The Wealth of Nations

Marking Two Hundred and Fifty Years

1776 – 2026

Executive Brief Series

Leadership priorities for asset owners

GLOBAL ETHICAL FINANCE INITIATIVE

Smith250 Stewardship in an Age of Systemic Risk

Executive Brief

Leadership priorities for asset owners

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 owners, identifying priorities to strengthen stewardship, market resilience and long-term value creation. As long-term stewards of capital, asset owners cannot diversify away from systemic risks such as climate change, geopolitical instability and nature loss. Managing these risks is therefore fundamental to delivering durable returns for beneficiaries.

The discussions affirmed that stewardship increasingly extends beyond individual holdings to strengthening the resilience of markets themselves. As systemic risks reshape the global economy, this system-wide perspective is increasingly important to protecting long-term beneficiary outcomes.

Leadership Priorities

- **Think beyond individual investments**. Adopt a system-level perspective that recognises the health of markets is fundamental to long-term portfolio performance.
- **Embed stewardship across investment decision-making**. Treat stewardship as a core investment discipline rather than a standalone responsible investment activity, ensuring ownership responsibilities are integrated throughout the investment process.
- **Put capital to work in the real economy.** Make allocations to productive assets that strengthen long-term economic resilience while generating durable returns, working with government and other investors where appropriate to address barriers to investment and crowd in private capital.
- **Use your voice where markets cannot solve problems alone.** Stewardship increasingly means engaging governments as well as companies on market-wide risks. Use the long-term perspective of asset owners to help shape responses to market-wide risks and unlock investment where coordinated action is required.
- **Maintain a long-term perspective.** Political narratives and terminology will evolve, but the underlying drivers of long-term value creation remain unchanged. Stewardship should continue to focus on delivering resilient returns for beneficiaries over decades rather than responding to short-term pressures.

Key Insights

Systemic risks are investment risks. Climate change, geopolitical instability, nature loss and social resilience increasingly affect portfolio-wide returns. These risks cannot be managed through diversification alone and require system-level responses.

Stewardship is ownership in practice. Stewardship is more than voting at annual general meetings. It requires active ownership, long-term thinking and a willingness to influence the conditions that support long-term economic growth.

Productive investments create long-term value. Investments in infrastructure, innovation and the real economy can generate attractive long-term returns while contributing to wider economic resilience and shared prosperity.

Governance drives resilience. Well-governed companies are generally better equipped to navigate periods of uncertainty. Active stewardship remains one of the most effective tools available to asset owners to strengthen long-term corporate resilience.

Why This Matters?

Today's asset owners operate in an increasingly interconnected world where systemic risks are becoming more frequent, more complex and more financially material. Climate change, geopolitical conflict, supply chain disruption and demographic change are not isolated risks that can be diversified away—they affect the performance of entire markets.

Participants argued that these risks continue to be underappreciated by financial markets. Recent geopolitical events, including disruptions to global energy and trade routes, have demonstrated how quickly long-recognised risks can become financially material.

This reinforces the distinctive role of asset owners. Their responsibility extends beyond individual investments to the long-term health of the markets on which beneficiaries ultimately depend.

Rather than responding to short-term political cycles or market sentiment, asset owners have an opportunity to provide consistent leadership by integrating systemic risks into investment decision-making, supporting productive investment and engaging constructively with policymakers and companies.

Looking Ahead

The Smith250 dialogue highlighted that the role of asset owners is evolving. In an increasingly interconnected and uncertain world, stewardship is becoming less about mitigating isolated risks and more about strengthening the resilience of the systems upon which long-term investment depends. Asset owners are uniquely positioned to lead this transition. By acting as patient stewards of capital, engaging constructively with companies and policymakers, and maintaining a focus on long-term value creation, they can help ensure markets continue to deliver both durable financial returns and broader economic prosperity.