

Capital introduction



Most managers fail to present and sell themselves effectively. Holly Singer suggests how you can improve your pitch together with some pitfalls you can avoid

Perfect pitch

Many start-up managers have been previously employed at larger organisations as traders or analysts and haven't needed to present themselves effectively. But as this industry grows, and competition for assets expands, managers must improve how they pitch themselves to increasingly astute investors and service providers.

Many managers take advantage of prime broker capital introduction services to help them raise assets, but cap intro is just that – an initiation to contacts and opportunities. Prime brokers are increasingly leaving it to the manager to sort out how they best present and sell themselves. Given the framework of heightening regulatory scrutiny, cap intro groups cannot and will not market you.

Here are 10 key marketing techniques:

1. Take a step back and focus on three key concepts that differentiate and represent you. Try the following: if you meet someone in a lift and they ask what you're doing now, be able to state three things that briefly distil what you do, who you are including your position and company and why you are focused in that strategy or product. Don't say 'I run a long/short fund', tell them you run XYZ fund, a distressed equity fund, because...
2. You need a pitch

book, but keep it short with a maximum length between 15-20 pages. Forty pages is too long and prospective investors won't read it. Quality of message is critical so flush out and concentrate on your three key ideas.

3. The pitch: Focus on the macro before the micro. Don't pin all your hopes on prior performance or the complexity of your strategy. Explain who you are as a manager and a person, describe your philosophy and how you will execute your strategy. Pedigree is also about integrity. Terms and conditions should be preceded by a description of your qualifications, as well as biographical details on all members of the management.

4. Many pitch books lack contact information. Make it easy for investors to find you. Around 90 per cent of initial pitch-books don't even contain the manager's contact details! Put them on every page – then if someone wants to rip out a page it is already there. A name and email address is sufficient.

5. Cut to the chase – long storylines that ebb and flow lose audiences. Make it easy by creating an upfront outline and stick to it. An executive summary should precede the detailed information in your pitch. This should include information on the principals, fund methodology, how you research, risk management and portfolio construction. Leave secrecy to the old school because it doesn't go down well with sophisticated

institutional investors.

6. The initial pitch-book is a taster, so keep it short and sweet and don't give them everything upfront. If they like you they will come back for more data. Be flexible and have modules you can add to your initial pitch.

7. Create a professional look and feel. A corporate or product identity can be developed easily and cost-effectively, providing you with an important branding opportunity that can be applied to all your investor and client communication items.

8. Know who you want to sell to and why. As funds and managers proliferate, gaining an identity is getting harder. Getting assets is about quality, not quantity. You must pre-select your best investor matches.

9. Know your prospect and tailor the information to the audience – do they need to know what a hedge fund is? Help them move up their learning curve, but don't bore the experts. And although high-net-worth individuals may not be familiar with drawdowns and risk analytics, they may not care. If you are too technical they might decide you are not the manager for them.

10. Do not be reluctant to hire experienced third-party marketers due to their fees – most have good investor contacts they can leverage to your benefit. But check their background and find someone you will be comfortable with as your spokesperson.

Holly Singer



Holly Singer is president and founder of HS Marketing Resources, Inc, a marketing communications firm specialising in helping the alternative investment industry communicate and promote their capabilities. She has worked for over two decades as an analyst, marketer and communicator of complex investments.