Integrative thinking and Lee-Chin's bold AIC strategy

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It was September, 1999, and Michael Lee-Chin had a serious crisis on his hands. The worst of his business career. Lee-Chin had presided over more than 10 years of remarkable growth at his beloved money management firm, AIC Ltd., but now AIC was under withering attack. Its survival was in doubt.

An admirer of Warren Buffett, Lee-Chin had pursued a strategy with virtually no parallel in the mutual fund business. The typical mutual fund manager handles 100 to 200 different stocks at any given time and turns over the entire portfolio every 18 months or so. But emulating Buffett's approach of taking long-term stakes in a relative handful of companies, Lee-Chin's AIC Advantage Fund would hold only 10 to 20 stocks and hang onto them, he says, "more or less for ever."

This "Buy, Hold, and Prosper" philosophy worked brilliantly, and by 1999, assets under management had grown to $6 billion.

But in 1999, everything was different. Investors were losing money, the stock market was declining, and the mutual fund industry was facing unprecedented challenges. Lee-Chin, who is of both Jamaican and Chinese descent, had a rare opportunity, and he seized it.

Lee-Chin remembers that morning well. "I felt awful," he admitted to me. But despite his distress, he sensed an opportunity lurking within the crisis. Lee-Chin, who is of both Jamaican and Chinese descent, has a rare opportunity to buy Mackenzie Financial Group, and we're just going to put everything we have into purchasing that one stock."

Mackenzie Financial Group had been struggling, and its stock was at a discount. Lee-Chin knew he had to act quickly, and he did. He poured every cent he could into Mackenzie, and the stock began to rise. He sold the last of his stake in March 2000, and the stock continued to climb.

"We did everything to buy Mackenzie," he recalled. "The share price went from $15 to $30 overnight. The rest is history."

Lee-Chin's strategy was based on the principle of "buy, hold, and prosper," and it worked. AIC's financial health improved, and the company became a major player in the mutual fund industry.

But Lee-Chin's success was not without its challenges. The company faced criticism from some quarters, and there were questions about whether AIC was being too aggressive in acquiring other firms.

Despite these challenges, Lee-Chin persisted. He was committed to the "buy, hold, and prosper" philosophy, and he believed it would pay off in the long run.

In the end, Lee-Chin's vision paid off. AIC became one of the leading mutual fund companies in Canada, and Lee-Chin became a household name.

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