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Marketing Readiness: Tips on Collateral Development

By Holly Singer, President of HS Marketing, LLC



- Holly Singer -

Some hedge fund managers may be surprised to hear that positioning, branding and effective marketing collateral may be just as important in this industry as for companies selling traditional investment services or consumer products. Amid a growing universe and increased competition, as well as heightened investor sophistication, managers of all sizes and at various stages in their business cycle "not just start-ups" can benefit from techniques to improve their presentation. While many talented traders, portfolio managers and other principals of hedge funds offer investment expertise and/or business management skills, marketing may require a different set of skills and services. With first rate collateral, managers are better prepared to take advantage of business development opportunities, including the benefits of working closely with third party marketers, capital introduction services and related events offering an investor audience.

Why bother? Here are three reasons to name just a few:

1. You only get one chance to make a first impression.
2. If you are depending on your offering memorandum to double as your pitch book, you are missing an important opportunity to showcase your strengths.
3. Telling your story goes well beyond providing your track record of performance.

What does "collateral" include? This term applies to your tool kit for communication with prospective investors, current clients and various industry contacts. The components of your tool kit should include the following key elements:

- Pitch book: Tells your story and provides a unique message
- Summary document (1-2 pages providing qualitative and quantitative highlights)
- Investor letter/newsletter (typically updated monthly or quarterly)
- Due diligence questionnaire
- Offering memorandum
- Corporate identity (visual branding applied to all of the above items)
- Web site (online platform for reporting and access to above items)

How do you create or improve a pitch book?

Your pitch book should clearly define and differentiate at the minimum these three "P" concepts applicable to your firm: People, Product and Process. The most important objective should be to position your capabilities effectively to your target audience. Take a step back and think about what an investor sector or particular audience is seeking. You need to be flexible and well organized at all stages of your marketing communication. This is not a one size fits all exercise since different types of investors and presentation formats call for varying needs; for example, specific cap intro types of events have their own criteria for presentation format and content supplied by the portfolio manager. The common thread and perhaps most important element of your pitch book is clarity. Focus on a few key concepts and consider opportunities to streamline your message.

What are the most important elements to include in your message?

The pitch book is your story. It should contain a title, introduction, plenty of meaty detail, visual illustrations and a call to action. Readers should not need a Ph.D. or quantitative background to understand your strategy or investment process. Be sure to include the following content and consider the points below as a working outline:

1. Overview - your firm, your strategy and your management team
2. Objectives regarding performance and business-related goals
3. Competitive advantages (your edge)
4. Highlights of your strategy and/or philosophy (differentiators)
5. Research process and investment criteria
6. Investment process/portfolio construction methodology
6. Risk management
7. Performance highlights
8. Organization - infrastructure and biographies of management team
9. Summary terms and conditions
10. Reporting and contact information

In addition to the above content, your pitch book may include various disclosures and legal disclaimer language at several places in the document, depending on requests from legal counsel or compliance advisors, who are a critical element in the approval process prior to finalizing your marketing collateral.

What is the role of design?

In order to present your firm effectively to existing clients, prospective investors and other industry contacts, your marketing collateral should convey a professional look and feel. That includes a corporate identity or product level graphic design which may be based on a type treatment logo and/or a graphic symbol that is directly applicable to your firm. A distinct color palette and design template should be integrated into your collateral. Furthermore, several elements of your message can be expressed visually, e.g. your investment process and organizational structure among others, and your audience may react more favorably to a clear

flow chart than to lists of information on a page. Most importantly, the overall look and feel should be consistently applied across all elements of your external communication, including fund reporting and due diligence items.

Are other collateral-related tips applicable?

"Marketing readiness" extends beyond the completion of your collateral. Be prepared to deliver your message in person to small and large groups under differing time frames and criteria. Your presentation should inspire trust and confidence so that you will achieve the maximum impact with your target audience.

Holly Singer is President and founder of HS Marketing, LLC, a niche marketing communications firm specializing in the alternative investment industry. During the past decade, the firm has assisted over 70 firms in the hedge fund community with their branding and positioning, focusing on message development and graphic design applied to marketing collateral, presentation skills, as well as niche visibility raising activities. Ms. Singer serves as editor of MFA Reporter and Chairperson of MFA's Communications Committee. She is a founding board member and officer of the Mid-Atlantic Hedge Fund Association. For additional information, contact Holly Singer at 609.275.1303, via email at holly@hsmarketing.com or www.hsmarketing.com.

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