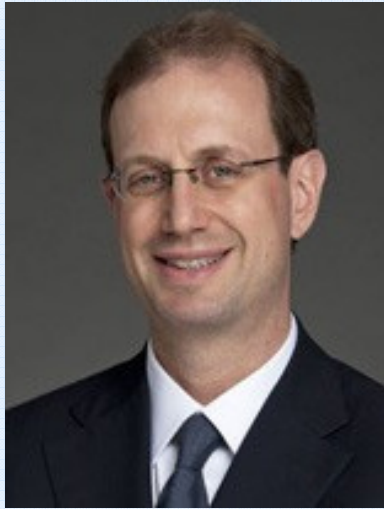
Focusing Capital on the Long Term

McKinsey & Company

Colloque de l'IGOPP

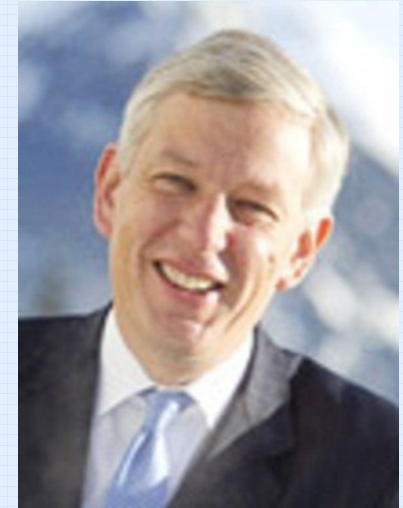
Le 31 mai 2013

Focusing Capital on the Long Term



Mark Wiseman

CEO
CPPIB



Dominic Barton

*Global Managing
Director*
McKinsey & Company

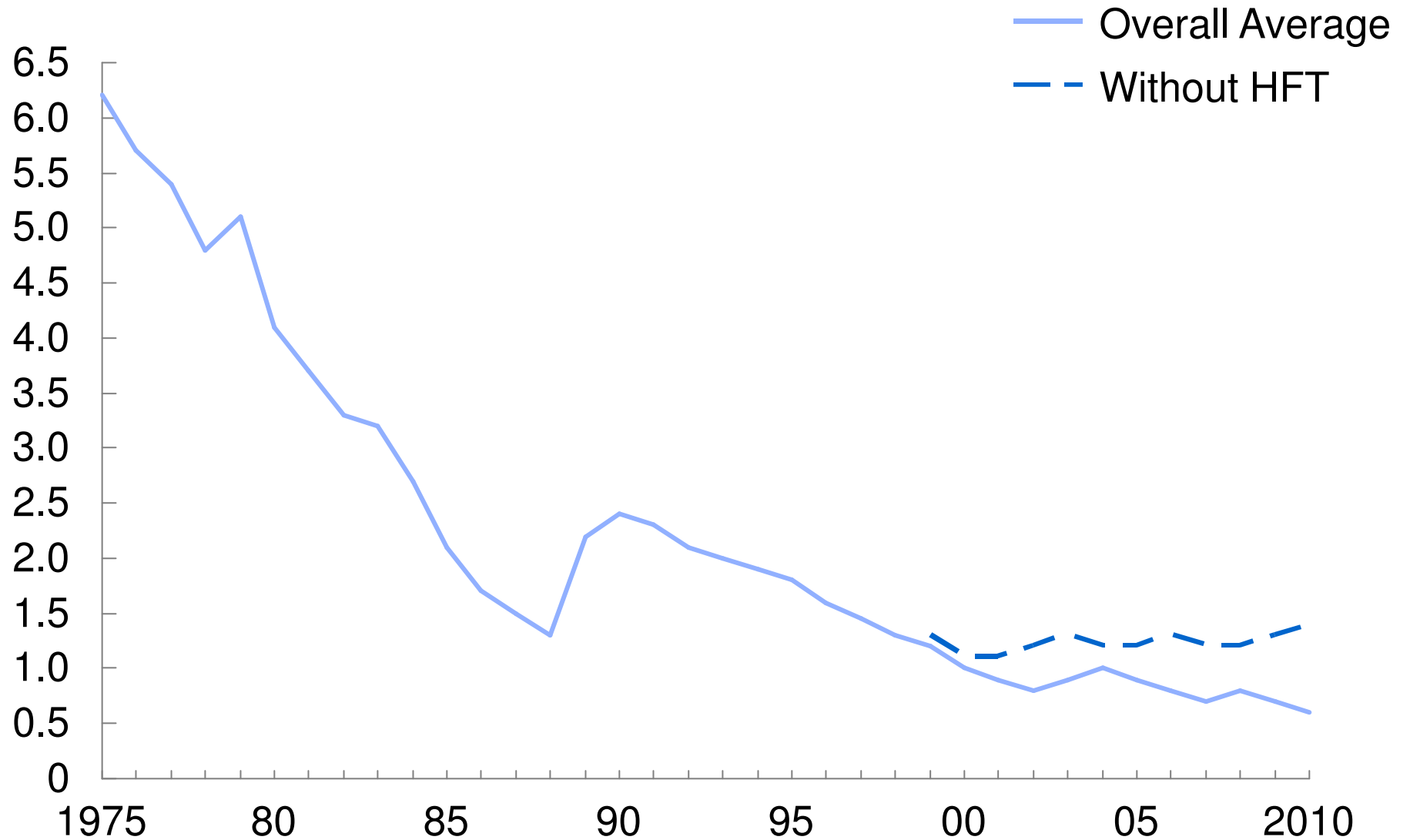


CPP
INVESTMENT
BOARD

McKinsey & Company

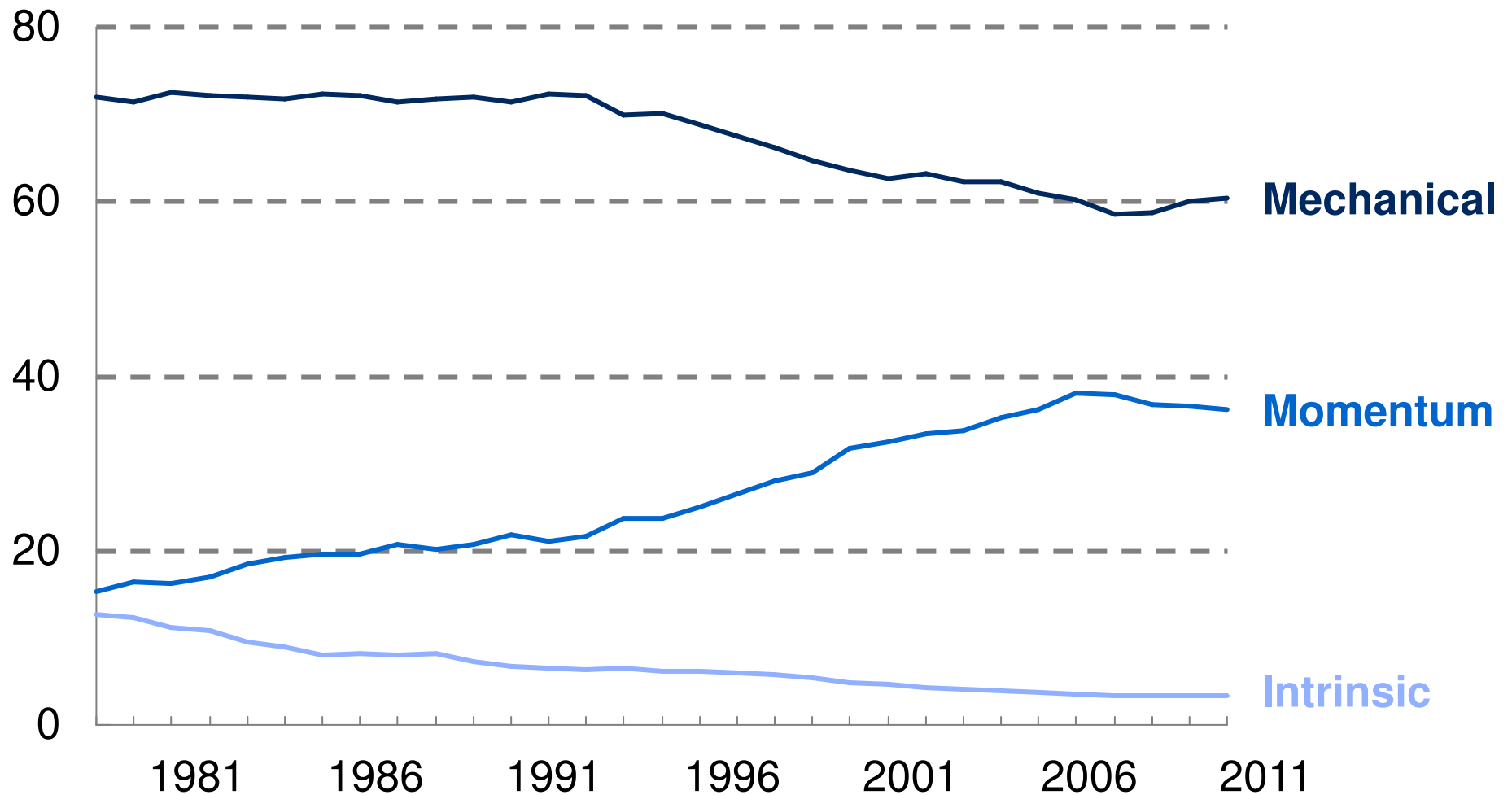
NYSE average stock holding period

Years



Relative Shares of Investor Types Over Time

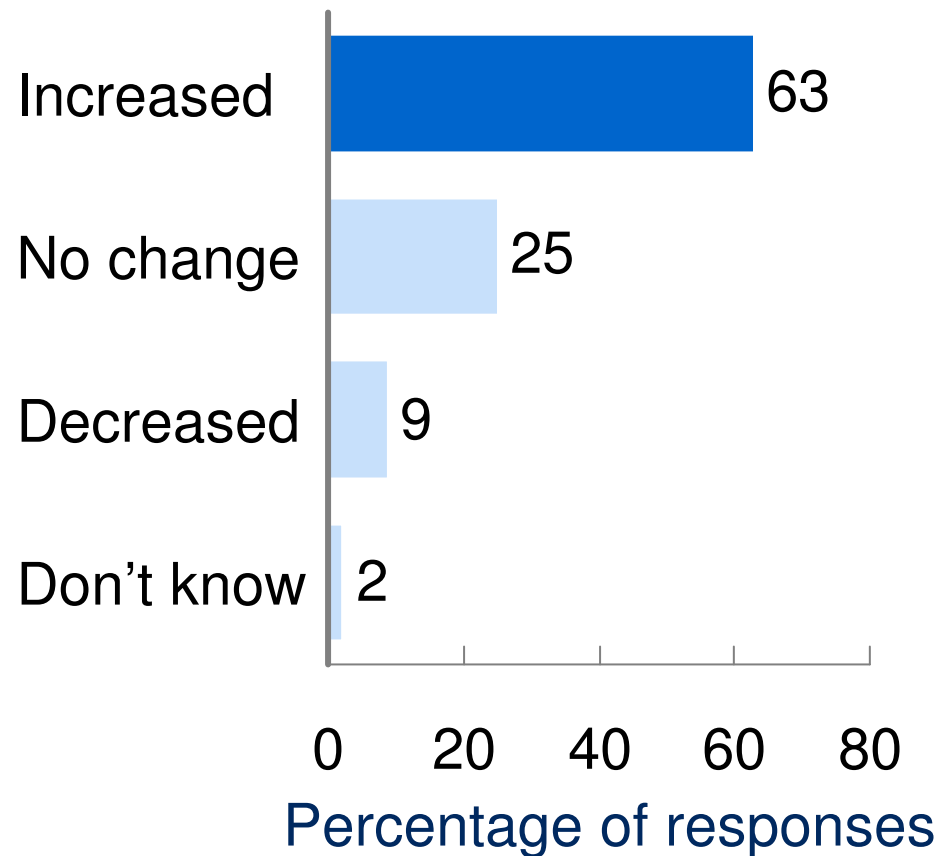
% of total asset managers (# of managers)



Senior executives feel pressured

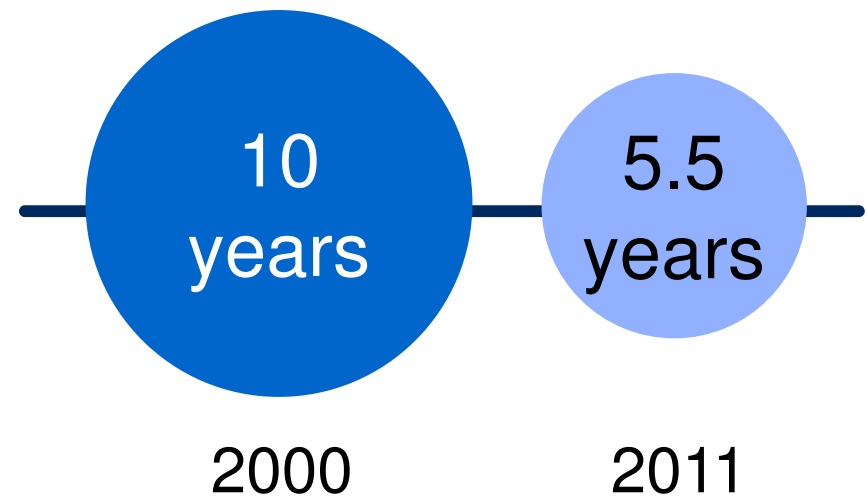
Short-term pressure

% of 1,597 respondents



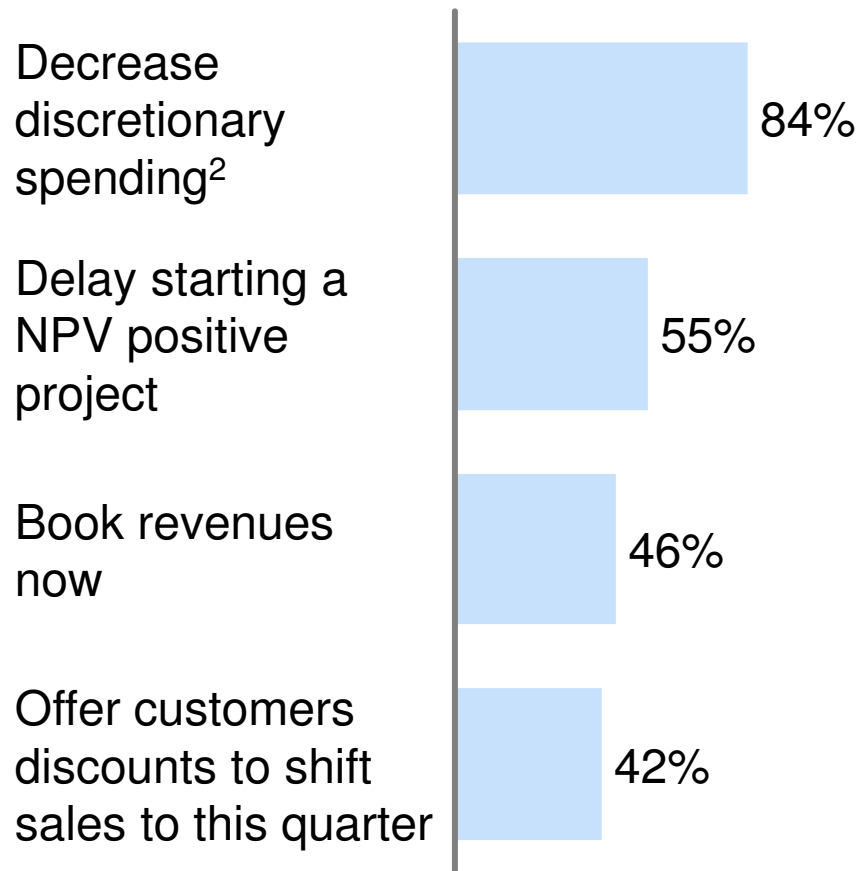
CEO tenure declining

S&P 500 CEO tenure, years



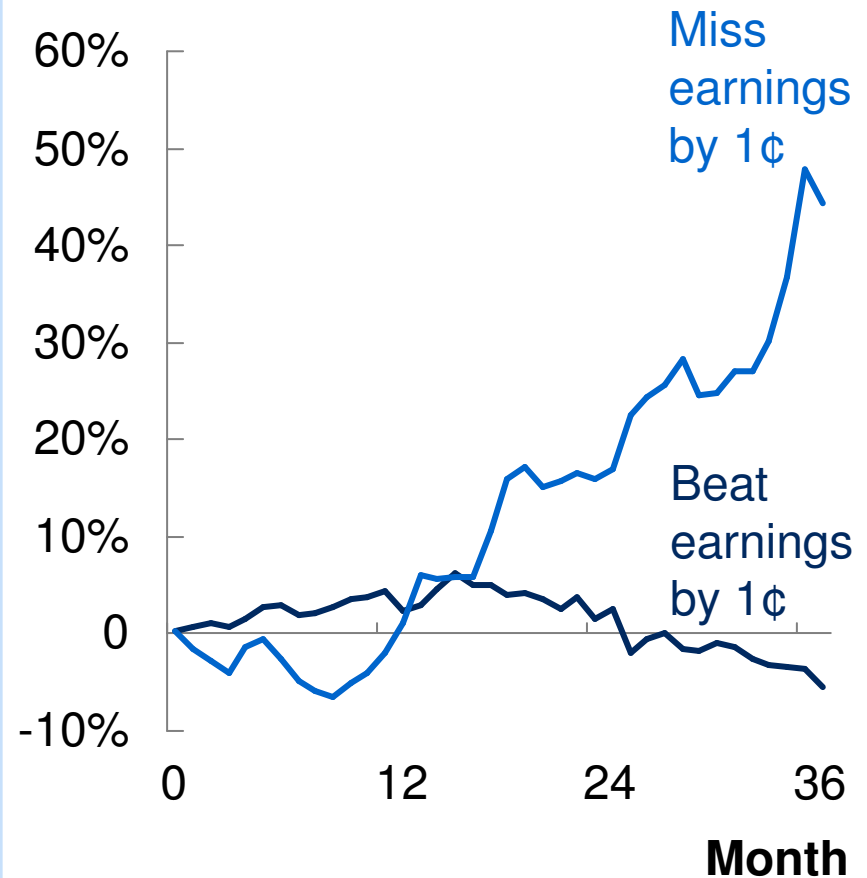
The dangers of earnings management

Actions CFOs would take



Company performance

Cumulative returns



The private advantage

	Publicly-listed company directors	Private company directors
Engaged owners	Fragmented ownership	One significant, committed, long-term owner
Engaged directors	19 days	55 days
Focused on long-term value	Risk and compliance	Strategy
Long-term incentives	Payout horizons often misaligned	Payout horizons aligned



3%

Outperformance of average US private equity buyout funds vs. S&P 500



Focusing Capital on the Long Term

1. Asset-owner led collaboration
 2. “Activating” passive holdings
 3. Engagement principles
-
4. Long-term value committee
 5. Matching compensation horizons
 6. Narratives and metrics on long-term strategy

Focusing Capital on the Long Term