Marketing To Sophisticated Investors column
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Do Your Quarterly Letters To Investors Make This Marketing Error?

If the quarterly letter to investors is the sole written communication update you provide to your investor base and to prospects whom your firm has already met and pitched, then there is a very high likelihood that you are guilty of committing 'Info Dump'.

Info Dump can occur in verbal sales meeting presentations as well as in print, but today I'm focusing on how this error is most often spotted in written form in a Fund's quarterly letter.

Info Dump occurs when the readers (or audience members) become overwhelmed from being given much information on different subjects in a poorly structured, poorly delivered way. (Notice I did not say 'too much'.)

What can a reaction to Info Dump look like at a portfolio manager's in-person pitch meeting with a prospect? As one investment firm owner said to me, he found one institutional investor looking at him cross-eyed in confusion.

What can a reaction to Info Dump look like when the prospective investor is reading a portfolio manager's document, be it a quarterly letter or something else? That reader stops flipping over pages of the hard copy printed document, or stops pressing the page down button on the laptop never to finish this version of the portfolio manager's missive.

If readers give up on finishing reading the whole piece, they may possibly give up on trying to understand that portfolio manager as well.

When readers do fight through an 'Info Dump' document, what might the result be? A Fund's prospective and current investors could lose the main point or points the communicator is trying to get across. Also, they could end up under-valuing important information that was poorly explained.

That could trigger concern that if the portfolio manager cannot focus his or her thoughts in a clear and structured way when writing or speaking to current and prospective investors, then how might such disorganization threaten the needed attention and focus required from the portfolio manager, and thus also threaten the portfolio's performance down the road.

So, having Quarterly Investor Letters that are Info Dump documents is something to avoid, and to correct if your firm had been guilty of writing and disseminating them.

Signs of Info Dump – a self-exam

Are your firm's Quarterly Investor Letters guilty of Info Dump? Look for these signs:

- Crowding in too many topics in a single document
- Copy that rambles about some issue or another, and then just peters out, without having delivered a specific enough observation or conclusion for the reader to absorb
- Copy that, within the same paragraph or section, hop-scotches from one subject into another without any seeming order of presentation and connectivity between the subjects as they are addressed
- Wasting further communications and marketing opportunities by addressing some points 'just a little', when there is much more that could and should be said, and more insights that could be shared with the readers
- Attempting to use the Quarterly Letter as a delivery mechanism for content that belongs in separate marketing collateral pieces altogether

What to do instead

Keep the focus of Quarterly Investor Letters on the topic this document type proclaims.

Write about recent performance and what were the drivers behind it, whether they be company specific or more macro in nature. Write about what key actions were taken in the portfolio over the past quarter, be they active management by the portfolio manager or quant model based. You could write about what non-company specific risk factors contributed to or detracted from performance. Also, you could make mention of previous in-house research on a holding and offer a short, current events update on the holding's performance or value as relates to your previous research report on the company.

The two biggest misuses of topics appearing in Quarterly Letters that belong elsewhere

Today I'll share just two of the types of content that a portfolio manager should not 'waste' in a Quarterly Letter.

Do not attempt to cram in a research report on a holding into just a few paragraphs in a Quarterly Letter. Also, do not attempt to waste what could be a white paper's worth of a topic by just burying a few sentences about it in a Quarterly Letter.

When marketing to sophisticated institutional investors, these types of information should be delivered in stand-alone research report documents and stand-alone white paper or commentary writings that are separate from performance reporting documents.

One reason is to give these subjects all of the written pages of space they deserve and need to deliver a cogent, complete, compelling and linear presentation of how the portfolio manager is thinking. After all, the primary thing any investment management firm is selling is the intellectual acumen of its portfolio managers and their teams.

Further, most investment management firms lack enough points of contact with prospective investors throughout the selling cycle, which can run from two months to two years. Quarterly Letters give but four contacts. Prepare and distribute separate research reports, and white papers or commentaries on issues the firm takes into consideration in managing its portfolio, and portfolio managers can easily more than double the number of times they have a politic reason to get back in front of its prospective investors.

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About the author

Bruce Frumerman is CEO of Frumerman & Nemeth Inc., a 35-year-old financial communications and sales marketing consultancy that helps financial services firms create brand identities for their organizations and develop and implement effective new marketing strategies and programs. Frumerman & Nemeth's work has helped money management firm clients attract over $7 billion in new assets, yet they are *not* third-party marketers.

Frumerman & Nemeth is internationally recognized for its work in crafting for clients the beyond-the-numbers story of how they invest — content that investment committees actually discuss, debate and vote on behind closed doors when considering firms on a short list for potential investment. Importantly, this is required due diligence content that cannot be communicated in pitchbook format.

Frumerman & Nemeth's work also includes providing strategic consulting on product and strategy-specific branding, crafting the required strategy-specific content detail and designing and producing the marketing tools needed to make it through the two-month to two-year institutional selling cycle. Clients also employ Frumerman & Nemeth to help promote the intellectual acumen of management — helping them get speaking opportunities, write and give speeches as panelists or stand-alone speakers at industry conferences, and through media relations marketing services.

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