

## Next big thing: boutiques to watch

### BOUTIQUES



**Who:** MIR Investment Management

**What:** Boutique Australian equities manager

### Process before personality at MIR

**W**hat do you get when you cross the founder of the Asia-Pacific branch of one of the most successful fund managers in the Australian wholesale investment industry, a professor of finance and one of Australia's most prominent asset consultants?

The answer: MIR Investment Management – a boutique fund manager that has attracted an impressive \$250 million in funds under management since it launched just 15 months ago by ex-Lazard Asset Management Asia Pacific founder Michael Triguboff, University of Technology, Sydney Finance Professor Ron Bird and Sovereign Investment Research managing director Ray King.

However, Triguboff, the rising star's managing director, says the key to MIR's success isn't about personalities.

"We believe there are two relatively mutually exclusive paths a fund manager can take in establishing its operations: either focusing on a star manager or a star investment process," he says.

For Triguboff, the key is to build a solid investment process that can be adhered to by clever, capable people smart enough to know how to stick to that process. And if this rule isn't followed, Triguboff suggests there is every chance that today's rising star could become tomorrow's shooting star.

"We believe the attempt by some fund managers to depend on a 'star manager' is no more than a code word for lack of transparency. This dependence leaves the potential for irresolvable personal problems and non replicable performance if the star should leave."

To further differentiate itself from other fund managers, MIR has adopted what Triguboff says is the unique investment process of combining in equal measure quantitative and qualitative information.

Triguboff also believes a good fund manager will focus on investment performance rather than business risk.

"That sounds trite but is very significant because so many fund managers set up a shop and say 'well, we'll have an investment process to attract money', not 'we will have an investment process to deliver the best returns we possibly can'."

According to Triguboff, taking care of business risks and setting up a sound investment process can often be in conflict.

"If you let business risk takeover, then you're getting involved in benchmark hugging because a fund manager will never be fired for holding Telstras but he will be fired for a stock which is unloved – which can go south – and yet that unloved stock is more likely to outperform if it's the right stock. That's where business risk and investing cross over. That's where they pollute each other," he says.

"Managers often focus on buying popular stocks rather than stocks which will outperform."

MIR currently offers three managed funds – the MIR Australian Equities Fund, which returned 44 per cent in the year to December 31, 2004, the MIR emerging opportunities fund with a 39 per cent return, and the MIR geared Australian equities fund, which has returned 51 per cent to investors since its inception in 2004.

– Ross Kelly