

MIR lives up to its potential

FUND MANAGER OF THE YEAR

WINNER: MIR Investment Management

FINALIST: Souls Funds Management

There's a rare symmetry about MIR Funds Management winning this year's *Money Management* Fund Manager of the Year award, as well as the Australian shares – mid and large cap, category.

In 2005, the boutique value manager took out the Rising Star category, as well as the Australian shares category.

Indeed, there was a certain inevitability in the manager's victory this year, considering its returns have helped make it something of a darling of the funds industry in the interim.

In the 12 months to February 2005, MIR's flagship wholesale Australian equities fund returned 39.5 per cent, and it has returned 30.3 per cent in the nine months to fiscal February this year.

While this year's awards were judged on a three-year, rolling returns basis, MIR's one-year returns amply demonstrate the faith the 2005 judges noted "to also add value into the future".

Overall, the boutique was nominated as a finalist in four award categories this year, including the overall Fund Manager of the Year, Rising Star, Australian shares – mid and large cap, and Australian shares – small cap.

It's an achievement managing director Michael Triguboff describes as "a further recognition of our investment process and performance".

"It's a reflection on our effort to create best practice both in the



Michael Triguboff

ally favoured value managers, we are very pleased that we have performed as well as we have."

This performance is rooted in the manager's much admired bottom-up valuation investment process, according to Triguboff, who describes it simply as "buying the cheapest stocks in the market which are not losers. The objective is to weed out the losers from the value stocks, from those stocks

time and money on continual research" as a function of honing the investment process.

"We need to continually stress test our approach because we are trying to take advantage of the market anomalies. And we have to make sure those anomalies continue to exist for us to have a sustainable and robust process."

MIR also employs a number of academics around the world to

"However, any proposal to formally change the process, no matter how minor, has to be communicated to our investment process committee. And if the chairman believes it is a material change we are proposing, then we have to communicate it in advance to clients and consultants with justification."

The merits of the manager's investment process are perhaps better extolled by its peers within the industry.

Advance managing director Kate Mulligan, who acts as the exclusive distributor of MIR products to the retail market, says the reason MIR was chosen as manager for the Advance Concentrated Australia Share Fund is a combination of several factors.

"One is its unique investment process, both on the quant and qual, the strength of which researchers have noted in terms of their ratings.

"There is a real appetite in the market for higher alpha, for higher tracking error products, and the Concentrated Australia Share Fund product has a tracking error of 7 per cent.

"There's also lot of interest in the market for boutiques, which is in fact Advance's hallmark, while the quality of the team itself led by Michael is very impressive."

Finally, she says, the product's performance speaks for itself.

"In the six months we've had

Souls Funds Management, this year's understudy to MIR as Fund Manager of the Year, was itself a finalist in the Rising Star category of last year's awards, thereby demonstrating the consistency of its own investment process.

Investment manager for the Souls Australian Small Companies Fund Frank Villante says the manager's nomination this year is "surely a sign that the rigour of our process and application is being understood, noted and acknowledged in the market place".

Villante says the manager has always strived to ensure that "we are what we say we are. I don't want anyone to ever be able to say about this investment team that you scratch beneath the surface and you come up with particle board, that you don't find what superficially appears to be the case."

The essence of the manager's investment process is to be "fixated with the integrity of our process rather than worry about any labels being applied to us".

"We are not so much obsessed with the business being growth or value, as we are with finding the best quality opportunities to make a return for our investors," Villante says.

"We have a blend of both value and growth stocks, which means that over market cycles people will view us more alternately as a growth manager and

investment practice and the operational aspect for the business.

“In a market that hasn’t actually

that are relatively cheap in terms of a number of multiples.”

He says MMR spends a “lot of

“test various aspects of our process in order to see if we can improve”, he says.

the product the fund has already outperformed by 6 per cent on the benchmark.”

as a value manager.”

– *Liam Egan*