

MIR shines again in Australian equities

The unique process of equally combining quantitative and qualitative measures to construct portfolios has seen MIR win the Australian equities mid and large cap category of the *Money Management* Fund Manager of the Year Awards, as a result of the performance of its Wholesale Concentrated Australian fund.

MIR feels the marriage of these two processes, often considered mutually exclusive by some fund managers, allows it to take into account real-world knowledge along with quantitative discipline and insight to deliver a superior investment process.

However, performance alone did not secure the award for the deep value orientated MIR fund. The experience of its investment team made up of 12 professionals with an average of 15 years investment experience each, was another strength that separated the firm from its peers.

Again, boutique fund managers dominated the finalists in this category, with

Souls Funds Management one of the runners up.

"The fundamental organisational structure of a boutique lends itself very well to asset management," MIR managing director Michael Triguboff says.

"One of the big risks of funds management is dealing in other people's money, which is called in behavioural finance 'agency risk', where you take different risks and invest money for other people differently than you would of your own and other parameters come into play," he says.

"However, if you have ownership of the business and if you are significant investors in a meaningful way in your own product, then that concept of agency risk dissipates. So I think the boutique model is clearly the way to go," Triguboff explains.

He warns though that boutique managers must be adequately resourced other-

AUSTRALIAN SHARES (MID & LARGE CAP)

WINNER: MIR Investment Management

FINALIST: BT Financial Group

FINALIST: Souls Funds Management

wise key man risk may end up playing a part in the process, a phenomenon he feels is under-recognised in the industry.

While boutiques dominated the Australian equities landscape, one large manager that made a comeback was BT Financial Group, with its core style Wholesale Imputation fund.

The fund is supported by eight researchers along with portfolio manager Troy Angus, who believes the risk adjusted

nature of the fund's returns sets it apart from its competitors.

"What sets it apart is not just the performance itself because you've got other fund managers that are in the top few as well, so clearly the performance is good, but I think more importantly it's the risk adjusted nature of those returns," Angus says.

"We've typically taken a significantly lower level of risk. So as an end investor you've got the benefit of good returns at lower risk," he adds.

"Effectively what that highlights is that in terms of the underlying fund itself we've been able to get many, many good ideas into the fund which have generated that outperformance. So the good performance hasn't been a function of only one or two good ideas but rather of 20 or 30," Angus explains.

– Darin Tyson-Chan