



Value vs Growth

Value

- Lower priced than the broader market.
- Cheap valuations relative to earnings.
- Stocks trading below their 'fair value'.
- The idea is that these companies will bounce back in time when their true value is recognised.

Examples of value sectors and stocks

- Financials - HSBC/Barclays.
- Oil & Gas - BP/Shell.

Examples of value funds held in the MAIA portfolios

- Lightman European.
- JOHCM UK Equity Income.

Growth

- Higher priced than broader market.
- Investors are willing to pay high price to earnings (P/E) multiple for future growth.
- Profits growing quickly and expected to grow in the future.

Examples of growth sectors and stocks

- Technology - Apple.
- Communication Services - Meta.

Examples of growth funds held in the MAIA portfolios

- Liontrust Global Dividend.
- Vanguard S&P 500.



Value vs Growth

What economic conditions are required for value to work best?

- Positive global growth.
- Higher interest rates than average.
- Increased spending.
- Above average inflation.
- Higher fixed income yield environment than average.
- Dislocation in valuations.
- Higher volatility than average.
- Start and end of business cycle.

What economic conditions are required for growth to work best?

- Positive but low global growth.
- Lower interest rates than average.
- Average spending.
- Lower inflation than average.
- Lower fixed income yield environment than average.
- Positive sentiment environment.
- Lower volatility than average.
- Middle of business cycle.



What do we mean by Value & Growth

Value/Contrarian style means:

- Below average valuations.
- Businesses poised for recovery.
- Lower price than true worth.
- Growth compounders over time.
- Usually, positive cash flow.
- Higher than average dividend payers.

Why value stocks?

- Compound growth over time.
- Companies that are wrongly ignored or unwanted.
- Positive cash flow and dividend generation over time.

Growth style means:

- Higher than average valuations.
- Businesses that can rapidly grow.
- Higher price than current worth.
- Growth expanders in short term.
- Low cash flow as money is spent on growth strategies.
- Low/no dividend payments.

Why growth stocks?

- Can grow quicker than the market.
- Sentiment can help drive returns further.
- Companies that are disruptors or will be the next leaders.



What Value areas are we currently invested in

Contrarian & Value Style

Cyclical businesses & sectors

- Financials - life insurance, banks & asset managers.
- Commodities - metals & mining.
- Industrials - machinery, equipment & construction.
- Consumer cyclicals - housebuilders, materials, construction & goods.

The value funds we currently hold have a tilt to cyclical businesses & sectors.

Defensive Businesses & sectors

- Healthcare - Pharmaceuticals.
- Consumer Staples - Personal care, beverages & tobacco.
- Food products - supermarkets.

The value funds we currently hold have less of an exposure to defensive businesses & sectors.

Not all sectors within the value style are currently cheap. The cyclical sectors are at a 50-year wide valuation gap compared to defensive sectors. This is why the value funds we hold have more of a tilt towards cyclicals compared to defensives. This does not mean the funds we hold do not have exposure to defensives, it's just that cyclicals offer better opportunities from a valuation perspective and so they have more exposure to these currently.



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