Introduction to Barrow Hanley

By Perpetual Asset Management

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“Value investing isn’t just about buying a stock because it’s cheap. If you do, you could be buying a torpedo or a big opportunity cost,” says James Carpenter, Director, Client Portfolio Manager at Barrow Hanley.

“There’s more to it. You need a catalyst for change as well. It might be the ability to improve sales or improve margins or improve capital efficiencies. These things can increase valuation multiples,” he says.

“At Barrow Hanley, we are looking at what company management can do to unlock value. We are trying to avoid situations where companies have structural headwinds that can’t be fixed, versus companies that have temporarily stumbled but there remains value to be unlocked.”

For 43 years, US based Barrow Hanley has been a global leader in value investing, their investment universe covers companies across North America, Europe, Asia, Australia and Africa. A long-term value investor, Barrow Hanley has stable leadership, a strong investment centric culture and depth of experience in periods of heightened volatility and uncertainty.

“We believe that over the long term, value works, and value wins and we know how to exploit the universe of value stocks,” Carpenter says. “We are looking for companies that are trading at a discount to our estimate of their intrinsic value, or a discount to fair value, that have a catalyst, or catalysts, for change.”



In shorthand, Barrow Hanley looks for companies with a unique combination of cheapness, change, and asymmetric return profiles.

“We are looking for dislocations in the market that we could profit from. There are dislocations that you could get burned on. We are looking for the ones where you are more likely to make money,” Carpenter explains.

“Then we go through a bottom-up research process to identify whether we could profit from those dislocations.”

One of the advantages of a fund manager having a long-term view of investing and a successful history, is the ability to more easily access management.

“Management of a company is key because they are the ones that have to fix the problems,” Carpenter says. “When you have access to management, it’s about asking the right questions so you can determine if management has a credible path to unlocking value.”

Carpenter has been involved in the investment industry for more than 25 years. He says that the opportunity for value investors is as great today as it has been for most of his time in the industry.

“We are currently in the middle of one of the largest dislocations of value versus growth, and have been for the last few years,” Carpenter explains, noting that the value cycle of 2020-2022 was interrupted in the first two quarters of this year with a brief return to growth leadership.

“To us, it’s definitely a great time to have a tilt towards value exposure.”

Find out more about Barrow Hanley.

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