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Attracting Assets By Demonstrating Differentiated Investments Leadership

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When the investment management consulting firm Casey, Quirk & Associates released its report *Competing for the 21st Century Investor* earlier in the year, along with reporting on challenges asset management firms face today it outlined key factors required for success in growing AUM.

Delivering investments leadership in a "difficult to differentiate" environment is one of the success factors Casey Quirk believes will correlate strongly with higher growth and/or profitability. To out-market competitors today asset management firms need to undertake a strategic initiative to craft and market "a brand built on a clear investment philosophy supported by well-articulated process, macroeconomic worldview, and innovative thought leadership," the report noted.

This echoes investment services industry consulting firm SEI's sixth annual survey of institutional hedge fund investors, *6 Ways Hedge Funds Need to Adapt Now*, which stated that "many of the top investors on Wall Street attribute their asset and client growth not to their investment results, but to effective marketing". Articulating a fund's investment process and what makes the results repeatable is job number one for fund managers, SEI reported. Investors are looking for proof of the value that the money management firms deliver, so firms "need to tell a story that is simultaneously concise, compelling and detailed—a tall order," their report stated.

How should a hedge fund firm aim to deliver what the Casey Quirk report calls "innovative thought leadership, capably delivered to institutional investors and intermediaries for individuals"?

A conceptual sell is required. Thought leadership is based on a hedge fund's opinions, not its data. While good performance is needed to attract and retain investors, performance, or any related data, does not equate to thought leadership. The key element of thought leadership recognition for a hedge fund is at a product-specific level: the investment beliefs and investment process that differentiates a firm's strategy implementation from others. This requires having people understand and buy into how you invest, and to know you for this. This product-specific brand identity is vital to asset raising because your firm's opinions about investment strategy and approach are key considerations in investor due diligence.

The core content needed is a cogent and compelling articulation of the fund's investment beliefs and investment process, delivered both in written and verbal marketing content. Using this as its 'building block' content, a hedge fund can decide which key selling messages to emphasize in industry conference participation or speaking with the financial trade press in pursuit of public recognition for the intellectual acumen of management regarding its approach to portfolio management.

The success of your opinion-based communications marketing action plan is dependent upon what you say, how you say it, how you disseminate the communications content throughout the selling cycle (from verbal presentations to written marketing collateral and the answers to essay questions in RFPs) , and how you get public recognition for the intellectual acumen of management regarding its portfolio management.

To give your hedge fund a mid-year communications marketing checkup begin by asking yourselves these five questions:

- How well are we communicating a clear investment philosophy and well-articulated process?
- Is the philosophy and process story being effectively told, and in enough detail, throughout the selling cycle by our portfolio manager and sales people?
- How consistent is the story we deliver in all written and verbal communications?
- Have we figured out what steps to take to reduce the odds of a prospect messing up retelling our story to others, and how have we implemented this?
- How are we getting third-party endorsement for our investment strategy implementation through participation as a panelist or speaker at industry conferences and in the financial trade press?

If you are not fully comfortable with your answers a rethink of your storyline for communicating the investment beliefs and investment process of your fund, and dissemination of that image-shaping information, should top your To Do List.

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Bruce Frumerman is founder and CEO of Frumerman & Nemeth Inc. (www.frumerman.com), a 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. The firm was named 2013 U.S. Marketing Firm of the Year for Hedge Funds by *Acquisition International Magazine*'s International Hedge Fund Awards. Founded in 1987 pre-Crash, Frumerman & Nemeth's work has helped money management clients attract over $7 billion in new assets, yet they are not third-party marketers. Bruce has over 30 years of experience in helping money managers to develop buyer-focused positioning strategies to differentiate them from their competitors; create more cogent and compelling sales presentations and marketing materials to better tell their story; and use media relations marketing and industry conference speaking opportunities to help establish a branded identity for their organization by generating third-party endorsement for the expertise of their people, the value of their services and the quality of their products. He has authored many articles on the topic of money management firm marketing and is a frequent speaker on the subject at industry conferences. He can be reached at info@frumerman.com, or by visiting www.frumerman.com.