NEWS | FUNDS AND MANAGERS | EXPERT VIEWS | EVENTS

Brett Himbury finding new purpose after IFM

Lachlan Colquhoun / 02 November 2022, 10:47

After 10 years as chief executive at IFM, Himbury is still making a difference as chairman of alternatives investor Stafford.

When Brett Himbury stepped down as chief executive at IFM Investors in 2020, he remembers someone giving him some advice.

‘He said that when you think about moving from executive life to non-executive life, think about the dinner you’re going to with your colleagues in your new company,’ said Himbury.

‘On the one hand, you could put your coat on and go off to the dinner and think you are really looking forward to it. And then there’s the other option, where you are not quite so keen and would prefer to be staying home.’

In many ways Himbury took this advice when he accepted the chairmanship at Stafford Capital Partners, the independent boutique with more than $11bn in asssets under management.

Not only is Stafford founder and now non-executive director Geoff Norman someone Himbury is happy to put on his coat and meet with, professionally or socially, but Himbury is very much in sync with Stafford's investment approach and philosophy.

The firm was founded in Australia but now has global offices servicing a client base of more than 150 investors, many of them Australian superannuation funds. There are also strong client bases in the UK and South Korea.

Stafford's focus is on alternatives but the firm is not a direct investor but uses the secondary market, where Himbury says attractive assets can currently be accessed at a discount.

'But in many respects Stafford is not unlike IFM was in 2010,' says Himbury.

'Back then, IFM used to get confused with the IMF! But it went on to do some pretty interesting things and right now Stafford is 22 years old and is probably the $11bn manager nobody really knows about. Yet.'

Another key alignment is that Himbury describes himself as a 'purpose-driven guy'.

'Stafford is in asset classes that, in my view, not only drive investor returns but do good for society,' said Himbury.

'Also, I'm probably known as a growth guy, and I like the potential for growth in the Stafford business, and this time – as chair – I can be part of that without being away from home 120 nights a year doing deals as chief executive.'

As a purpose-driven investor, Himbury rejects the backlash against ESG investing that has manifested, particularly from some conservative US states such as Texas and Florida, because he says such views are not supported by the 'science or the maths'.

'Investing in a manner that enhances society improves working conditions and give rise to growth, and with that enterprise value grows and that drives investor returns,' he says.

Looking at Stafford, Himbury notes that the firm's largest asset class is timber, which he calls the 'infrastructure of tomorrow'.

'Of course it might not be as big as infrastructure because there are natural capacity constraints, but there is a supply and demand dynamic for it both in Australia and globally.'

Timber is replacing concrete and steel in many commercial and residential buildings, and at the same time there's a reduction in imports of timber from Europe, while supply from Russia and Ukraine is problematic.

'Timber offers growth and value and investment returns and has the additional benefit in that is the most economically efficient way to sequester carbon from the environment and you're getting [your investment] back through carbon credits.

'So the economics of timber has always been powerful but its more powerful now because of macroeconomics and the net zero environment.'

The Stafford investment team, he says, 'love trees'. But they have the perspective that to save the world's natural rainforest the world needs more plantation forests and this requires more investment, and provides a significant investment opportunity.

A more recent move has been the October launch of the Stafford Private Credit Income Opportunities fund, an open-ended direct lending fund to invest in 'speciality finance opportunities' in Europe and North America.

Himbury's assessment is that the timing is right for such a fund, as rising inflation is making floating-rate portfolios attractive as central banks raise interest rates. Investors are also attracted to the low market correlation offered by private credit.

'What we're doing across our portfolios is having a close look at how the revenue streams are linked to inflation,' said Himbury.

'In the case of infrastructure, there's a high level of contracted relationships and these contracts are also linked to inflation.'

Another factor is that some of these infrastructure operators will be looking to refinance their debt, at a time when some in the capital markets might be more conservative in their allocations.

All of which offers opportunities for Stafford, the $11.5bn investor we might be hearing some more of, and soon.