Investing on the right side of global change

RESPONSIBLE WEALTH REVIEW

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Responsible Investing

Editorial

Since its launch at the World Economic Forum (WEF) in Davos in 2004, the Private Wealth Council has devoted itself to better understanding the fundamental responsibility of private wealth owners and how private wealth can be effectively secured and increased. This notion of responsibility shapes the core values of our initiative. We firmly believe we are responsible not just for ourselves and our families, but also for our communities and our global environment.

The assets of private individuals can generate long-term healthy returns and at the same time have a favorable effect on society and our environment if they are invested on the "right" side of global developments.

Consider the forces that are shaping the global economy – from climate change, energy shortages, rapid developments in science and technology to the current collapse of the global financial system. We need to understand how these forces intersect and influence our lives. Investment decisions must be based on well-defined values and need to be continuously monitored and evaluated in the context of the major drivers of global change.

In our second issue of "Private Wealth Review", we examine the various facets of "Responsible Investing", with contributions from well-known individuals who support this notion and demonstrate the principles of responsible investing in action.

We offer these reflections at a time when we are in the midst of a very serious global financial crisis that has left economic and political leaders struggling to agree on an adequate solution. While the world pins its hope on the newly elected US President Barack Obama, the far reaching hand of governments suddenly juts out, attempting to regulate capitalism. While Europe and the US are desperate to boost their respective economies at lightning speed, global public investment programs are heading towards the unimaginable total figure of ten trillion US dollars.

Little wonder that "Le Figaro" recently choose British economist John Maynard Keynes (1883–1946), a staunch advocate of anti-cyclical deficit spending, as "Man of the Year".

The Dow Jones fell by 33.8 percent in 2008, its worst performance since 1931, while other stock indices tumbled 40 percent, some even more. The triggers for this global financial crisis are widely believed to be a transaction-driven culture in financial markets based on short-range views and actions and the boundless greed of some players in the industry.

During this time, the ten billionaires heading the list of the world's wealthiest people reportedly lost assets of over 150 billion US dollars within a period of a few months.

And now, the party is over. During these sobering times, it is prudent and indeed critical for everyone to reconsider basic values and principles driving investment choices – not only those responsible for private wealth.

Fritz Kaiser
Publisher

fritz.kaiser@privatewealthcouncil.org

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