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At the forefront of innovation

Michael Triguboff, the man behind MIR's phenomenal success, is reluctant to take the credit saying it is investment processes that lead to good returns.

AUSTRALIANS can boast that they have a funds management industry renowned the world over for its innovation. But not very often does a successful local fund manager come along with an approach so innovative and so original that it makes all fund managers – whether from the big end of town or smaller boutiques – have a serious rethink about how they do business.

One such local fund manager was Kerr Neilson.

With the stellar performance of his Platinum Asset Management and its innovative approach to exploring alternative investments and currency hedging, Neilson is regarded by many as the person who established boutiques as a force to be reckoned with on Australia's investment landscape.

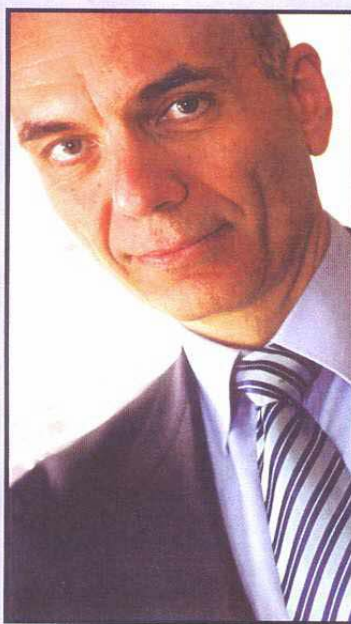
These achievements ensured his appearance in *Money Management's* top 10 most influential list back in 2003.

Hailed by many as the next Kerr Neilson is MIR Investment Management managing director Michael Triguboff.

Since he launched MIR early in 2004 with University of Technology Sydney Finance Professor Ron Bird and Sovereign Investment Research managing director Ray King, its large and small cap Australian equities funds have left others in the market for dead with their phenomenal performance.

MIR has won the plaudits of Australia's investment community, culminating in major mandate wins such as its recent \$1.1 billion deal with Advance Asset Management, and a bevy of awards including this year's *Money Management* Fund Manager of the Year awards in the Australian Equities and Rising Star categories.

Triguboff's innovation manifests itself in his challenging of the belief that quantitative and qualitative research procedures can only be used in isolation.



“Both the ‘quant’ and the ‘qual’ processes can be alpha additive. Neither is mutually exclusive of the other,” says Triguboff.

“Unless they are combined at an inception where both sides own the process, one side will cannibalise the other. It will become a horserace where ‘I, Mr Quant, can add more to the portfolio than you, Mr Qual’. That is an issue which needs to be managed through discipline to treat them as a team,” he says.

As a further differentiator, MIR won't immediately elect the best Australian stocks, it weeds out the ‘dogs’ instead.

“MIR believes eliminating from the long portfolio the losing stocks is more effective than the generally accepted objective of identifying the winners. These loser value stocks are potential shorts,” says Triguboff.

Innovation like this is what has earned Triguboff and MIR their acclaim. But if he were putting this year's *Money Management* top 10 list together, a modest Triguboff would probably put MIR's investment process on the list rather than himself.

“The key to MIR's success isn't about personalities,” he said.

“The attempt by some fund managers to depend on a ‘star manager’ is no more than a codeword for lack of transparency. This dependence leaves the potential for irresolvable personal problems and non-replicable performance if the star should leave.”