

Guest Column

Investors Want Managers' Writings — Are Yours Worthy?

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Everything old is new again

Observations my financial communications and sales marketing consulting firm has been sharing with money management firm clients for decades relating to the importance of marketing the beyond-the-numbers intellectual acumen of the portfolio manager when selling investment products to sophisticated institutional investors has resurfaced in the form of a new survey report of that very group of investors and their investment consultants.

Chief Investment Officer magazine recently wrote, "Institutional investors value managers' investment content, which overwhelmingly informs investment decisions, CoreData Research finds". The magazine went on to state that "The report found that 99% of institutional investors said content from asset managers influenced their investment decision-making, with 48% of respondents saying it has challenged their thinking on strategic asset allocation and portfolio construction."

In responding to a 'rate the importance' multiple choice question in the survey, differentiated, if not unique, ideas or perspectives, and innovation in investment strategy were the two most chosen selections by respondents regarding what can establish a manager as a thought leader.

But there is a caveat, of course. In thought leadership, content has to be of quality and not just of missives published with little thought and of little value.

How could a CIO's attempts to become a thought leader fail?

Surprisingly easily. Here are just three examples.

Release writings that only repeat recent market news that has already been reported in the financial press, on cable TV

or on Internet-based media, without relating it at all to the portfolio the manager is running and the strategy being followed. It is astonishing how frequently this is seen; often within quarterly letters to investors, which is one type of content marketing thought leadership document.

Publish stock, bond or commodity picks prognosticated to achieve near-term price appreciation. Get that right and a few may remember. Get it wrong and no one will forget. This would be akin to money managers marketing themselves as being focused on playing a one inning ball game.

Be erratic rather than consistent with content distribution. Disseminate a few written communications over a few months and then stop for many more months. A family office investor commented on this very topic at a fireside chat he and I were having at an industry event session. I'll encapsulate what he told our audience: When portfolio managers who have been sending us their writings stop, and then restart, without comment, many months later, or even longer, they think we didn't notice. But we did, and our assumption is that their performance dropped and they thought they could 'hide it out' until their returns recovered. No such luck. Even if their written communications had been OK before, their lack of continuity in their investor-related communications are seen to be a red flag. Our family office doesn't want to allocate to a money manager who shows he can go radio silent on us. Further, thought leadership communications handled with a foot on the gas, foot on the brake approach telegraphs there may be business management problems at the investment firm and the portfolio manager was too busy putting out fires to spend the time needed to communicate

with current and prospective investors.

How to begin building your asset raising edge

Your thoughts as a portfolio manager as to what is more important or less important, and why, for making investment decisions are what you likely built into the investment process you run. These are fuel for building and maintaining an asset raising edge for your firm and fund.

Here are five recommendations to start building this asset raising edge.

Reexamine your investment process. Identify which factors are key to selecting new holdings, monitoring the portfolio and considering when to make tactical modifications, whether for risk management purposes or to take advantage of a window of opportunity.

Decide how you will block off time in your schedule for writing and disseminating written content that touches upon one or more of the factors of import that play a role in influencing your portfolio management decision making in running your strategy.

Decide upon a minimum number of thought leadership documents you will write and publish over the course of a year and schedule these on your calendar as To Do tasks. Start with that. Only after you find you can successfully meet the deadlines for publishing your minimum number of thought leadership documents should you consider increasing your output.

Look for where, beyond your personal contacts list, you might be able to get your thought leadership communications published.

And finally, if you feel you are not a skilled, natural writer, seek help for getting your ideas into print.