

PRESS RELEASE

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**CFA Societies Australia 2021 Australian Investment Conference**

***Howard Marks says FAANGs look “impregnable”***

**[SYDNEY, AUSTRALIA] 13 October 2021:** The CFA Societies Australia 2021 Australian Investment Conference has heard from notable speakers today, including Howard Marks, co-founder and co-chairman of Oaktree Capital Management, and Sarah Keohane Williamson, CEO, FCLTGlobal, following an introduction from Margaret Franklin, CFA, President and CEO, CFA Institute.

Famous value investor Howard Marks told the **2021 Australian Investment Conference: From Purpose to Action** that the distinction between “value” and “growth” doesn’t serve investors well in the fast-changing world in which we live. The information advantage enjoyed by value investors decades ago has been depleted with the advent of computers and the internet; if something carries a low valuation, there’s probably a good reason for that.

In contrast, expensive growth stocks have been outperforming for many years and are more dominant. The technology giants of today are so powerful that they may be “impregnable,” so strong is their market position and ability, according to Marks. “It’s never been more possible for companies to develop new avenues of growth and extend their runways,” he said. “The moats protecting today’s winners have never been stronger, or so it seems. When you look at the FAANGs, I think one of the most important things you’re seeing there with Facebook, Amazon, Netflix, Google, and Apple is, they look impregnable,” Marks said.

“Now, when we speak again, 20 years from now, we may find that half of them were replaced, but, right now, they do look like they have very strong moats. And, as a consequence, the winners have often gotten more powerful and more effective as they got bigger ... So, that leads us to the question of is it different this time?”.

According to Marks, the ongoing strength of technology companies cannot be assured. “The fans of tech stocks say that things are different ... and, of course, they said that in 1999; they said, the internet will change the world. And consequently, there’s no price too high for an internet stock. Well, guess what? The internet did change the world, but most of those stocks lost 100 per cent of their value,” Marks said.

Hearing from other speakers, Sarah Keohane Williamson, chief executive of FCLTGlobal, said the idea of a multi-stakeholder engagement is gaining ground around the world and is fundamental to the success of a company. “We think that the best companies maximise long-term value in a multi-stakeholder context ... Considering the employees, the customers, the communities in this place ... governments, whatever actors are critical for achieving a company strategy, taking those into account is critical.”

According to Williamson, a stakeholder mindset can add to shareholder value and the long-term direction and fulfillment of a company’s strategy. Stakeholders need not be in conflict with

shareholders, who themselves are stakeholders, but all parties should work together to ensure a company's longevity and success.

"If it's closely tied to a company's long-term strategy, investors have a critical role to play in encouraging strategic investments in stakeholder issues that will generate value over time. And, in moving away from this trade-off mindset that we so often hear around stakeholder questions, this topic has broad implications for the investment community. It's important that we're part of the solution rather than part of the problem," she said.

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