

October 2021

Improving The Investor Due Diligence Experience Using Type

Tip 19: Preparing For Post-Pandemic Asset Raising



Welcome to the nineteenth of a series of articles offering insights and tips to prepare money management firms for improving their abilities to out-market competitors and attract assets from sophisticated investors in the coming post-pandemic world.

A good part of due diligence work in vetting a money management firm comes down to having to do a lot of reading. Charts and graphs, sure, but also, importantly, many paragraphs worth of information. About the money management team. About their investment process. About how they view and deploy risk management. About strategy implementation, taking into account different market environments. About the research and analysis done on specific portfolio holdings. About the fund's terms and the back-office service providers. All this reading, in addition to looking at performance data, benchmark comparisons, weightings of portfolio holdings and the like, can tire out a reader in the best of times.

The money management firm whose hard copy printed materials and PDF version content of the same is harder to read than that of its competitors will find itself marketing at a disadvantage. Conversely, the firms that design their marketing collateral to be easier to read, and to appear more professional by having consistency in the look of each kind of document and of the group of documents as a whole, will give incentive for readers to read, and be able to absorb, more of their content than that of their competitors.

A key element to this is how typefaces are used.

Easy To Be Hard

How hard or easy are your marketing collateral documents making it for your prospective investors to read about you in conducting their due diligence? I'm not referring to your online content here. (Reading short pieces of website page information on a screen is not the same thing as having to read hundreds of pages worth of content in multiple documents. Also, web page screen readability on devices of various sizes is different from the 8.5" x 11" pages worth of content that an investor must go through in conducting their due diligence analysis of a money manager.)

Poor use of type can force readers to have to concentrate more than they otherwise would need to in order to absorb the information there on the page. Also, poor use of type can cause eye strain, resulting in your reader moving on to another firm's marketing collateral that they find easier on the eyes.

Here are five type usage tips for the marketing collateral you email or hand over to your prospective investors.

1. Two typefaces are better than one

Using only one typeface for everything, which I have seen some money management firms do, is akin to speaking in monotone. You should use at least two — one for body copy and the other for headlines and subheads. Further, you should select two contrasting typefaces. One should be serif and the other sans serif. Serif fonts have lines that extend from the letters whereas sans serif fonts do not.

2. A larger font family gives you more options

The typical typeface offers the user four font versions to choose from: regular, italic, bold and bold italic. Typefaces with an extended font family offer the potential to be more expressive in print, both in delivering beyond-the-numbers information in paragraph form and delivering far easier to read data in tables, charts and graphs.

3. Variety in size

By using a variety of point sizes in presenting your content you can visually communicate what is key content contrasted to ancillary points and supplemental information.

4. Space — Maybe not the final frontier, but pretty important

The use of white space on a page is important. The less there is the harder it is to read the content on the page. White space comes from three settings: margins, line spacing (also known as leading) and kerning.

People tend to know of margin spacing — the left, right, top, bottom spacing around the page content — though they typically take no action to make adjustments from whatever is the default setting in their software of choice from when the program was shipped to them.

Fewer know or think about line spacing, which is exactly what it sounds like: the space between lines of copy, whether in a paragraph or a table. Fewer still know or think about kerning, which is the adjustment of the space between characters, be they letters or numbers.

Have too little space between lines of text and the reader may have to concentrate harder, or even squint, to follow the copy. Have too much space between lines and it can still become difficult to read (just with less squinting and more concentrating); and your copy can appear disjointed. While there are formulas as to what is proper line spacing depending upon what typeface point size is being used this is more a starting point than a ‘must always use’ calculation. (This is one of the reasons that using type well in design layout shares some traits with portfolio management: both are part a science and part an art.)

It is also not considered professional in marketing collateral to have last lines in a paragraph contain but one word. This is known as leaving an orphan. Kerning can be used to eliminate that problem. (A quick added note about this issue: This is a relatively easy thing to fix for a printed document but it’s not the same case when it comes to website copy, so I wouldn’t sweat it there.)

5. Consistency – It looks more professional because it is

If you were to ask me how many pieces of marketing collateral from different money management firms I have seen over the past 30-plus years that have:

- Shrunk the font size used from one page to the next, as the firms sought to cram in more copy than could reasonably fit on a page space;
- Completely changed the typeface used from one page to the next even though the pages were a continuation of presenting the same flow of content; or
- Used paragraph line spacing that was so tight that the copy was nearly illegible (and I’m not even referring to the required boilerplate disclaimer language); the answer is far too many to count.

Establish a set of type usage rules for your firm and follow them. This will set you on your way to having documents begin to take on a common look and feel in what is a visual representation of your investment management firm. Prospective investors will find it easier to read through all of your firm’s content, and better absorb what they are reading, when conducting their due diligence. Smarter use of type may ease the way towards winning over more investors.

#

© Frumerman & Nemeth Inc. 2021

About the author

Bruce Frumerman is CEO of Frumerman & Nemeth Inc., a 34-year-old financial 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. Frumerman & Nemeth’s work has helped money management firm clients attract over \$7 billion in new assets, yet they are *not* third-party marketers.

Frumerman & Nemeth is internationally recognized for its work in crafting for clients the beyond-the-numbers story of how they invest — content that investment committees actually discuss, debate and vote on behind closed doors when considering firms on a short list for potential investment. Importantly, this is required due diligence content that cannot be communicated in pitchbook format.

Frumerman & Nemeth’s work also includes providing strategic consulting on product and strategy-specific branding, crafting the required strategy-specific content detail and designing and producing the marketing tools needed to make it through the two-month to two-year institutional selling cycle. Clients also employ Frumerman & Nemeth to help promote the intellectual acumen of management — helping them get speaking opportunities, write and give speeches as panelists or stand-alone speakers at industry conferences, and through media relations marketing services.

Mr. Frumerman can be reached at info@frumerman.com, or by visiting www.frumerman.com.