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Brandes backs value's long-cycle revival

The global value manager says value rebound after 165 months of underperformance brings focus back to fundamentals, style discipline, and international diversification

By Elizabeth Dooley

Brandes Investment Partners has spent more than five decades building its business around one investment discipline. The San Diego-based firm, founded in 1974, remains a pure-play value manager at a time when many active managers have broadened platforms, added styles or repositioned products to reflect changing market demand.

That focus was tested severely in the years after the global financial crisis, when value underperformed growth for 165 months, probably the longest stretch on record, according to Brandes. Oliver Murray, the firm's chief executive officer, describes the period as "a real test of discipline", not only for performance but for the firm's ability to remain true to the exposure clients had selected it to deliver.

Brandes' private ownership was important in that regard, according to Murray. Owned by 31 partners, he tells Asia Asset Management that the firm's structure allowed it to take a long-term view when value was out of favour and client pressure across the industry was intensifying. Had Brandes been owned by an external shareholder or a larger financial group, he believes the pressure to alter course would have been much harder to resist.

That discipline is now being tested in a more favourable direction. Brandes has doubled its assets under management since 2022 and now oversees US$49.9 billion in total assets, its highest asset level in 14 years.

The shift in backdrop is underscored by figures for the five years to June 30, 2026, when the Brandes Global Equity Composite returned an annualised 12.80% net of fees compared with 11.47% for the MSCI World Index.

The relative gap was wider in international and emerging-market equities: Brandes' International Equity Composite returned 13.49% versus 9.04% for the MSCI EAFE Index, while its Emerging Markets Equity Composite returned 14.57%, compared with 7.19% for the MSCI Emerging Markets Index.

Discipline tested

For Murray, the point is not simply that Brandes remained committed to value as a label. It is that the firm continued to deliver the exposure clients had originally appointed it to provide, rather than allowing the portfolio to migrate towards the parts of the market that were being rewarded at the time.

That consistency is reinforced by Brandes's management of its portfolios. Rather than relying on a star-manager model, investment decisions are made by committees of three to five senior investors. Murray says the structure gives the process greater institutional depth and has helped preserve the firm's investment identity through changing market cycles.

The market environment has also changed in ways that make Murray's argument more relevant to allocators. Higher interest rates, inflation uncertainty and concern over US market concentration have prompted investors to reassess portfolios that became increasingly dependent on growth and technology. Murray says valuation dispersion remains meaningful, particularly in the US, where a narrow group of large-cap growth stocks has driven a significant share of market returns.

"Value offers a margin of safety, while some growth stocks leave little room for error," he adds.

Asian demand

For Asian investors, that is no longer an abstract style debate. Many portfolios have benefited from US equity exposure, passive global allocations and private-market commitments, but those same allocations can also leave investors more exposed to similar return drivers than they may realise. Brandes' argument is that genuine value exposure can provide a different source of return, provided the manager has not diluted the strategy during the years when value was out of favour.

That point is central to the firm's regional conversation. Having opened its Singapore office in 2012, Murray identifies Australia, Japan, Singapore and South Korea as the strongest sources of regional interest. The demand is not simply for value as a label, but for clarity about how the strategy behaves, where it differs from benchmark exposure, and how it can sit alongside growth, passive and private-market allocations.

Japan is one part of that discussion, particularly following Murray's recent visit to the market. Corporate governance reform, improved capital discipline and pressure on companies to make more effective use of balance sheets have revived international interest in Japanese equities. For a value investor, the significance is not simply that Japan has returned to favour, but that more companies are being pushed to address the gap between asset value, earnings potential and shareholder returns.

The same stock-selection discipline shapes Brandes' approach across broader Asian and emerging markets. Its country and sector exposures can differ significantly from the index. In emerging markets, for example, the firm has exposure to China but is underweight relative to the MSCI Emerging Markets benchmark. Its China holdings are mainly domestically oriented businesses in areas such as retail, household durables and leisure, rather than more capital-intensive sectors exposed to tariffs or trade disputes.

That positioning reflects the firm's emphasis on valuation, balance-sheet strength and business fundamentals rather than benchmark replication. In this regard, Murray makes no broad top-down calls on countries or sectors and works with his teams to identify companies where the prospective return is sufficiently asymmetric relative to the risk.

The change is also reflected in the way institutional investors are framing the conversation.

"The questions were why would I need value at all," Murray says. "Now the shift is not about why value, it's more about how much exposure to value is appropriate."

Client focus

Murray notes that this change in tone has supported demand for Brandes' international and US large-cap value strategies. The firm is seeing interest in non-US global equity mandates, as well as US large-cap value, where investors can retain exposure to the US market while reducing dependence on the mega-cap growth stocks that have driven recent benchmark returns.

The rise of private markets gives the debate another layer. Murray acknowledges that private equity, private credit and alternatives can provide premium returns for suitable investors. But they also come with less liquidity, less transparency and higher costs, requiring careful comparison with public-market strategies.

For Asian institutional investors, Brandes' argument is that disciplined public-market value investing can provide a liquid and transparent counterweight to portfolios increasingly shaped by growth, passive exposure and private markets. The firm is not presenting its recent growth as a reinvention, but as evidence that its long-standing discipline has become more relevant as market leadership has broadened.

"We're very clear about what we do, and even clearer about what we don't do," Murray says.

For investors reassessing equity concentration and manager style purity, that clarity is becoming an increasingly important part of the investment proposition.

Oliver Murray

Growing pains

The mutual fund sector in the world's second largest economy is evolving towards a structure that is familiar in Hong Kong and the US: top-tier players and focused specialists dominate, and the middle ground vanishes. Mergers and acquisitions are gaining momentum as a competitive shakeout looms, with several industry reports indicating ongoing discussions.

Scale, brand, operational agility and innovation are now decisive, enabling competitive players to flourish even with thinner margins. Leading managers are deploying artificial intelligence for investment research, personalised customer service, and risk management, seeking to unlock competitive advantages and new efficiencies to offset margin compression.

This shakeout marks a painful but necessary step in the maturation of China's mutual fund industry. Investors welcome a new era of lower costs, greater transparency, and genuine differentiation. Industry players that fail to innovate, build scale, or sharpen their niche will not only fall behind but risk becoming obsolete.