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## Boutique firm Maple-Brown Abbott cheers return of sentiment to value stocks

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After enduring a lost decade, value stocks are suddenly starting to shine. Signs of a rotation come as even the most fervent believers in the out-of-favour investment strategy were beginning to lose hope.

"The disappointing thing for us, like many other value managers, was when the market corrected (back in March) it wasn't the correction that we were expecting," Maple-Brown Abbott chief executive Sophia Rahmani said.

"A lot of our clients were thinking, 'If COVID isn't the catalyst, then what is? If this (pandemic) doesn't help value recover, then what will?'"

"And our asset managers just looked on in awe at what they always thought was the widest dispersion in history, get wider and wider, even through a global pandemic."

Suddenly, value has started to turn around. In the past few weeks, as vaccine makers have reported encouraging developments in clinical trials for a coronavirus vaccine, investors have been snapping up unloved value stocks in favour of the "COVID winners".

This about-turn sparked Maple-Brown Abbott's best ever outperformance in Australian equities, Ms Rahmani said.

"The markets really in the last few weeks have been quite incredible. And we are definitely seeing signs of a bit of a value rotation. Some of our stocks have had phenomenal intraday changes."

"Two weeks ago we had the biggest day in Aussie equities from an outperformance perspective that we've ever had."

The boutique investment firm, which holds \$10bn in assets under management, is hoping to capitalise on the sudden switch to value.

"There's a lot of clients in the market



Maple-Brown Abbott chief executive Sophia Rahmani. Picture: Jane Dempster

that will be underweight to value, they may have redeemed through the last 12-year growth cycle, or they have been punished so much on the value side that they are more growth oriented.

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"So we're hoping it will be an interesting time for people to hopefully come back to value. And the potential upside with some of the stocks in our portfolio, if that rotation really does continue, is tremendous. So we're more excited now than we were a few weeks ago, that's for sure."

Ms Rahmani took on the CEO role at the boutique investment manager just over a year ago. She is the first female CEO in the company's 36-year history and also the first non-investment professional to sit in the top chair.

"The board felt like it was the right time to bring in someone who would spend more time on the business

strategy and look at where we go from here.

"As well, I think the market has moved on a lot and a best practice structure for a boutique is for the CIO to continue as CIO and be 100 per cent focused on investment strategy rather than trying to straddle both jobs," she said.

Coming on board in October 2019, Ms Rahmani put in a five to 10-year strategy to "evolve, diversify and grow".

Part of that strategy involved restructuring the non-investment team and bringing in a new head of global distribution, chief operating officer, chief risk officer, and head of finance and HR.

Maple-Brown Abbott has three investment strategies across its Australian business, Asian business and its listed infrastructure business. To diversify its portfolio, it is looking to add new strategies and investment teams. In five years, Ms Rahmani wants the business sitting on at least double its current assets under management.