



Section: Opinion

MAKING THE MOST OUT OF YOUR CAP INTRO PRESENTATION

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How effective are you going to be when you are one of a handful of fund managers making a presentation at a cap intro event? Will you stand out from the crowd? Will audience members be intrigued enough to approach you afterwards and request a meeting? Or, will the first impression you give the audience leave them uninterested; or worse, make them skeptical about your potential for success?

To be successful at your presentation it's as important to understand what not to do as it is to know what best practices to follow. For starters, you can learn a lot from watching others. Consider what I saw at a Cap Intro event that I attended along with high-net-worth, family office and fund of funds investors. This particular event happened to be sponsored by a private organization rather than by a prime broker.

Five hedge funds were presenting at this Cap Intro event. Each manager had 15 minutes to speak at the podium and show his or her accompanying slides. Additionally, the managers were being videotaped so that streaming video of each hedge fund presentation could be posted at a password protected website where prospective investors who could not attend the event would have the opportunity to see the managers tell their stories "live." After all presentations had been given the managers stationed themselves at separate tables so audience members could stop by, question them and pick up marketing collateral from the funds that interested them. The participating hedge funds knew how this Cap Intro event was to be run, and each paid to be able to present.

So how did this look from sitting in the audience? I'll just give you some highlights.

The first hedge fund manager was from Europe. She read each slide, said not a word more and then sat down. What did she present? This is our company. These are our people. Here are some performance charts. I can't recall what they did, so I can't tell you.

Next up was a fund manager in from California. He was someone I spoke with before he presented. He said he ran a multi-strategy fund that did "Thing A," and he repeated the same basic thing from the podium. Once all of the presenters had finished I went back to this fellow and commented that because of the "Thing A" that he said his firm did they might be of interest to a financial planning firm client of mine who manages investments for high-net-worth individuals. The hedge fund manager looked at me and said, "Oh, we don't do Thing A, we do Thing B!" Now, I'd heard this fellow twice within 90 minutes. If I'm getting his firm's story that wrong, just think about how much more confusing it is to people not in the business.

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The third presentation was made by a two-man “tag team” from a European firm that presented about emerging markets investing. They said they planned to invest in places such as the Bosnian and Nigerian markets, and they thought they could be good at going long on the ruble, as well. They said they had a “proven risk management framework”, then displayed some slides that didn’t prove this at all. As a result, their point became suspect. A presentation should instill comfort factor in the audience about the manager and the product; not raise red flags and cause doubt and disbelief.

A manager with an event driven strategy followed. Each slide in his presentation had about seven bullet points. He was displaying a lot of dense copy. So, for fun, I did a little word counting and found this manager was projecting slides that contained around 150 words each. A woman in the audience interrupted the manager to say she couldn’t read the small print on one of his slides. She was in the fifth row. And remember, this is being videotaped to produce a video on demand file that will be shrunk down to a few inches in size to appear like a pop-up window on a web page. Now who is going read that? Even on a ten-foot-wide screen it was causing eye strain.

The one presenter who came across well didn’t even have good slides. In fact, he began by apologizing that his slides were not all to the point. He then proceeded with his presentation, rarely clicking from one slide to another during his talk. And the audience forgave that because what he said was interesting. He told an engaging story about energy-related investing. He talked about the various areas where he saw opportunity. He gave his opinions about where other, younger money managers were investing in the sector, and why he thought that the younger money managers’ focus was misguided. He gave examples of what he has seen over the years that supported his opinion of what is the “right way” and what is the riskier “wrong way” [those are my words, not his] of hedge fund investing in energy generation, transmission and distribution and in new technologies.

This audience view of a Cap Intro event is a good reflection of how managers are attempting to interest investors and differentiate themselves from the thousands of competitors in the marketplace.

There are three “what not to do” lessons that can be learned from the stories about this Cap Intro event:

1. A lack of a clear and interesting story tends to be the rule rather than the exception.

As a result, most money managers leave no more than a “So what” impression upon their prospects.

2. The over-reliance on PowerPoint presentations as a crutch, and the lack of verbal presentation practicing, is endemic.

Money managers who give an “I have to read my slides” presentation show they lack certainty about their own investment process. Would you entrust your money to someone like that?

3. Most fund managers can’t distinguish between what should be Bullet Point copy and what is just long copy shoe-horned into Bullet Point format.

There are right and wrong ways to use slides in support of a verbal presentation. When you do it right you instill comfort factor about your firm to the audience. Misused, slides can confuse, bore or turn off your audience.

Tips For Success

- **Be slide savvy.**

Use slide copy to set up or summarize points in your verbal presentation. Your slides should not present a complete transcription of your talk.

If you think the type size on a slide may be too small for some audience members to read it, I guarantee you it will be. So, your options are to increase the point size of your fonts, eliminate some copy; or do both.

- **Make sure the audience sees you're enthusiastic about your strategy.**

They want to invest with the managers who are passionate about what they're doing; not the ones who sound like they're giving a public recitation of the phone book.

- **Don't spend so much time talking about current holdings that you run out of time to talk about anything else.**

You'd be surprised at how many fund managers forget that there's a stopwatch counting down the time they're allotted to speak. Talking about holdings belongs towards the end of a presentation, not at the beginning.

- **For every investment category there are many ways a portfolio can be run. Explain yours. (This is what the audience wants to hear.)**

Investors want to know how a money manager thinks. A Cap Intro audience is going to size you up based on the "in-person experience" of how you communicate your investment beliefs and opinions.

Prospects want to feel that the way you think about investing and managing your type of portfolio makes sense. Make this the end goal objective in planning your Cap Intro presentation and you'll improve your ability to out-market your competition.

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