Is value dead?

Centrepoint Alliance—Risk and Returns Roadshow

14 October 2025

Presented by **Richard Rauch, CFA**
Investment Director
Head of Portfolio Solutions (Australia)

Agenda

- Introduction - Equity Market History
- Value in Macro Analysis
- Value in Fixed Income
- Value in Currency Markets
- Value in Diversification
- Value in Global Equities
- Key Takeaways

Equity Market History

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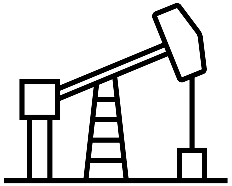
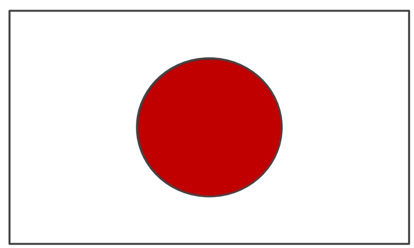
1980

- IBM
- AT&T
- Exxon
- Standard Oil
- Schlumberger
- Shell
- Mobil
- Atlantic Richfield
- General Electric
- Eastman Kodak



1990

- NTT
- Bank of Tokyo Mitsubishi
- Industrial Bank of Japan
- Sumitomo Mitsui Banking
- Toyota Motors
- Fuji Bank
- Dai Ichi Kangyo Bank
- IBM
- UFJ Bank
- Exxon



2000

- Microsoft
- General Electric
- NTT Docomo
- Cisco Systems
- Walmart
- Intel
- NTT
- Exxon Mobil
- Lucent
- Deutsche Telekom

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2010

- Exxon Mobil
- PetroChina
- Apple
- BHP Billiton
- Microsoft
- ICBC
- Petrobras
- China Construction Bank
- Royal Dutch Shell
- Nestle

2020

- Microsoft
- Apple
- Amazon
- Google
- Facebook
- Alibaba
- Tencent
- Johnson & Johnson
- JP Morgan Chase
- Exxon Mobil

Current - 2025

- Nvidia
- Microsoft
- Apple
- Amazon
- Meta
- Broadcom
- Alphabet A
- Alphabet C
- Tesla
- Taiwan Semiconductor

As at 31 August 2025

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2030 and Beyond… Who Knows!

? ? ?

Question #1

Will technology and the US dominate the top stocks 10 years from now?

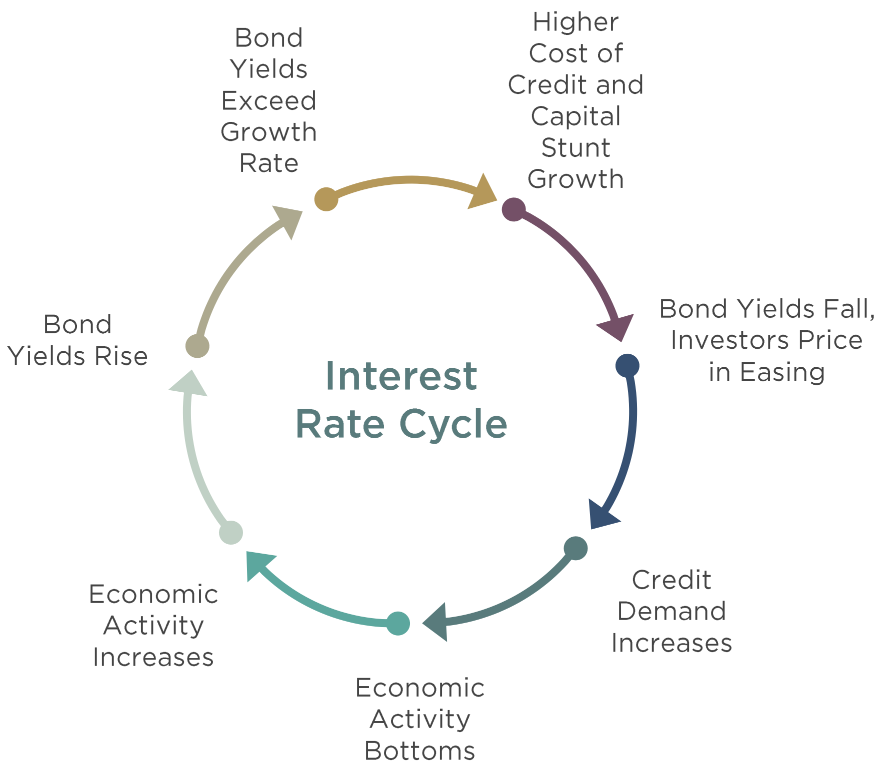
A) Yes, existing Mag 7 will reign supreme
B) Yes, but different mix of companies
C) No, it will be some new theme
D) No, value and non-US stocks will make a comeback

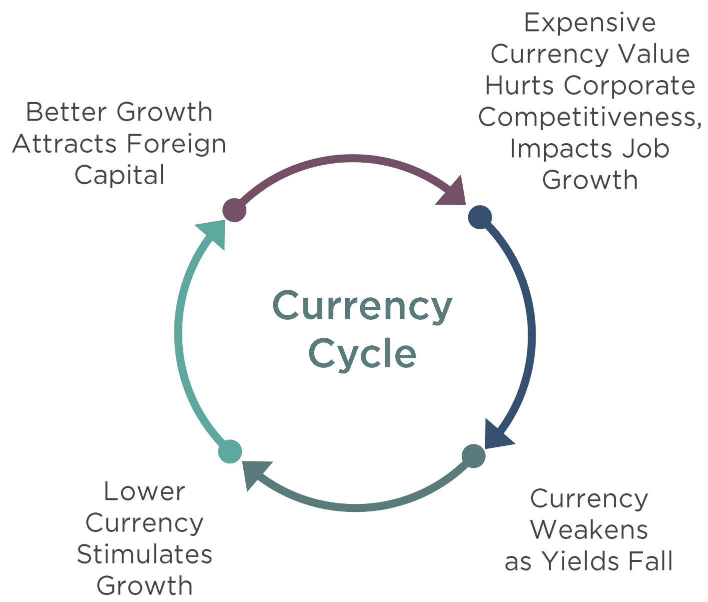
Value in Macro Analysis

Macro Analysis

Rates and Currency Markets Are Economic Regulators

- As asset prices in the global financial markets overshoot in one direction or another, currencies and interest rates adjust accordingly and eventually impact economic behavior.
- Changes in economic behavior frequently set in motion economic forces that may renormalize valuations in the opposite direction, back toward fair value.

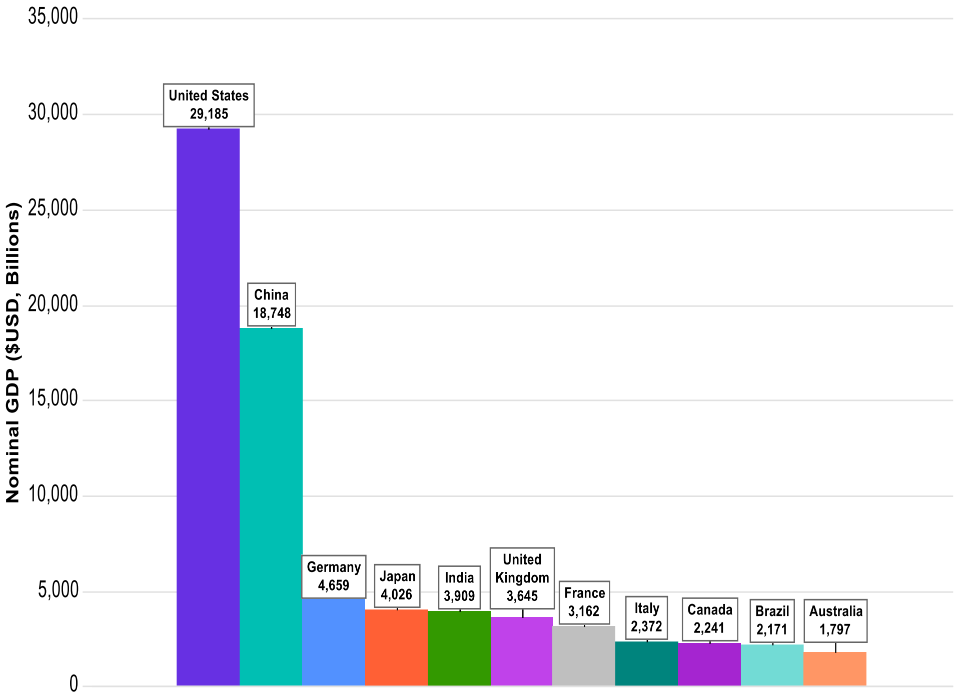




Global Growth and Inflation

COVID temporarily 'broke' typical cyclical analysis

2024 Nominal GDP



Source: FactSet, International Monetary Fund; as of August 13, 2025.
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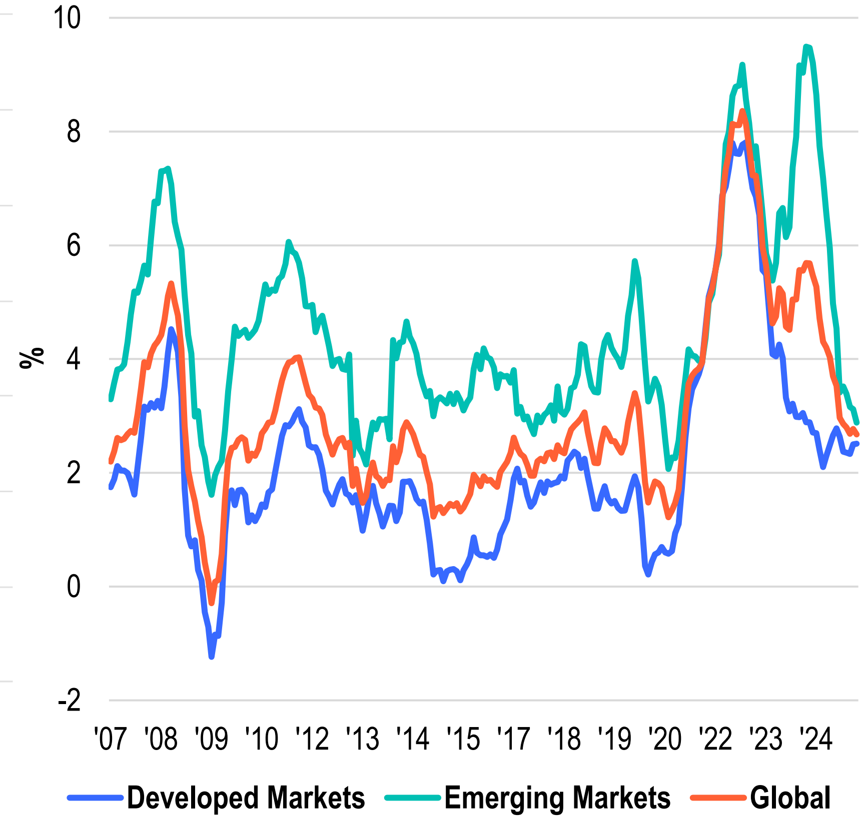
Headline CPI Inflation[1]

01/31/2007 to 07/31/2025



Aggregates are GDP-weighted averages.

1 Calculations by Franklin Templeton's Global Research Library with data sourced from FactSet, Bloomberg, Oxford Economics, National Sources.

2 Source: Bloomberg, National Sources.

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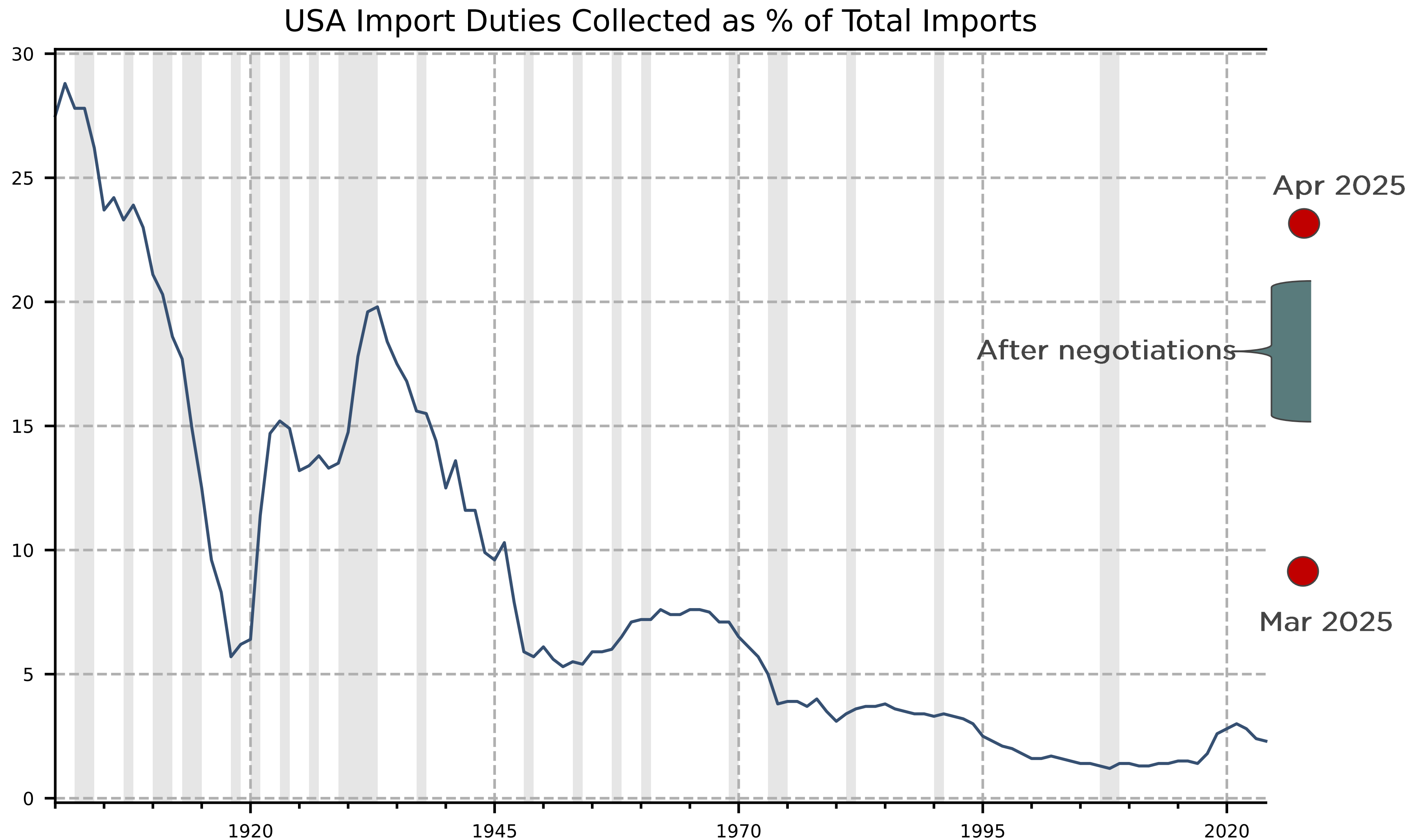
US Tariffs – going higher but by how much?

Who ultimately pays may significantly impact global growth and inflation dynamics



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Question #2

What will the likely average US tariff rate be by end of 2025?

A) 18%
B) Great than 20%
C) Between 10-15%
D) Less than 10%

Value in Fixed Income

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The Global Bond Opportunity Set

Real and Nominal 10-Year Bond Yields

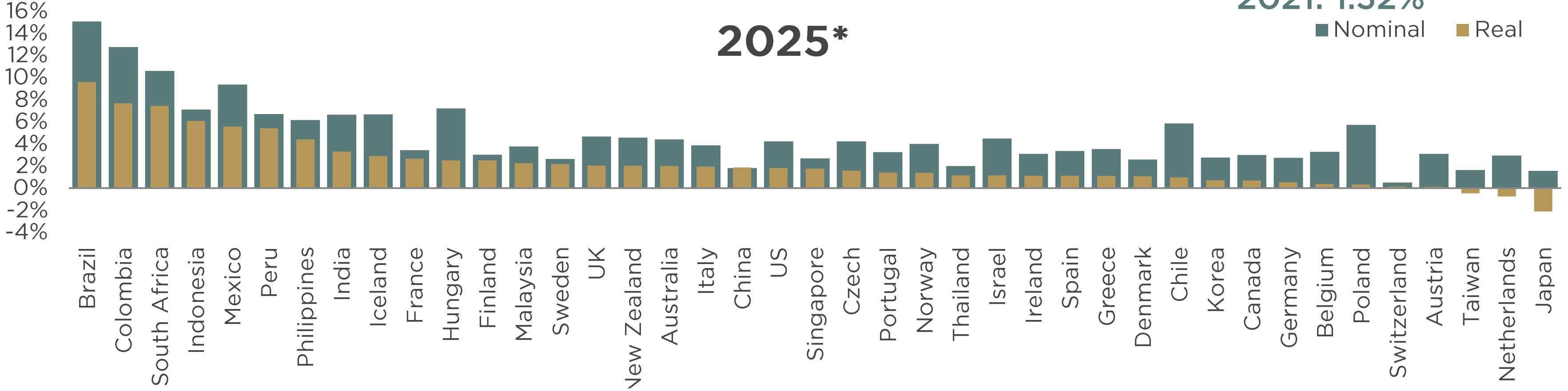
Based on 12-Month % Change of Headline CPI

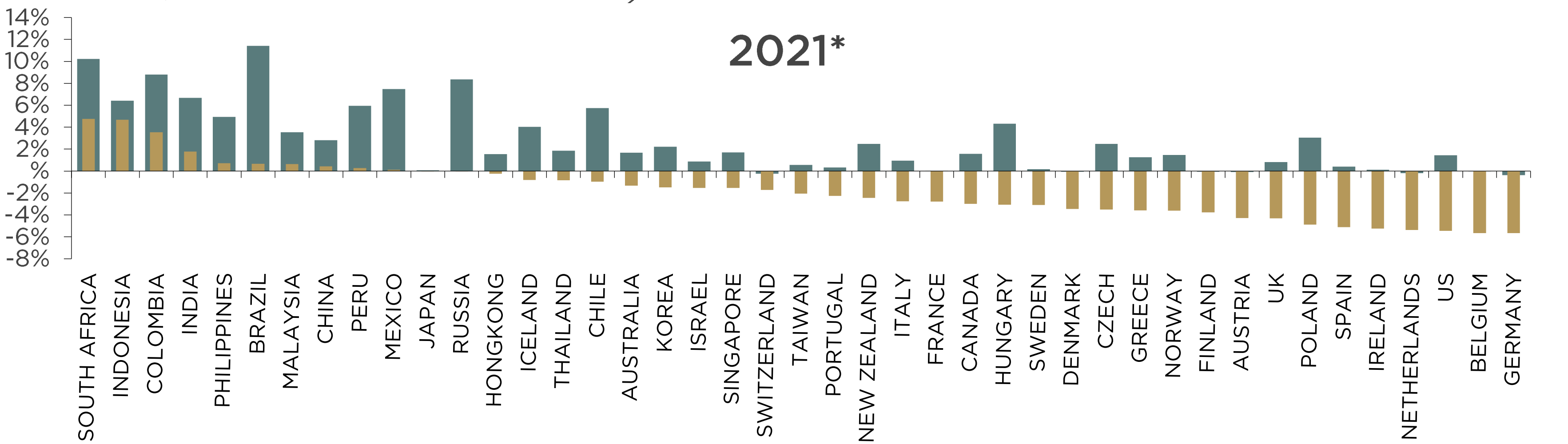
As of 30-Jun-2025

Bloomberg Global Aggregate Index Yield-to-Maturity

2025: 3.49%

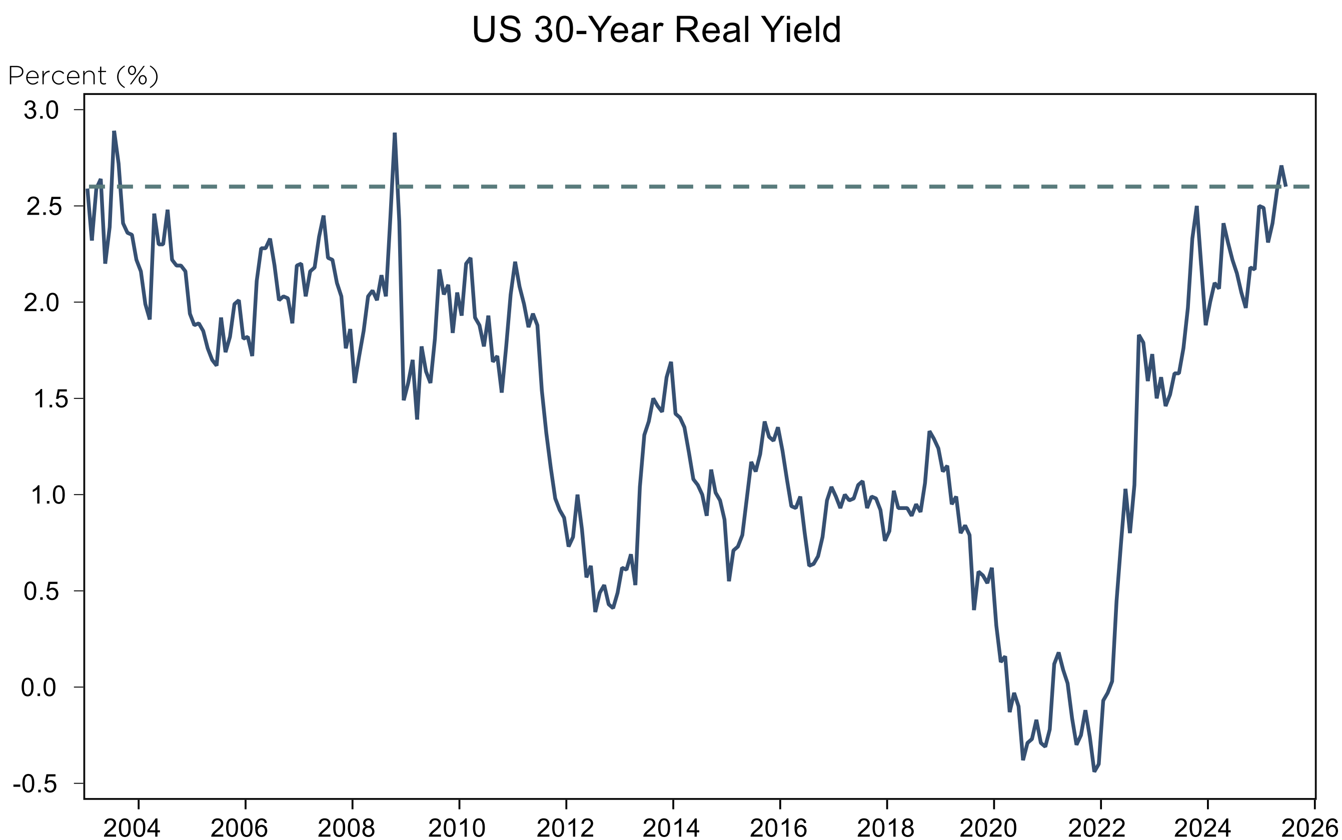
2021: 1.32%





30-Year Real Yield Climbs to Multi-Decade Highs

Valuation looks attractive on the long bond.

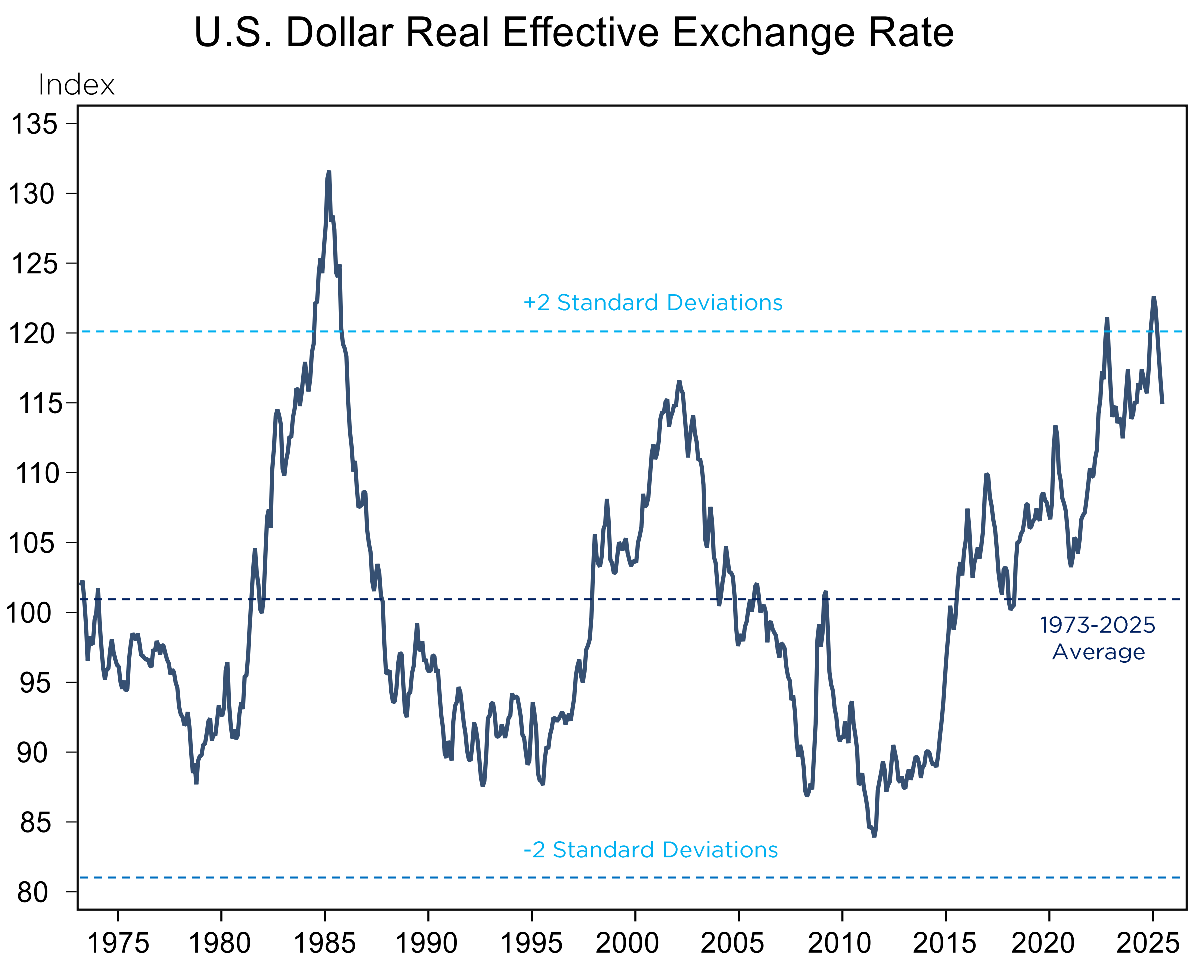


Brandywine Global, Macrobond, U.S. Treasury
As of July 2025

Value in Currency Markets

The US Dollar is Expensive

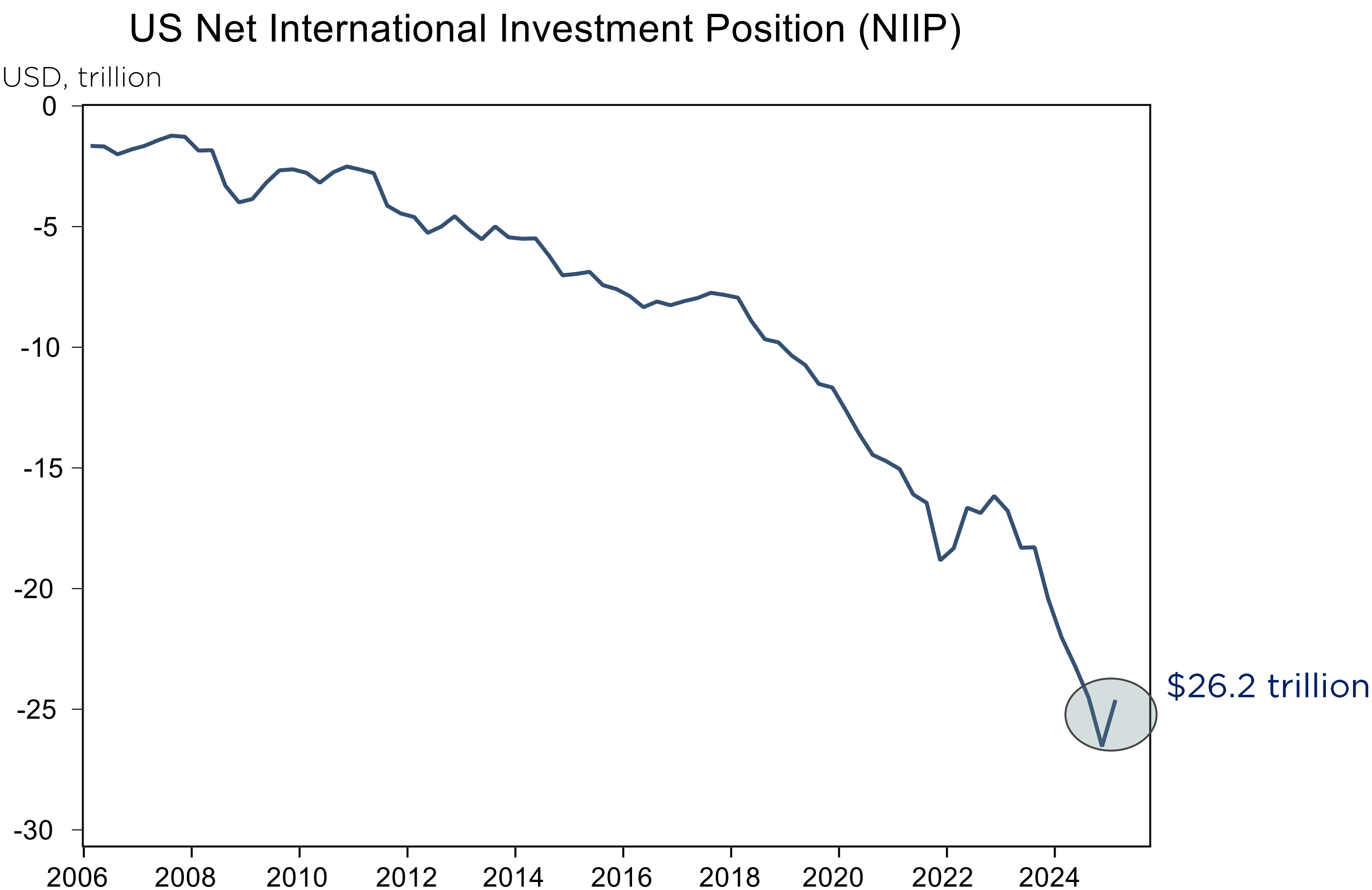
US exceptionalism fueled a surge in foreign capital, which propped up the value of the dollar.



Brandywine Global, Macrobond, Fed
As of July 2025

Concentration of Foreign Capital in the US

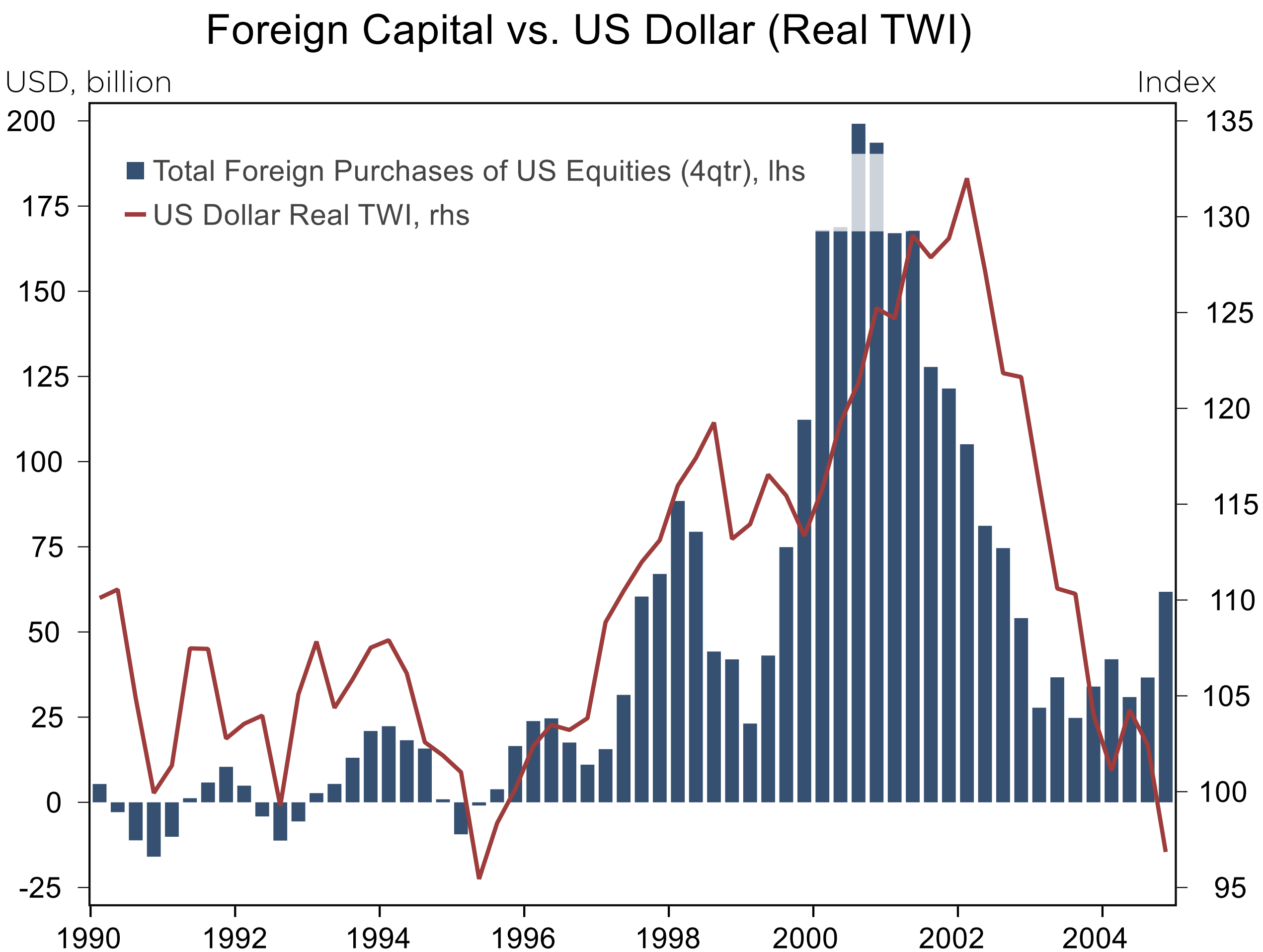
Over the past 15yrs, the US attracted an unprecedented influx of capital from the rest of the world.



Brandywine Global, Macrobond, BEA
As of July 2025

Parallels to the Early 2000s?

As foreign flows into US equities declined, the dollar followed.



Brandywine Global, Macrobond, BEA, IMF, Fed
As of June 2025

Question #3

Given the US dollar 'smile' what would be the implications of fading US 'exceptionalism'?

A) Americans have nice teeth
B) USD likely to depreciate
C) USD likely to appreciate
D) USD likely to trade in a range

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Value in Diversification

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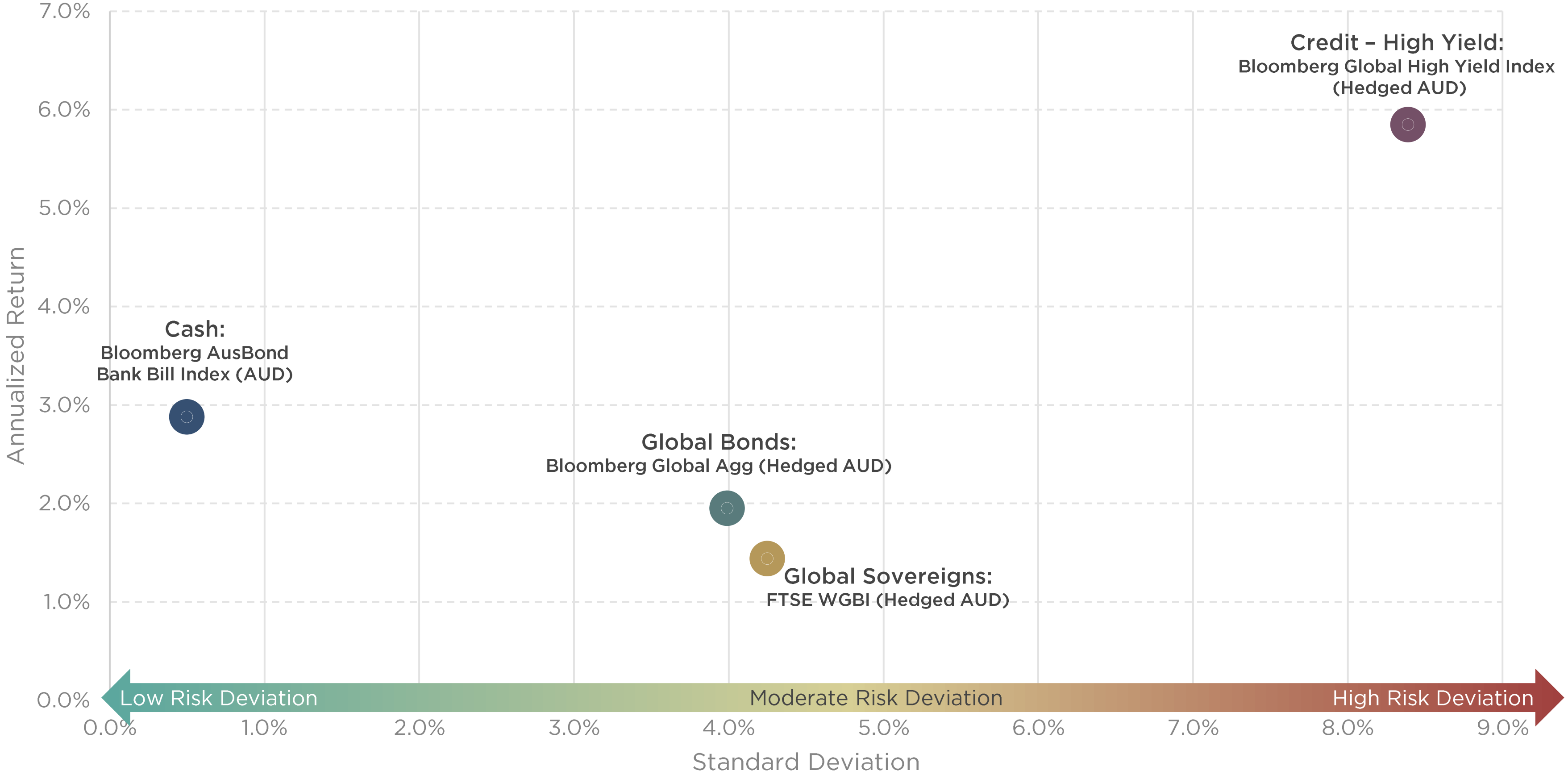
Diversification Didn't Help Much Over Past Decade

The next 10 years are poised to look much different

Risk v. Return

Prior 10 Years (Aug-2015 – Aug-2025)



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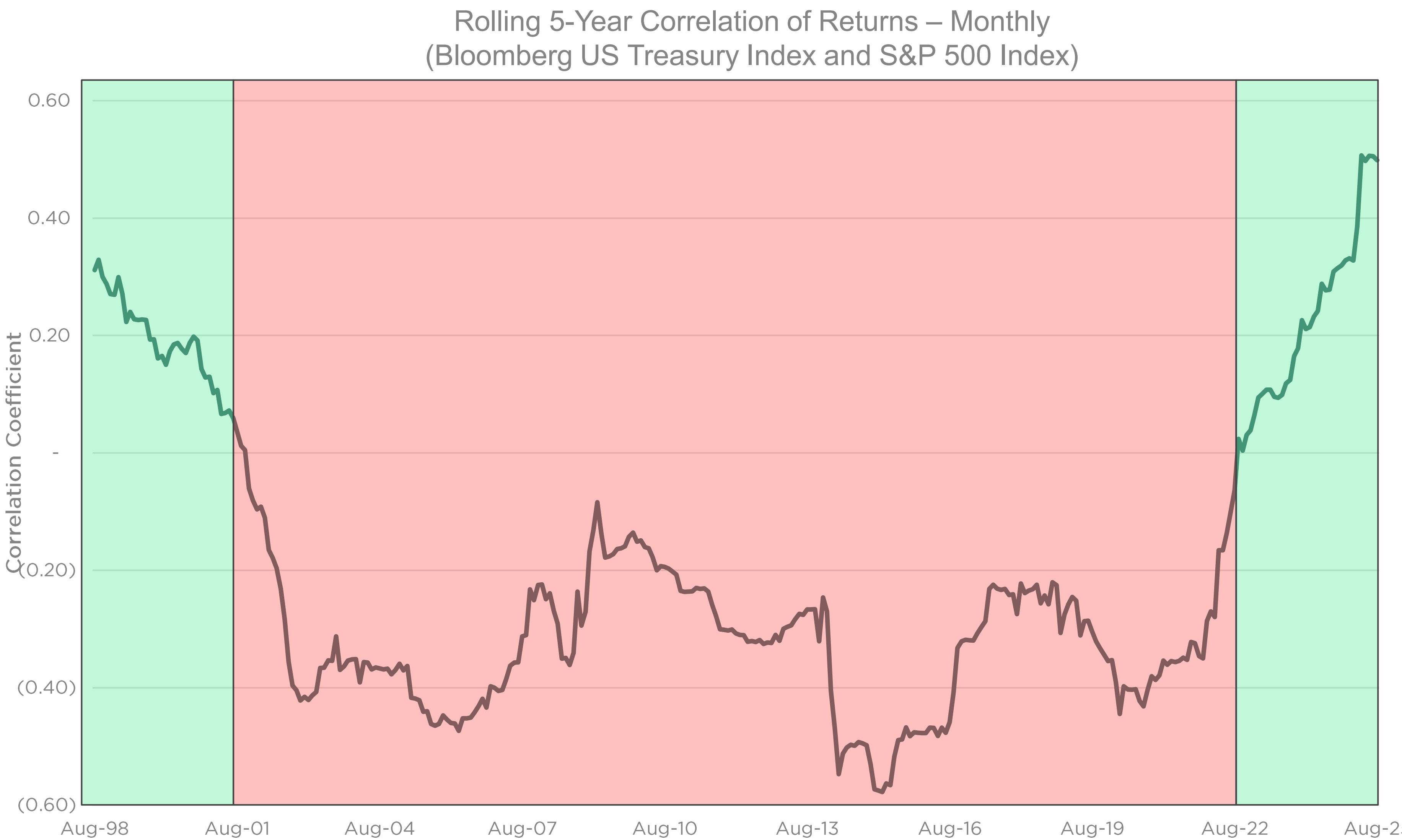
Value in Diversification



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Value in Global Equities

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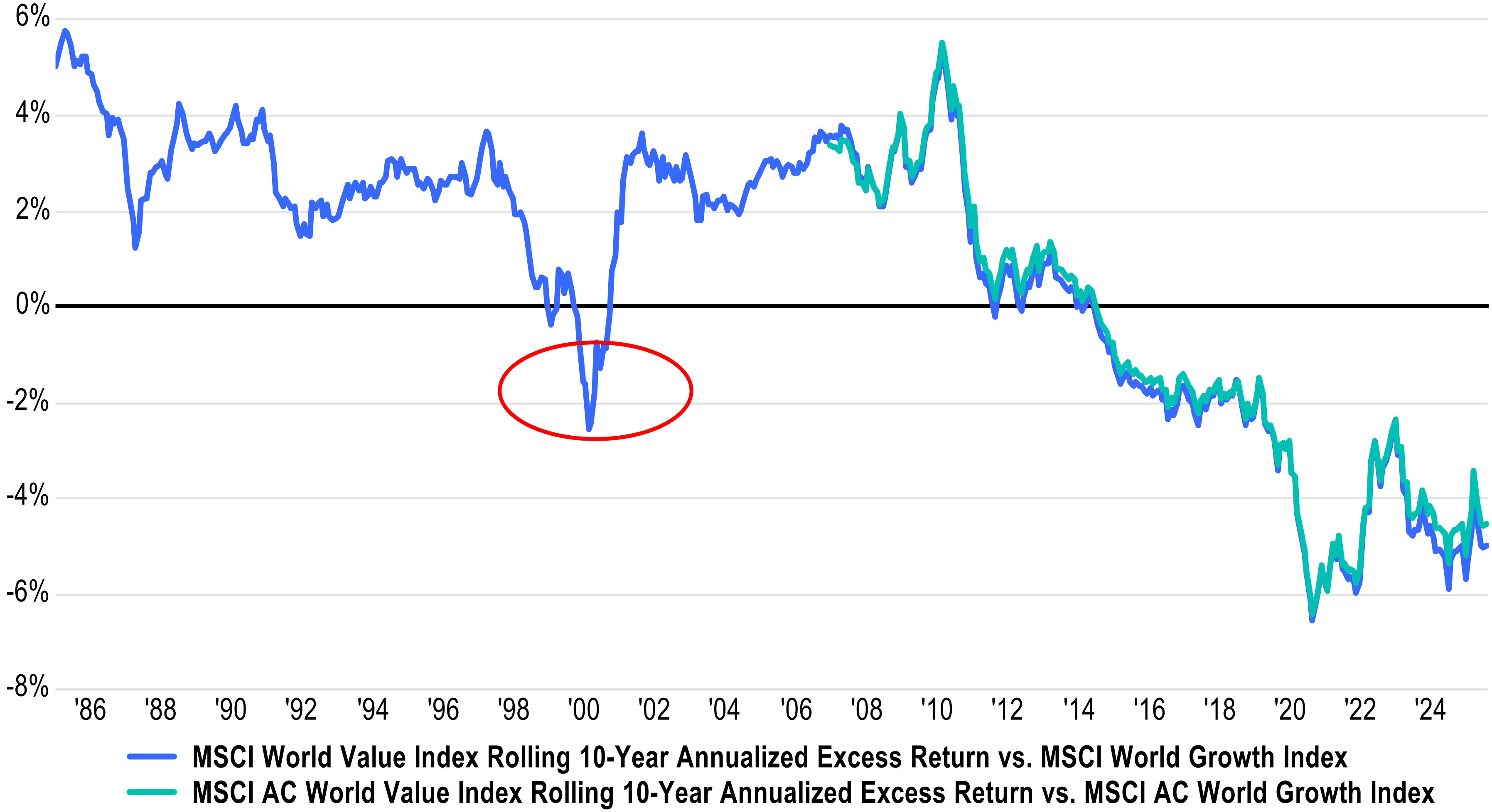
Value Continues to Underperform Growth

10-Year Annualized Excess Total Return: Value vs. Growth

1/31/1985 to 7/31/2025



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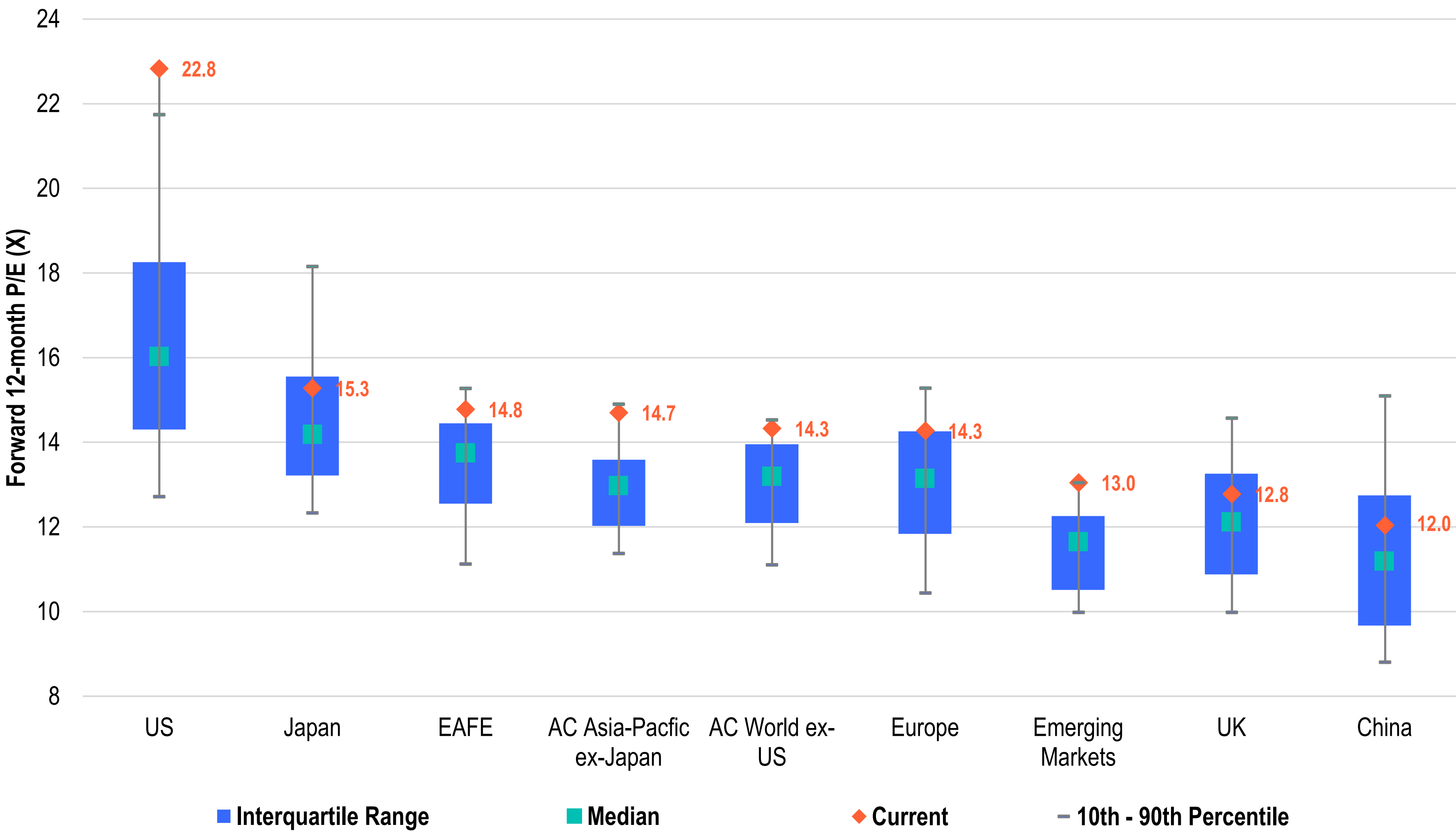
Global Equities: Price-to-Earnings Ratio

Price to Earnings (Next-Twelve-Months) for Selected MSCI Indexes, Last 20 Years

07/31/2005 to 07/31/2025



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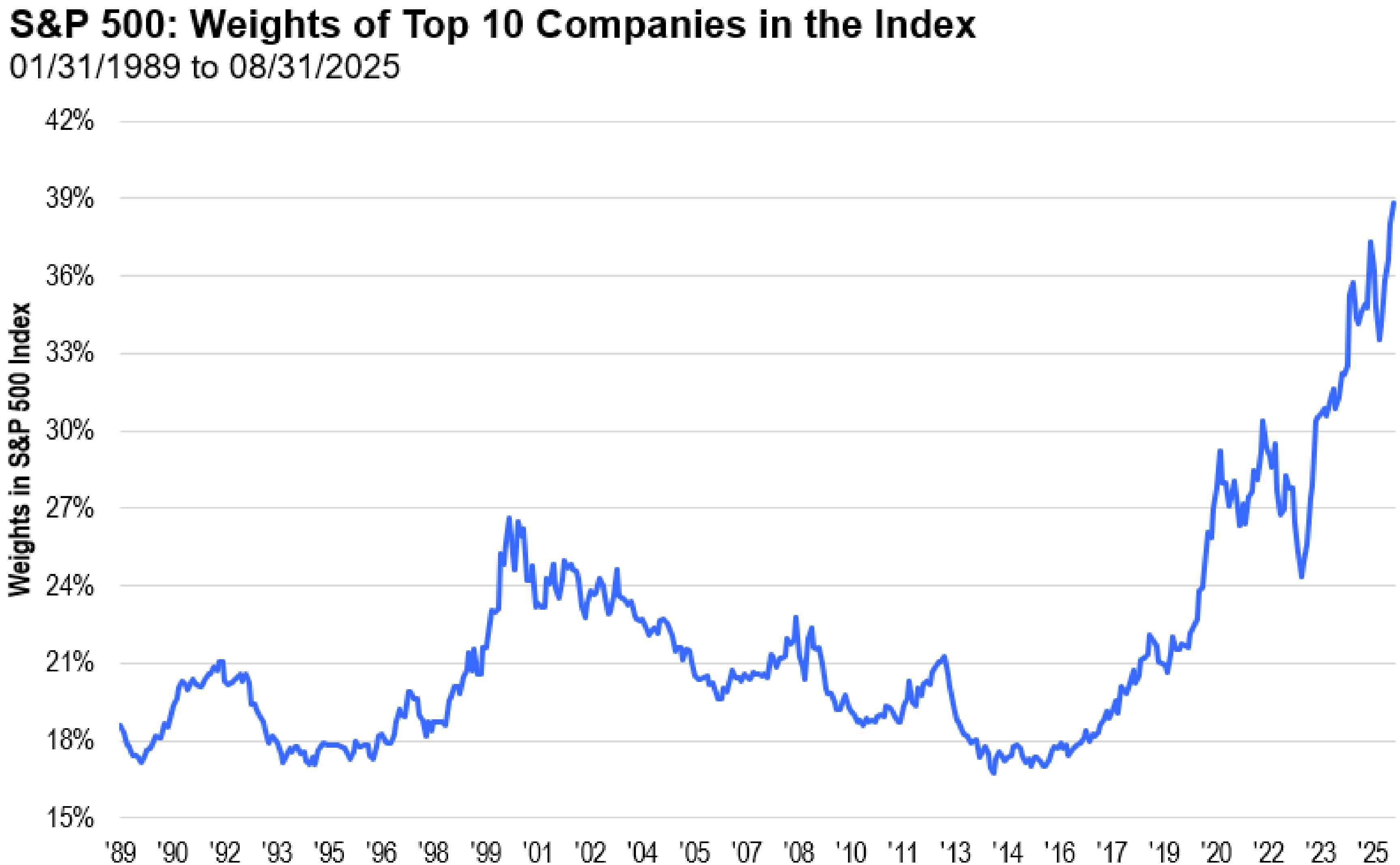
S&P 500 History of Market Concentration



Source: FactSet, S&P Dow Jones Indices.

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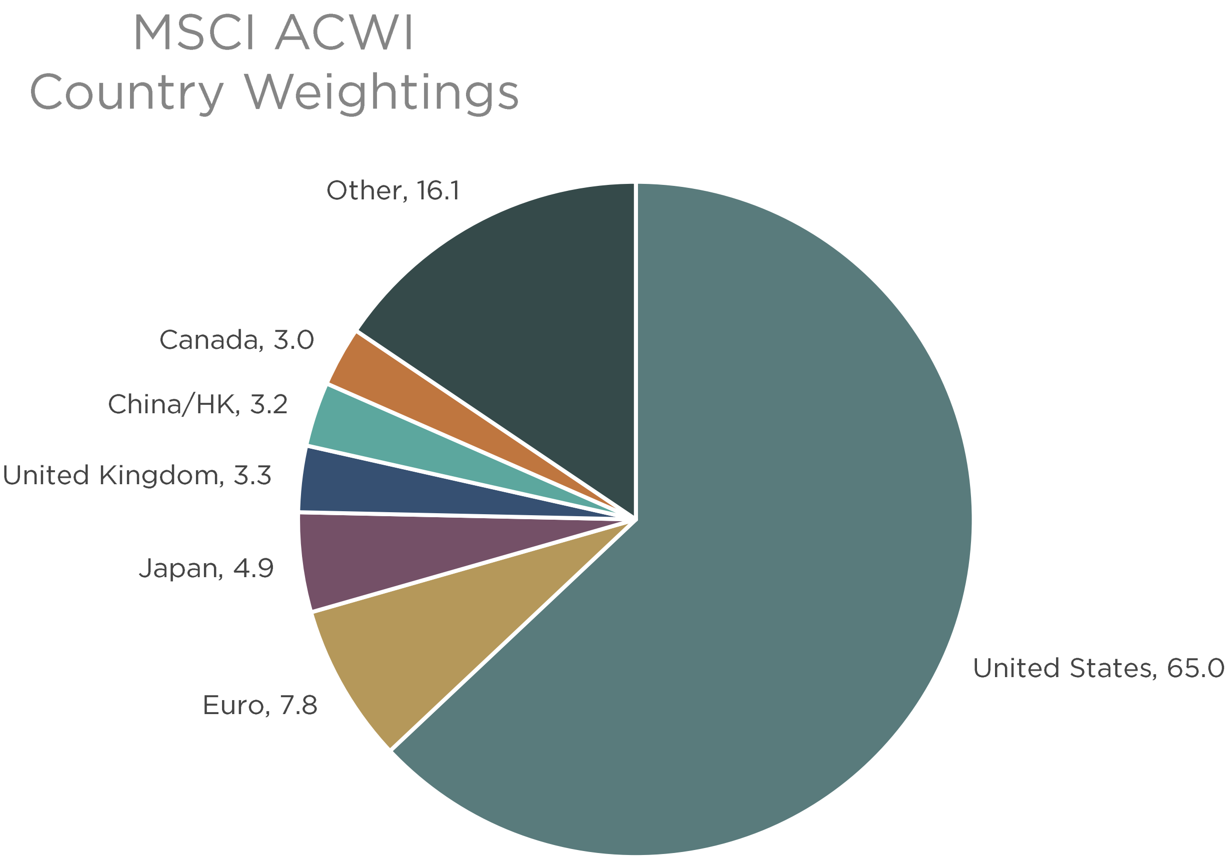
MSCI ACWI Country Weights

As of 31-Aug-2025

US has grown to nearly 2/3 of total market capitalization in the global index



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Question #4

What was the long-term value premium over past 100 years?

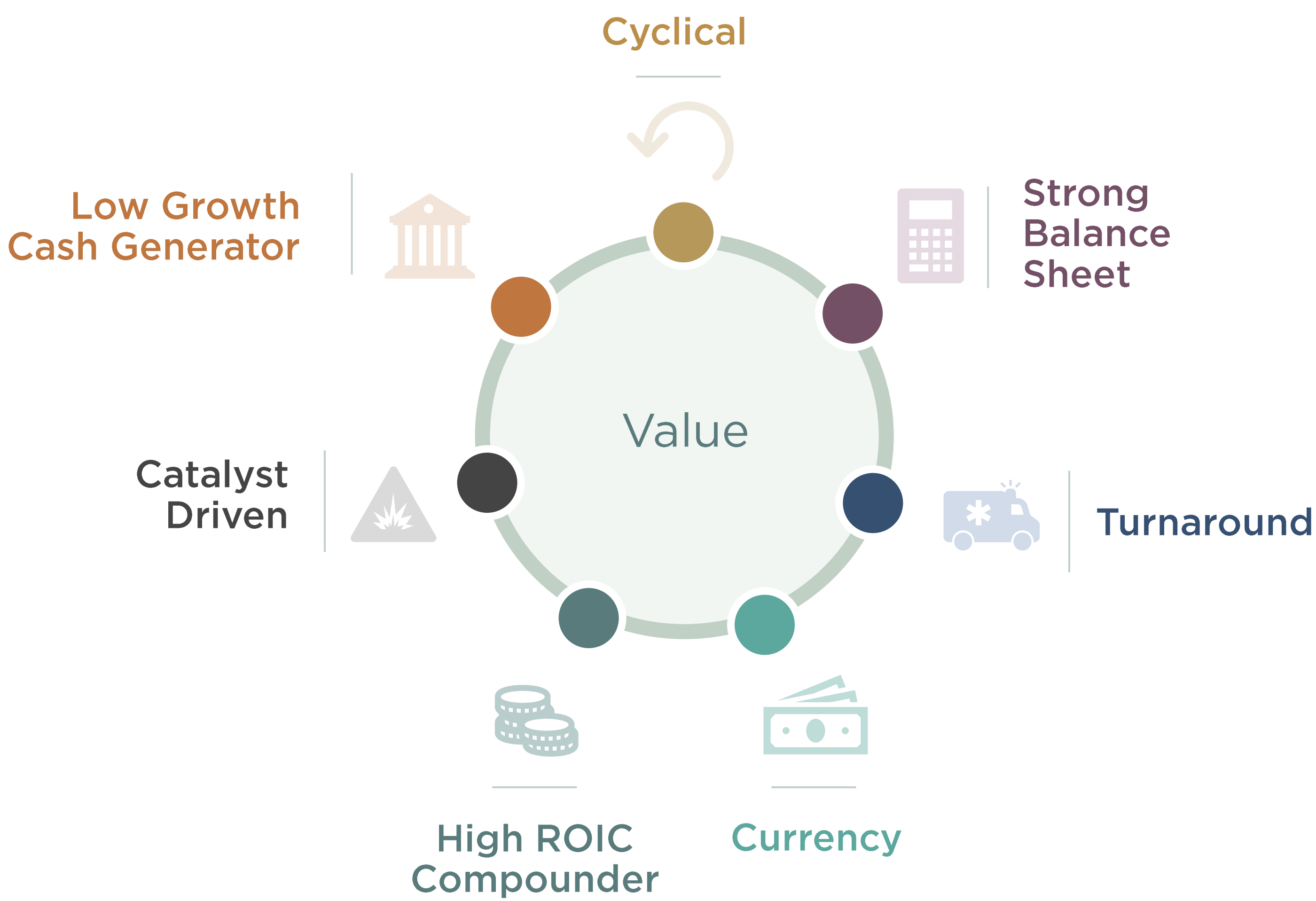
(what % has value outperformed growth per annum over long run?)

A) 2%
B) 4%
C) 8%
D) Growth has outperformed Value

Value in Active Management

Value Can Take Many Forms

Buying businesses for less than they are worth can be achieved in various ways and is not based on any one particular valuation metric



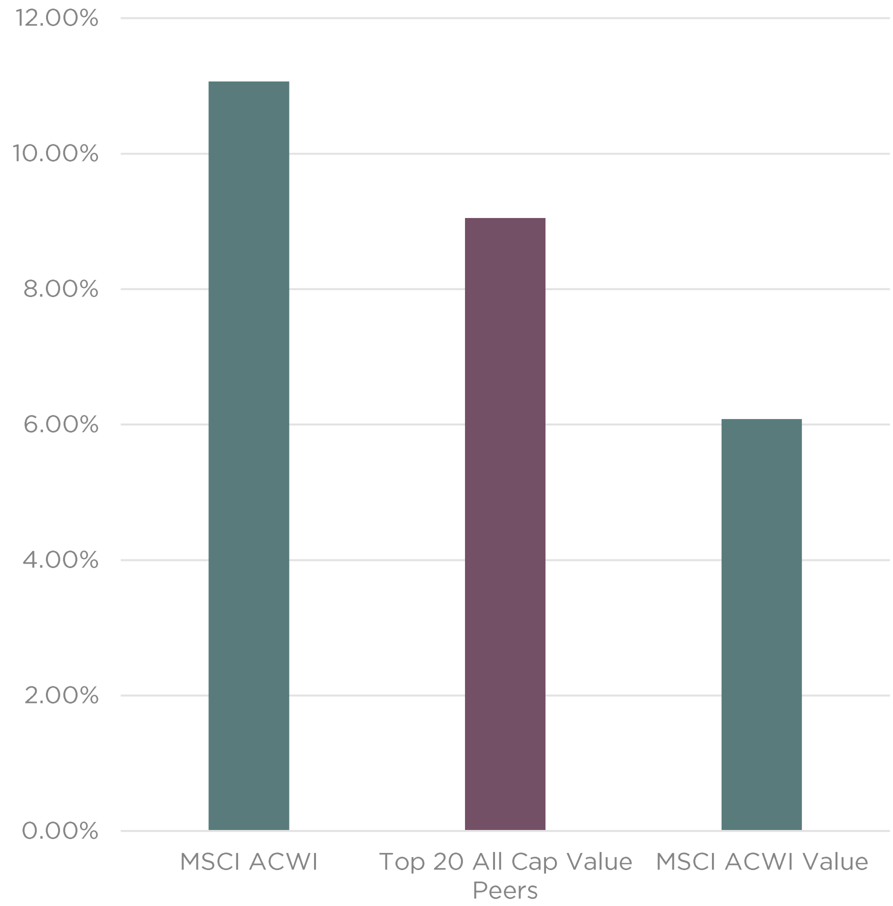
Distinct Cadence of Outperformance*

Value Outperforms Core

Rolling 1 Year Returns Since Common Inception (12/31/2014)

Value Underperforms Core

Rolling 1 Year Returns Since Common Inception (12/31/2014)



Value = MSCI ACWI Value Index (ND) Core = MSCI ACWI Index (ND)

*Supplemental information to the attached Global Opportunistic Equity GIPS report.

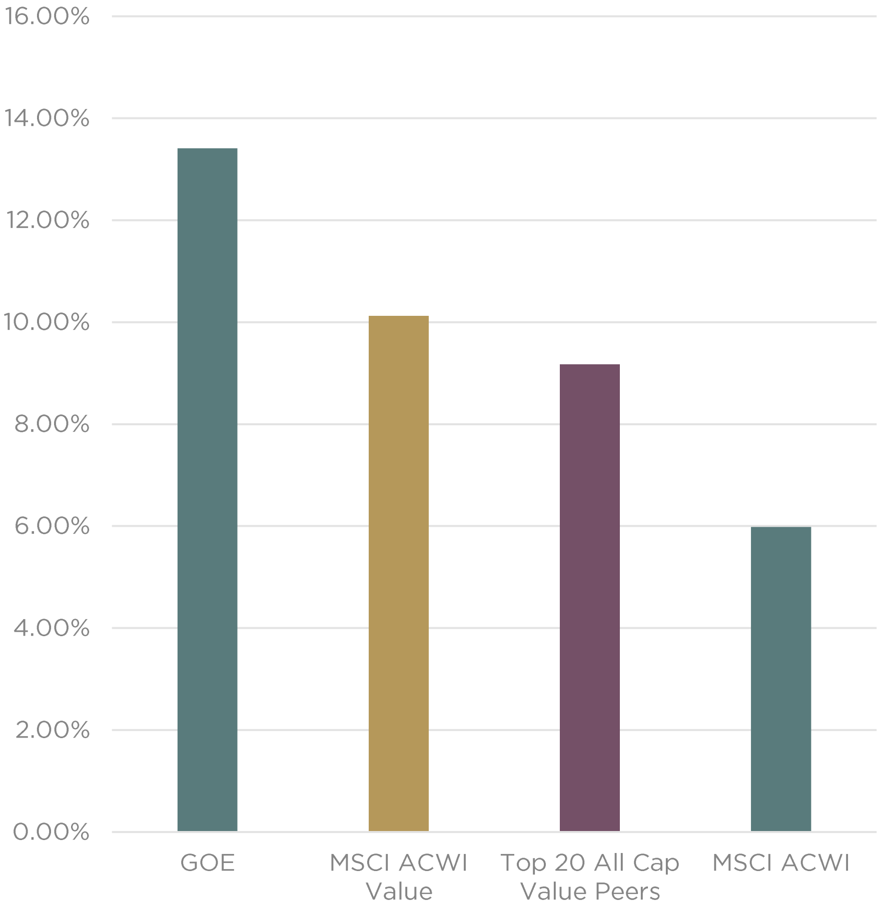
Performance results of the named strategy are presented net of management fees. Net performance returns of the named strategy reflect the deduction of all applicable management fees and expenses, before custody charges, withholding taxes and other indirect expenses. Please refer to Part 2A of Brandywine Global's Form ADV for a description of its advisory fees. As fees are deducted quarterly, the compounding effect will be to increase the impact of fees by an amount directed related to the gross account performance. Indices are unmanaged and are not available for direct investment. Please refer to the attached GIPS® report, which include net performance, performance footnotes, fee schedules, detailed index descriptions, and disclosures. Past performance is no guarantee of future results.

Brandywine Global Opportunistic Equity

Too good to be true?

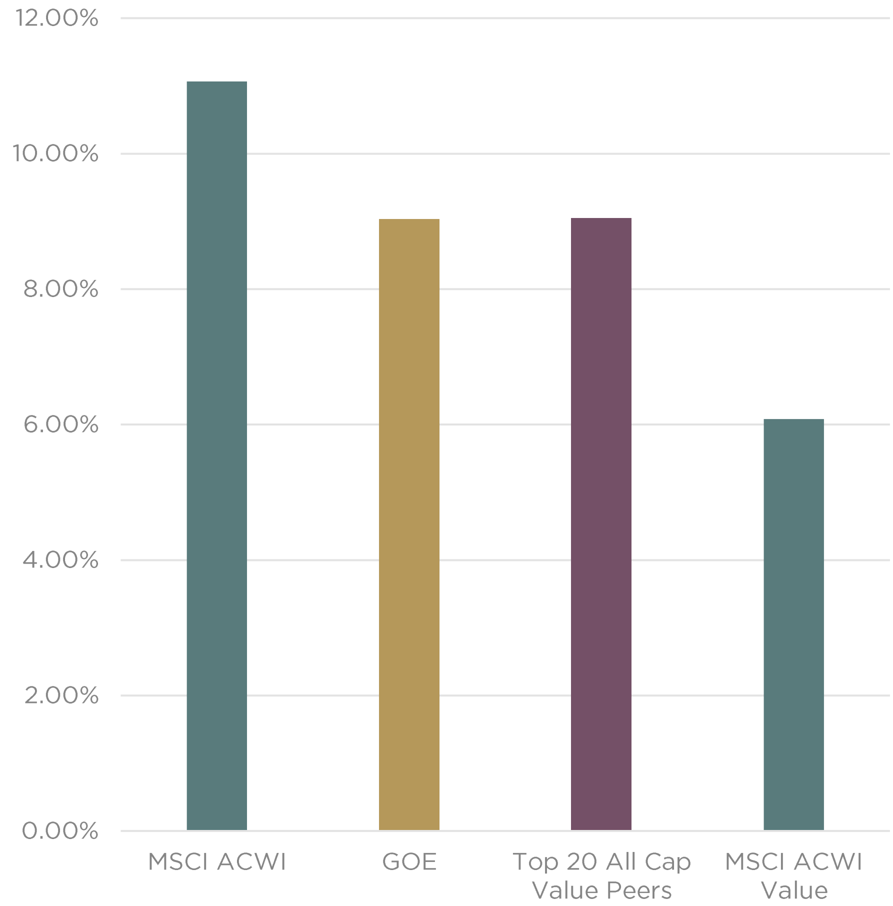
Value Outperforms Core

Rolling 1 Year Returns Since Common Inception (12/31/2014)



Value Underperforms Core

Rolling 1 Year Returns Since Common Inception (12/31/2014)



Value = MSCI ACWI Value Index (ND) Core = MSCI ACWI Index (ND)

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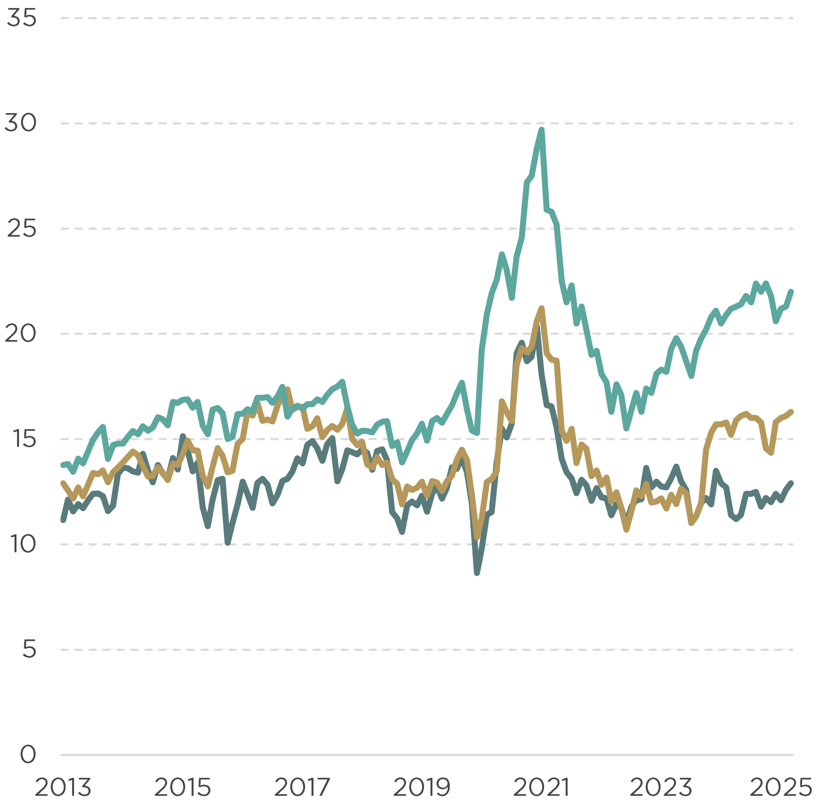
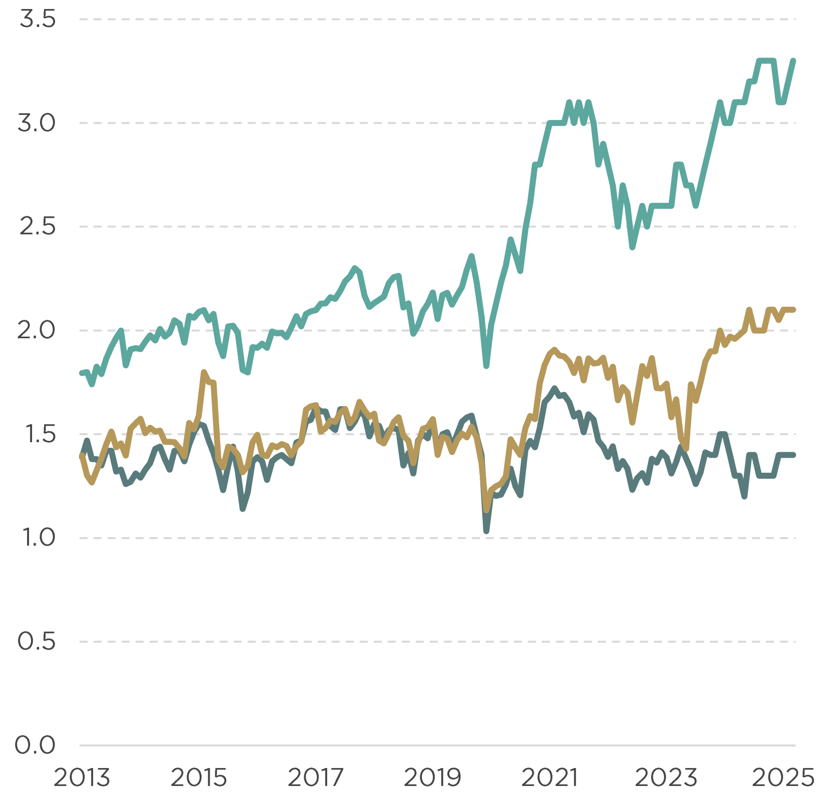
Consistently Value*

Price-to-Earnings Ratio



Price-to-Book Ratio



GOE Representative Account MSCI ACWI Value MSCI ACWI

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Multiple Ways to Win

Global Macro Analysis

Market Assessment

Stock Selection

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Summary of Key Learnings

Reports of Value's Death are Greatly Exaggerated

Value In Macro – *mean reversion still works*

Value in Bonds – *real yields are high around the world*

Value in Diversification – *correlations are falling again*

Value in Currency Markets – *a falling US dollar has significant investment implications*

Value in Equities – *global stocks (ex US, ANZ) are relatively cheap; 'value' works over time*

Value in Active Management – *Beware of style drift; seek 'multiple ways to win'*

Source: FactSet, S&P Dow Jones Indices.
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Q&A

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