

Maple-Brown Abbott Australian Value Opportunities Fund

Australian Value Equities
March 2023

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Maple-Brown Abbott Australian Value Opportunities Fund

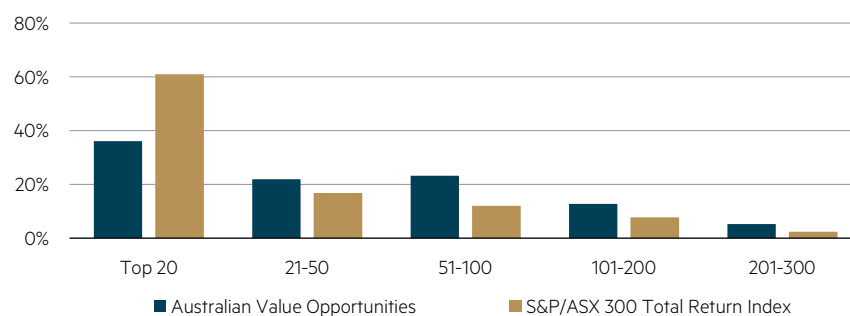
- Targets an active share of over 75%, which tends to lower exposure to the top 20 stocks in the S&P/ASX 300 Index
- Features a portfolio constructed with our highest conviction stock ideas managed on a benchmark unaware basis
- Employs our value-based investment philosophy
- Incorporates our views on environmental, social and governance (ESG) factors
- Leverages almost 40 years' experience of value investing and managing Australian equity portfolios

How is this fund different?

The Maple-Brown Abbott Australian Value Opportunities Fund (Fund) is a benchmark unaware Australian share portfolio consisting of our highest conviction opportunities (typically 25-40 stocks). The Fund selects stocks from a broad universe of large, mid and small cap Australian companies, which we expect to deliver strong risk-adjusted returns over the long term.

Targeting an active share of more than 75% tends to limit exposure to the top 20 stocks in the S&P/ASX 300 Index and, as a result, can be a valuable source of diversification in client portfolios. The Fund aims to outperform the S&P/ASX 300 Total Return Index, after fees, over a four-year period.

Market capitalisation range of equity holdings (%)



Source: Maple-Brown Abbott
Data as at 28 February 2023



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How does the fund work with your clients' portfolios?

For clients who have direct holdings in the top 20

The Fund allows investors to gain exposure outside the top 20 stocks in the S&P/ASX 300 Index while investing in our highest conviction opportunities.

To complement and diversify an existing Australian value equities portfolio

The Fund may allow your clients to diversify an existing portfolio, particularly where they are looking for active management and the potential to outperform the S&P/ASX 300 Index.

As a long-term holding

The Fund is likely to suit your clients who are long-term investors and believe in our value investment philosophy. The number of holdings and their respective weights are very different to the S&P/ASX 300 Index. As a result, investors must be prepared to stay the course as they may experience periods of volatility.

What is our investment approach?



Value managers



Contrarian



Bottom-up stock pickers



Long-term investors

Using the Maple-Brown Abbott value-based approach, our Australian equity specialists conduct bottom-up research and in-depth quantitative and qualitative analysis to assess the true value of companies. This includes detailed financial forecasts and an assessment of management quality, industry structure and environmental, social and governance (ESG) factors.

We have developed our own approach to integrating ESG factors into the investment process across all our portfolios in the Australian equities strategy and have been recognised as a leader in this area, maintaining best-in-class assessments from local and global organisations.¹ Our approach includes proprietary frameworks and research, company engagement and proxy voting across all securities. We believe this ultimately leads to superior long-term returns for investors.

Value managers

We believe the price and value of a company are often not the same and change over time. Greed and fear in markets can drive a wedge between these concepts at the stock level. With patience and discipline, we aim to take advantage of this phenomenon and only invest in a stock where we assess the discount to intrinsic value is sufficiently attractive.

¹ Maple-Brown Abbott became a signatory of the United Nations-supported Principles for Responsible Investment (PRI) in 2008 and PRI awarded us A+, the highest possible rating, for our ESG Strategy and Governance in the 2020 PRI Assessment Report. We were awarded an A rating for our ESG Incorporation and Active Ownership practices. We were also identified by the Responsible Investment Association Australasia (RIAA) as applying a 'Leading' approach to ESG integration in the Australian market in the RIAA 2021 Responsible Investment Benchmark Report.

10 strong

Australian value equities team, led by Dougal Maple-Brown

20 years

Average experience

16 years

Average tenure at Maple-Brown Abbott

As at 28 February 2023.

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Contrarian

Often taking a contrarian position, we invest in companies we believe are undervalued and will generate the strongest returns for investors. In regularly considering the unloved or unpopular segments of the market, we look at the narrative attached to these out-of-favour stocks. By researching these companies on a bottom-up basis (in conjunction with what prevailing valuations imply) we determine whether the narrative is correct or an opportunity exists.

Bottom-up stock pickers

We base our stock selection on in-depth analysis by our expert team of investment professionals. We use our bottom-up research process to maximise the opportunities to deliver income and long-term capital growth to our investors.

Long-term investors

We believe that while over the short term, price and value can diverge by a wide margin, over the long term, they are far more likely to converge. In our experience, we have found what drives this is more likely to be the passing of time as the 'darling' stocks fail to live up to expectations, while the 'value' parts of the market deliver better results than their share prices implied.

Why Maple-Brown Abbott?

Maple-Brown Abbott has nearly 40 years' experience managing Australian equities using the value style across multiple market cycles. Over that time, we have developed strong relationships with companies, gaining access to management, speaking to them regularly and being well acquainted with their operations.

This, combined with our in-depth research, is why we believe there are many attractive, well-managed Australian companies that are undervalued by the market and yet offer the potential to deliver long-term capital growth and provide regular distributions to investors.

As pioneers of value investing in Australia and remaining true to label, we believe value stocks should be included in a diversified investment portfolio. And with the current wide dispersion of valuations, we believe the market is poised for a significant reversal in favour of value stocks.

A snapshot of the fund

Fund name	Maple-Brown Abbott Australian Value Opportunities Fund
APIR code	MPL1039AU
Inception date	1 April 2021
Investment objective	The Fund aims to outperform the S&P/ASX 300 Index (Total Return), after fees, over a four-year period.
Reference Benchmark	S&P/ASX 300 Index (Total Return)
Portfolio limits	10% absolute stock weight limit with no sector limits Cash limit of 10% Typically 25–40 stocks
Investable universe	The Fund may invest in listed or unlisted equities provided they are expected to be listed on an Australian exchange within three months from the date of investment.
Team size	10
Investment time horizon	4+ years

Links

- > [Australian Value Opportunities Fund](#)
- > [Fact sheet](#)

