



What Works in Hedge Fund Marketing and Investor Relations

who, together with a team, raised \$2 billion in five years from professional investors worldwide

Part 1: How to Attract Prospects

1.1 What Are the Specific Marketing Challenges for Hedge Funds?

You are a hedge fund manager. You truly believe in your ability to manage a hedge fund in a well-defined market niche. Your education and past performance are impressive. Now, all you need is an adequate amount of assets under management (AUM) to use the market opportunities that you see to create value for investors. Alternatively, **you are a marketing expert** and have found a hedge fund management company with a great fund manager who deserves to attract more investors. All right, if one of these scenarios is the case, let's first look at the specific marketing challenges faced by hedge funds.

- The typical hedge fund is not allowed to conduct public marketing. This makes attracting prospects very challenging.
- Investors can select hedge funds and hedge fund managers from a few thousand alternatives, which makes getting their attention quite competitive.
- To manage a hedge fund and an investment team well is already a great achievement. However, prospects and existing investors want direct contact with fund managers, which puts even more stress on the key people.

So, how can you attract prospects?

The simple answer to this question is **"give them what they want."**

Imagine that there are more than 100,000 professional investors around the world who screen the hedge fund universe for a basket of funds that fit their criteria. Over time and with the help of this book, you will better understand:

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- Who your prospects are;
- Where to find them;
- What their investment criteria are;
- How to present your fund and team; and
- How to improve to be even more attractive to investors.

Learn as much as you can about your prospects, your investors, and their investment criteria. Not all of your investors will be institutions but their needs can give you some guidance for the marketing challenge that you face. According to a survey by SEIC (an investment company listed on NASDAQ) and based on our own experience with institutional investors, most prospects look for these top four factors when selecting a hedge fund manager:

- Reporting and transparency: investors clearly want to understand a fund's strategy;
- Institutional quality infrastructure and operations, especially various aspects of risk control: to reach this level might take years;
- People: a qualified and stable team on all levels;
- Investment discipline: more important than short-term performance.

This section of the book first classifies hedge fund investors and discusses the various options available to attract them. It then goes on to outline the best ways to market your hedge fund, whether it's a start-up, an emerging fund, or a later stage fund.

These marketing vehicles or channels include: personal contacts, roundtable events/specialty clubs, conferences, the press, a Web site, Internet databases, directories, prime broker capital introductions, leaders in the hedge fund industry, and third-party marketers (agents).

Just remember that prospects are people. They are not to be feared, and they are potential investors to whom you can offer an exciting investment opportunity! Relax, cultivate your relationships, and you and your fund will succeed.

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About the Author

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Mr. Angersbach, a consultant on hedge funds, was the head of marketing support and investor relations for a start up hedge fund management company. During his tenure of five years, assets under management (AUM) grew from a seed capital of approximately \$8 million to about \$2 billion. In 1979, Mr. Angersbach received a master degree in business administration from Ludwig Maximilians University, Munich, Germany (Diplom-Kaufmann). Thereafter, he was a lecturer in accounting and finance and worked for an auditor. In 1982, Mr. Angersbach became vice president of a real estate investment company. Two years later, he joined Germany's then largest independent wealth management company. After four years, he became vice president of their branch office in Atlanta, Georgia. Since 1992, Mr. Angersbach has worked for two banks (CL and DZ) in Frankfurt, Germany. From 1995 till 2001, Mr. Angersbach was the CEO of a family office in Zurich, Switzerland, investing in private and public equity. In 2002, he joined the aforementioned hedge fund management company.