‘I’ve had zero days off’: Inside EMD veteran Cirami’s boutique switch

The fund manager spent almost 20 years with Eaton Vance. So, why did he decide to start again at a firm he had only just heard of?

By CHRIS SLOLEY / 7 JUNE, 2022

Michael Cirami recognizes Citywire Selector. But it takes him a second to pinpoint it. ‘I know, I listened to a podcast you did with Eric Colson.’

This isn’t some intense form of flattery but an insight into the due diligence process that the experienced fixed income investor undertook when he received a phone call from Artisan Partners in 2021.

Colson, who is chief executive officer of the US group, was featured on Citywire Selector’s Future Thinking podcast in 2020, where he talked about the disruptive elements of asset management and, crucially for Cirami, the process he uses to both hire and manage new teams.

Cirami would ultimately take up Colson’s offer and, along with co-managers Michael O’Brien and Sarah Orvin, depart Eaton Vance in September 2021 to form an autonomous emerging market debt unit within Artisan Partners, which is now called Artisan Partners EMsights Capital Group.

‘I am not going to lie, I hadn’t really heard of Artisan Partners or come across them before that time,’ Cirami said via video call from Boston. ‘They weren’t active in the emerging debt space and it wasn’t a company we had much crossover with. But I did my research and the autonomy and the human capital elements were really intriguing.’

Cirami has taken the past six months getting the team in place, which now number about a dozen across portfolio management, idea generation, client services, trading and risk, while the unit’s first two funds were launched for US investors in Q1 2022. The intention is to bring the Emerging Markets Debt Opportunities Fund into a Ucits wrapper in the near future.

‘It has actually been quite fun building this up,’ he said. ‘I have had zero days off since we decided to move. I can’t tell you the exact date but if my last day at Eaton Vance was on the Wednesday, then I started work with Artisan on the Thursday and we just got going. I am very passionate about the project and there is so much work to be done.’

Cirami said he wasn’t actively looking to move but situations change. One overhanging aspect was the purchase of Eaton Vance by Morgan Stanley in March 2021, which meant the future of the asset management business would differ from the one he first joined in in the summer of 2003.

‘I looked at it and thought – I’m 46, I like to keep my head down and work but then this call came in and I thought when was I really going to get the chance to think about doing something else? I liked how they presented themselves and Eric Colson used a term – “talent disruptors” – which I think fitted nicely with what I wanted to be doing.’

The transition was aided by moving across with a number of his existing colleagues, but Cirami aims to swell the ranks slightly with the addition of a quant researcher, another emerging market corporates analyst and potentially more firepower on the trading desk as the team becomes more bedded in.

New approach?

The type of fund Cirami and his team will run won’t differ hugely from the ones he ran with long-time co-manager John Baur at Eaton Vance. The Artisan Global Unconstrained Fund is a ‘go-anywhere’ fund with an EM bias, while the Artisan Emerging Markets Debt Opportunities Fund is, as the name would suggest, more overtly focused on the developing world.

‘There’s not a lot of change in the way we are going to approach the market,’ Cirami said. ‘We know there are opportunities across a range of countries, regions and sectors – hence the Unconstrained Fund – and we can also go long and short in that fund. With the long-only one we can find an array of emerging and frontier issuers that are hugely attractive.'

The timing of the launches for the US market – April 2022 – coincided with a whirlwind of challenges for developing world investors, as inflation and rates were both rising and the conflict in Ukraine intensified. While the funds have a lengthy gestation period, Cirami was sanguine about the launch period.

'The thing with emerging markets is there will always be unpleasant periods, but then we also have to look for the things we can see that will be pleasant as well. The environment has been challenging, that's true, and there are a number of things that investors are slightly uncertain about but then there is rarely a "perfect" time to launch a fund. The people familiar with the asset class know that.'

The support for the unit was evidenced in Artisan's Q1 2022 earnings call, when Colson singled out EMSights as a major addition to its line-up. 'Emerging markets debt brings together a number of attractive investment and business characteristics. A large and growing investment opportunity, set to differentiate from the index and peers.

'A large addressable market of sophisticated investors and allocators, to build a long duration client base with attractive fees. And a limited supply of investment talent with the experience, resources and degrees of freedom possessed by the Artisan EMsights Capital Group,' he said.

Size and scale

The funds currently have $21m (EM Debt Opportunities) and $12m (Global Unconstrained), which is largely drawn from Artisan seed capital. This is a long way off the asset base that Cirami used to run with Baur at Eaton Vance, but the fixed income veteran knows it is a process that takes time.

'There are parts of the market we expect to see performing, and others that will struggle, that's certain,' he said. 'The last couple of years have presented unique challenges but as we move into this post-pandemic period – if I can call it that – then we can see countries embrace reform efforts and recover strongly.'

A prominent element of Artisan's literature for the new funds focuses on ESG, which has come under intense scrutiny in the relatively recent past. Cirami said it is likely to be in keener focus with more eyes on it but also that the emerging world has always had to prove its credentials on this front, as governance concerns often abound in the developing world.

'I would argue most emerging market investors have been doing this type of research work before it became as fashionable as it is now,' he said. 'It is hard to invest in these markets or countries without asking the questions that would underpin what many people are doing within ESG generally.

'A large amount of this work is standard risk assessment and we also consider the governance issue when discussing bond covenants. There will always be countries going through different cycles or different challenges, so we have to be alert to that.

'There are some markets – I am thinking Czech Republic or Hungary, to an extent – where the due diligence is less demanding than if you are looking at the ESG implications of an issuer in Ukraine, South Africa or Argentina, for example.'

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