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The upstart

A 30-year-old with seed money from his mum is turning heads in the world of funds management. BY **NICOLA KEAN**

MIKE TAYLOR doesn't look like a man in charge of a \$7 million investment fund. The only clues to the baby-faced gen Y's profession are the words 'buy' and 'sell' emblazoned on his cufflinks. But Taylor's skill at picking stocks, and the returns he's been generating for investors, have caught the attention of more than a few grey hairs in the industry.

Taylor started up Pie Funds three years ago, after meeting co-founder and non-executive director Richard Avery-Wright in Sydney. Taylor, a former lending analyst for the Bank of Scotland, originally wanted to manage money for friends and family, and came up with a plan for investing in small companies (or small caps).

But the world of funds management is a tough one for a newbie, especially if you've got ten years less experience than the next guy. Taylor knew he needed some old hands on board. "We needed to have some credibility," he says. "You need some grey hairs around."

His first stop was the Institute of Directors, which put him in touch with Roger Kerr, director of the Business Roundtable. "I had quite a few discussions with him before I accepted the role," Kerr says. "I wanted to be sure that he did have some skill and he was a little bit different. He was in the small caps space that no one appeared to be doing in New Zealand, so I thought there's a niche."

Kerr agreed to become a non-executive director, providing a mentoring role and introducing Taylor to the industry's bigwigs.

The bigger challenge, however, was getting Taylor's father-in-law, Mike Henry, of travel insurance fame, on board. "It wasn't 'oh he's my father-in-law, therefore he's going to come on the board'," he says. "I actually had to say 'I want you to come on for these reasons, we're going to have a credible business'."

Henry, who describes his son-in-law as "very astute and careful", provides advice on the governance side of the business and a perspective of someone who's been there and done that.

Taylor's focus has been growing the fund, rather than

growing the number of investors — it's a fresh approach that stems from his relative youth, he says. "A lot of the people who might be coming in at 50, they've spent 30 years working for someone else — all they do is just pick up those ideas and dump it in a new business."

But not even the best advice in the world can help you when the markets are down, and the 2008-09 period was a harsh one for Pie Funds. "We were at home flogging stuff on Trade Me to keep things going," Taylor says. The non-executive directors dropped their fees, and Taylor stopped paying himself.

For Kerr it came down to the wire, and he questioned whether it would be worth merging or shutting down. "Thankfully we stuck to it, and I like to think I helped him with a bit of fortitude. With funds management you've got to get your first three years and you establish your name."

It was worth it. The fund has returned a staggering 105% during the past year, and Taylor has managed to double the number of investors over the same time frame. "Yeah, we blew the competition out of the water," he says briskly. "So now we're one of the top performing funds and we're very pleased with that."

Henry says he came on board to guide and support Taylor through the initial years, and is considering bowing out. "He's pretty much on his way now and at some stage in the future it will be good to get somebody else on the board who also has a strong knowledge of the industry and that will make it even stronger."

Kerr says a few high net-worth individuals and funds are watching Taylor and Pie Funds closely. "Unfortunately his baby face doesn't help him. [But] he's confident of what he's doing and has put himself in the profile of the business."



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