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Quebec Program Selects Local Emerging Manager

The Quebec Emerging Manager Program (QEMP), a fund-of-funds program, selected Mount Murray Investment to manage an emerging markets equity mandate, according to an announcement.

The Mount Murray Investment Emerging Markets Equity Fund “aims for long-term capital appreciation by investing in diversified emerging markets equity, combining fundamental bottom-up research to select high potential securities with a macroeconomic approach,” the announcement states.

“The nice thing about Mount Murray is that we’re trying to push the limits,” CEO and Co-CIO Vincent Dostie said.

“We have a macro-framework that’s made of four components: the political environment, the economics of the country we invest in and then we also look at the valuations, mostly the long-term valuations of those markets, and then we analyze sentiments from different points of view. We put all of those elements together and it gives us a scorecard for a strategic allocation.”

The Montreal-based firm was founded in 2018 by Dostie, Co-CIO Keith Porter and Senior Strategy Advisor Simon Lamy, who were all former colleagues at the C\$390 (\$314.8) billion Caisse de dépôt et placement du Québec.

“When you work for a large pension fund, you always have this longing of being in something that’s more humanized where you know your clients very well and you work directly for them,” Dostie said. “So, this was kind of a dream that we all had.”

Mount Murray is now in the third year of its track record and Dostie noted that QEMP’s “significant vote of confidence” in their emerging markets fund is “a big deal” as “a little less than half” of the firm’s \$30 million in assets under management comes from the program.

“We can show other interested institutional investors the results that we’ve had going through all of this and the performance, which is very credible, that the QEMP shows because you have those very high standards in presenting everything and making sure we’re meeting all their requirements,” he said.

QEMP announced in February that it had received \$110 million in strategic investments from four institutions and was looking to invest in long-only and alternative managers that have an office in the Quebec province, are registered with the Autorité des Marchés Financiers (AMF), are employee-owned and have at least three firm members.

The program has grown to \$406 million in assets under management since its establishment in 2016 and recently added a traditional high-yield fixed-income mandate with Steinberg Wealth Management in July.

“In the beginning, we were having the same issues as an emerging manager: having a track record and having a bigger AUM size to get more diversification,” QEMP Manager Carolyn Cartier-Hawrish said. “But, after five years, I think now we’ve got over \$400 [million] AUM, we’ve got great managers and we’ve got good stories. LionGuard [Capital Management], who started really small with \$2 million, now have great performance and over \$160 million and probably will get a direct allocator pretty soon. Applied Research [Investments] in only two years are at over \$1 billion in AUM and we’ve got Razorbill [Advisors] as a graduate that were bought by Optimum [Asset Management], but they stayed in Quebec with their strategy. So, I think that we’re getting good credibility for the program.”

Cartier-Hawrish hopes QEMP’s “stamp of approval” will make it easier for Mount Murray “to get their first big client” and the program is currently “revisiting all of the possible allocators to raise more assets” for additional mandates with emerging managers.

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