The Wealth of Nations

Marking Two Hundred and Fifty Years

1776 – 2026

Executive Brief Series

Leadership priorities for asset managers



GLOBAL
ETHICAL FINANCE
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Smith250: Investing for Long-Term Value in a Fragmented World

Executive Brief

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Executive Summary

Developed in partnership with **Royal London**, *Wealth of Nations: Marking Two Hundred and Fifty Years* brought together 19 contributors from across finance, academia, policymaking and international institutions to explore how Adam Smith's ideas can inform the future of markets in an era of geopolitical fragmentation, systemic risk and accelerating global change.

Building on the publication, the Global Ethical Finance Initiative (GEFI) and Royal London convened the Smith250 Roundtable during London Climate Action Week, bringing together authors and senior leaders from finance, government, business and civil society to explore the practical implications for policy and practice.

This brief translates the publication and roundtable discussions into practical guidance for asset managers, identifying priorities for navigating systemic risks and delivering long-term value for clients.

As geopolitical uncertainty reshapes financial markets, asset managers must generate competitive returns while helping clients navigate an increasingly complex investment landscape. The discussions affirmed that long-term value creation remains fundamental. Financially material systemic risks should be integrated across investment practice, rather than only in response to individual client preferences. While the language surrounding sustainability and responsible investment may evolve, the underlying financial case remains.

Leadership Priorities

- **Lead with financial outcomes, not politicised language.** Integrate financially material systemic risks as a core component of investment practice across the client base, focusing conversations on resilience, governance and long-term value creation rather than politically contested terminology.
- **Translate complexity into providing clients with investment confidence.** Help clients understand why systemic risks affect long-term returns. Help clients distinguish between short-term political narratives and long-term investment fundamentals, maintaining confidence in disciplined investment approaches during periods of market volatility.
- **Strengthen stewardship as an investment capability.** Embed active management throughout the investment process, using engagement and voting to encourage stronger governance, effective risk management and long-term strategic thinking.
- **Invest in better foresight.** Strengthen scenario analysis and investment research to navigate geopolitical fragmentation, technological disruption and climate transition.

Key Insights

Long-term investing remains commercially compelling. Participants emphasised that responsible investment should not be viewed as an alternative to financial performance. Strong governance, diversity of thought, effective stewardship and sustainable business practices contribute to the resilience of companies and better long-term outcomes.

Language matters. The discussion recognised that terminology can become politicised. Asset managers should focus on communicating financial materiality, resilience and long-term value creation in language that resonates with clients and beneficiaries.

Engagement remains an investment tool. Active dialogue with investee companies should continue to focus on governance, risk management, capital allocation and long-term performance. Effective stewardship strengthens investment outcomes and supports more resilient businesses.

Systemic risks require broader investment perspectives. Portfolio analysis should increasingly incorporate climate, geopolitical, technological and societal risks that influence entire markets rather than individual securities.

Why This Matters?

Asset managers are operating in an environment characterised by geopolitical fragmentation, market volatility and growing uncertainty over the future direction of regulation and globalisation. At the same time, political debates around sustainability and responsible investment have created new challenges in communicating long-term investment strategies.

Participants argued that the underlying investment case has not fundamentally changed. Climate risk, geopolitical instability, demographic change and natural resource constraints continue to influence long-term returns. Where these risks are financially material, their consideration should be core to investment practice across the client base, rather than dependent on individual client preferences or mandates.

Successful asset managers will be those that integrate these risks consistently into investment analysis, stewardship and portfolio management, demonstrate their relevance to financial risk and return, and help clients navigate short-term market and political cycles without losing sight of long-term objectives.

Looking Ahead

The Smith250 dialogue reaffirmed that successful investing has always required looking beyond immediate market movements to understand the broader forces shaping long-term value. While the political and economic environment will continue to evolve, the principles of disciplined investment, effective stewardship and long-term thinking remain constant.

For asset managers, the opportunity is to demonstrate that responsible investment is not defined by language, but by the ability to identify financially material risks, allocate capital effectively and generate resilient returns for clients over the long term. In a more fragmented world, maintaining this long-term perspective will be an increasingly important source of competitive advantage.