Winter 2018 **Johnson & Company**

THE MARKETING & FUNDRAISING PRIMER FOR SUB-INSITUTIONAL MANAGERS

How New & Sub-$50 Million AUM Managers Bring the "RIGHT" Marketing Pieces Together To Raise Assets

INTRODUCTION

Most new and smaller managers firmly believe investment performance is THE catalyst for AUM growth.

Research clearly shows that is not true.

Most new and smaller funds are operated by portfolio managers, traders or research analysts, who know how to manage money, invest or trade for profit, but not how to "market "a hedge fund and raise assets. The responsibilities of marketing and raising assets ALWAYS reside with the fund and from start-up to institutional threshold is when marketing insight and resources are most critical. Candidly, marketing a new or sub-$100 hedge fund is perhaps the most mistake-filled, mis-understood and mis-informed aspect of the industry. Marketing and raising assets for a new or sub-institutional fund are completely different than for a larger, more-established or seasoned fund. The fact is marketing and raising assets are distinctly separate but complementary processes. As such, the biggest problems for most new and smaller managers are they don't know what's right to do when marketing nor how to do it. This leads to lots of "guesswork", poor choices, inconsistent behavior and fatal mistakes all adding up to wasted time, money and effort, culminating with constant difficulty, frustration and failure raising assets.

89% of ALL hedge funds fail to reach $100 million AUM, the minimum institutional threshold

Raising assets is THE most important objective and critical challenge for new and smaller managers. However, research reveals that the decision to invest in a hedge fund, regardless of size, is now the result of a comprehensive and exhaustive multi-factor qualitative and quantitative evaluation well beyond pure investment performance. As a result of the credit crisis, Madoff and an extended period of under-performance by hedge funds as a group, the capital raising and investing climate reflects low levels of trust, risk-aversion and idiosyncratically stringent selection.

Quantitative metrics, such as investment performance, are no longer the only defining criteria for raising assets. Qualitative issues, such as operational risk, headline risk and career risk, are now front and center considerations in the allocation decision for new and sub-institutional managers. As operational requirements increase, investors are evaluating the ability of funds to receive assets, which demands that funds be proactive and prepared to be successful in their efforts to **RAISE ASSETS**.

Meeting unique investor demands, heightened operational requirements and hyper-skepticism have elevated the importance of **MARKETING**.

The key objectives of every new and smaller fund raising assets must be to identify sufficient quantities of the RIGHT investors, pinpoint the RIGHT people to get in front of, craft the RIGHT message to deliver that maintains attention through an extremely long allocation and due diligence process by presenting the RIGHT content and consistently executing in the RIGHT manner with the appropriate actions and engagement activities to form the RIGHT relationships to achieve the all-important level of "actionable conviction" that instills the **TRUST** to make the allocation. These integrated activities are the essentials of **MARKETING**.

MARKETING must now be spot-on, more intelligent and more thoughtful for any new or smaller manager serious about raising assets. Prospect engagement must be more expansive than distributing performance data, pitch books, tearsheets and endlessly "pitching" i.e. talking about returns. Enterprise-wide process articulation, content and presentations must be clear, concise, cohesive, compelling, regulatory-compliant and delivered with complete confidence and conviction.

Investment performance is always a key metric but depending on it as the strategy for raising assets is now a dead issue.

Plain and Simple: The stakes are high. There is no room or time for mistakes marketing, engaging investors and raising assets. Therefore, the most crucial challenge for a new or sub-institutional hedge fund is to **REFINE and PERFECT MARKETING.** Any new or smaller fund without the **RIGHT** marketing process, action plan and performance presentation skills is fighting a losing battle and setup for failure raising assets.

This primer and the self-assessment found at the end are designed to help new and sub $50 million AUM managers begin to understand the marketing process requirements of raising assets in a hyper-stringent and highly-selective allocation climate. The information, insight and intelligence contained herein is offered to be helpful not only in raising assets but ultimately in the creation of a sound and profitable business.

EXCEPTIONAL MARKETING IS NOW MANDATORY TO RAISE ASSETS.

How should a new or sub-$50 million AUM manager prepare to succeed raising assets?

The vast majority of new and smaller hedge funds operate with numerous misconceptions about what it **REALLY** takes to raise assets. Without a full understanding of the fundamentals, intricacies, options, nuances and requirements, most sub-institutional funds, default to:

"**Return marketing**": Solely promoting investment performance - unfortunately, many funds fail to understand that investment performance is an *initial* quantitative filter used in the evaluation and selection process to eliminate managers.
"**Field of dreams marketing**": **If I build it ; it they will come** - passively posting performance to popular industry databases or trumpeting pedigree and waiting for AUM to come.
"**Improvisational marketing**": Unstructured, undisciplined, inconsistent, and inappropriate investor engagement.

The above approaches have little accountability, structure, discipline or focus, which fosters ad-hoc behavior, such as arbitrarily attending conferences with the hope of attracting assets, which only serves to increase frustration, disappointment and failure raising assets.

Intelligent marketing is now mission-critical for a new or smaller hedge fund.

Careful thought, preparation and planning are mandatory to successfully **RAISE ASSETS**. A myriad of strategic, tactical, financial, operational, technological and regulatory issues are involved. To that end, adequate preparation requires staunch dedication, leadership, experienced guidance, patience and a well-choreographed, intelligent approach. Every part of a fund in tandem with external service partner relationships play an important role and each contribution must be well orchestrated. A documented, intelligent process and action plan brings the structure, focus and discipline to efficiently navigate the marketing and fundraising journey. Such an approach enables a fund to help investors develop a solid understanding of a managers idiosyncratic approach (investment strategy), behavioral (operational) distinction and competitive edge. Moreover, it ensures that all appropriate options and relevant considerations have been identified and thoroughly addressed. This helps establish a reasonable marketing and asset raising timetable based on the fund's resources, capabilities, competitive position, fundraising climate and the actual work that needs to be performed.

A fund can then layer dual or multiple track processes, identify common work streams and key decision points to optimize limited resources. For example, through the construction of the plan, a fund can focus on essential issues, prevent regulatory violations, avoid "deal killers", detect gaps within internal processes, evaluate areas needing remediation, assemble the appropriate human and technological resources as well as gauge the internal commitment required, consider the advantages and disadvantages of one investor segment over another, analyze the most suitable investor segments, determine what information is most important to investors by segment and discern the depth, type, quality and degree of inertia (intermediation) present within each investor segment. Under-estimating the time and complexity involved to identify, gain access and receive allocations from the most appropriate and suitable investors is a common pitfall among new and smaller funds.

Without comprehensive preparation and in-depth understanding of the mechanics and economics of marketing and raising assets, a new or smaller managers attempt to raise assets can be over before it begins. Successful marketing and fundraising requires planning sessions well in advance (optimally 4-6 months) of formally engaging investors, intermediaries and market participants. While many aspects that impact the ability of new and smaller managers to raise assets are outside a fund's control, marketing preparation is not.

When considering raising assets, funds should perform a thorough readiness assessment on an enterprise-wide basis to identify internal issues and organizational areas that may require remediation to reach the standards investors now consider in determining if a new or smaller manager is "allocation ready". A fund will need to rigorously assess operational, managerial and investment processes to be certain in meeting various continual investor challenges and regulatory requirements. Also, a fund may need to modify or enhance its execution blueprint as a result of increasing AUM, which may require new skill sets and additional resources such as, upgrading reporting capabilities, augmenting the investor relations function, strengthening governance and improving internal controls to a level that meets the fiduciary requirements of substantive investors.

One way to position for a successful performance is to understand critical distinctions and important concepts at the start. Among the differences are "***Going To Market***" and "***Being In The Market***".

- ***"Going To Market"*** is the process of taking the fund and firm through the steps of understanding the options and requirements of successful marketing and fundraising, obtaining an acute perspective of the fundraising climate, gathering the necessary internal and external operational resources, implementing documented policies, procedures and processes as well as creating the infrastructure to make the fund ready for active marketing and fundraising within **MOST** appropriate and suitable investors and intermediaries in a regulatory compliant framework, which they can easily understand and evaluate.

- ***"Being In The Market"*** is the tactical component of marketing and fundraising: Appropriate, proactive and efficient engagement with the most suitable investors given the fund profile.

CAUTION: ***Being In The Market*** ***BEFORE*** the necessary resources as well as **documented** processes, policies and procedures are firmly in place to meet investor expectations, market requirements and appropriately engage investors is a common reason for failure raising assets.

It is critical that a fund have a plan to identify essential marketing action items, create a realistic capital raising timeline and commence execution well in advance of "***Being In The Market"***.

A formal written strategic and tactical marketing plan with budget is essential to succeed raising assets.

According to research nearly "**80% of hedge funds operate without a documented marketing plan"**. As a result, "**76.4% of hedge funds 'tap out' their network of investors within ONE (1) year**". A new or sub-$50 million AUM manager must have a well-resourced structured, disciplined and focused marketing process along with acute understanding of the fund raising climate by investor segment. This requires a stringent commitment, patience and persistence for intelligent, high-level strategic and tactical marketing process execution consistency, which is the foundation for success raising assets.

Any new or smaller manager/fund that operates without a comprehensive strategic and tactical marketing plan (with budget – it takes $$ to raise assets!) to consistently and proactively identify suitable and qualified investors, raise visibility within appropriate investor segments, build relationships with intermediaries early, selectively engage the MOST appropriate investors and maintain attention through what is now a more invasive and protracted allocation process will experience chronic difficulty and frustration raising assets.

Operational Risk Mitigation: The Challenge For Sub-Institutional Funds

One of the most significant outcomes of the last 10 years in the hedge fund allocation decision has been the elevation of operational due diligence. Investors want to allocate to managers that demonstrate a deep understanding of their fiduciary responsibilities as reflected by the desire for organizational stability, operational excellence, greater education, more transparency and clarity in their overall communications. To that end, investors are targeting new and smaller firms perceived as "institutional quality" organizations with a deeply resourced experienced execution blueprint internally and externally. In the alternative investment industry, size has never been a determinant of success. With respect to hedge funds, the facetious characterization of "two guys and a Bloomberg" has some basis in truth. Some noteworthy managers have achieved spectacular success with two-or-three-person operations. However, in the post-credit crisis/Madoff world of hedge funds, investors are sensitive to a more expansive set of risks, particularly operational risk, the prospect of loss resulting from inadequate or failed procedures, systems, policies and people.

The pitfalls and limitations of bare-bones business structures have been documented and researched. The evidence can be seen in the high-profile/high impact failures. As such, in an effort to avoid operational risk, solid infrastructure is viewed as a basic attribute of a manager/firm with ability to manage significant assets. Investors have invested heavily in human and technological resources to amplify capabilities in operational due diligence by building extensive infrastructure around such functions as analytics, reporting and due diligence, investors expect managers to operate with comparably robust attributes.

To be sure, producing alpha is what it's all about but investors view operational robustness as a requirement and see operational excellence as a point of competitive differentiation. However, as substantive investors desire "optimally operationally resourced" managers, the typical sub-institutional manager is often "minimally operationally resourced". Construction of an "optimally" resourced execution blueprint is not an inexpensive undertaking. Therefore a key part of the marketing challenge for new and smaller managers is demonstrating operational soundness across 4 critical enterprise areas: investing, marketing and distribution, business management and operations. The development and presentation of a clear, concise and compelling narrative regarding the "appropriateness" of the current operational resources as well as a disciplined path of holistic operational improvement given the expected growth of the business is a requirement particularly in any discussions with more sophisticated investors such as family offices and institutions.

The "career-ending" consequences or loss of substantial wealth as a result of investing in a fund that underperforms or fails as a result of fraud, inadequate internal controls or lack of operational robustness is a reality for any consultant, advisor or investor. New and small funds cannot ignore the reputational and headline risk now involved in the allocation decision. Particularly given that operational risk issues are more prevalent in smaller funds for a number of reasons, which include: less mature infrastructure, cyber-attack, greater vulnerability to redemptions, adjacency risk and financial constraints. In response, new and small funds must mitigate these risks by "partnering" with best-in-class service vendors, whose strengths offset weaknesses and demonstrate a well-rounded business.

Tactical Considerations: Chasing Institutional Unicorns!

Unicorns are mythical creatures, rarely if ever seen, though some believe that they did once roam the earth. They are often depicted as virtuous and believed to grant wishes. Similar thoughts can be applied to the relationship between new/sub-$50 million AUM hedge funds and institutional investors.

Many first-time and smaller funds expend a great deal of time, energy and money doggedly "chasing institutional unicorns" to win allocations despite such investors being unsuitable given their qualitative structural requirements such as size and operational criteria. This is due to the pervasive but false belief by most new and sub-$50 million AUM managers that the allocation decision is a one metric criteria: **INVESTMENT PERFORMANCE**.

The research demonstrating smaller hedge funds out-perform larger funds (Analytics firm PerTrac has reported that funds with less than $100 million AUM have outperformed larger funds in 13 out of the last 16 years) is substantial but allocations remain directed to the largest of managers, those with $5+ billion AUM. Approximately $0.96 cents of every dollar allocated to hedge funds goes to the largest funds. The battle for the other $0.04 cents is cutthroat!

75% of all hedge funds have AUM less than $100 million AUM. In reality, discussions about institutional allocations and smaller funds are largely noise. Institutional investors typically seek to place allocations of $25-$50 million on average. Such larger allocations can only be accommodated by funds with AUM of at least $250 million, which enables large investors to comfortably remain within their concentration limits by not exceeding a certain percentage of a fund's AUM (usually 5%-10%). (The average size of an institutional allocated hedge fund is $320 million AUM.) More importantly, the operational infrastructure and requirements to manage fiduciary assets are considerable and becoming more expensive. In addition, institutions and consultants seek funds that have a minimum "audited" track record of 2-4 years. These requirements exempt all new funds and most smaller funds from institutional marketing and fundraising. Simply, institutional segments are generally NOT appropriate or suitable for the vast majority of smaller managers. Still, most new and smaller funds persist "chasing institutional unicorns".

The most important and historically critical investor segment for new and embryonic hedge funds, those with less than $100 million AUM, is **PRIVATE WEALTH**: Ultra high net-worth individuals and single/multi-family offices. However, these investors are not only extraordinarily difficult to identify but even more so to engage and receive allocations from. While many new and smaller managers dream of getting allocations from the elusive family office, it is more complicated than most even imagine. "Cracking the code" of raising assets from private wealth is intricate and idiosyncratic requiring patience and persistence along with a structured, disciplined and focused marketing process.

The Psychology of Private Wealth & Structural Issues

Significant impediments exist in reaching and receiving allocations from private wealth investors. Aside from the desire of individuals and families with substantial wealth to protect privacy and maintain anonymity, private wealth is highly-fragmented, highly-idiosyncratic and highly-intermediated. This magnifies the marketing difficulty and increases the expense for new and smaller funds. Additionally, the depth of knowledge and experience with hedge funds varies widely among "intermediators" those who reference themselves as consultants or advisors to ultra-affluent individuals and families.

Because great fortunes are genuine targets of attack, the wealthy come to suspect that it's safest to trust no one, verify everything and seek the safety/protection of established financial institutions! As such, any conversations involving personal wealth are intimate and centered on **TRUST**. In fact, every allocation is an act of **TRUST** **not** in **PERFORMANCE** but in the **PEOPLE and PROCESSES** (internal and external) across the execution blueprint that generates investment performance. To that end, raising assets within private wealth is a **TRUST** issue with a battle for hearts and minds at its core.

Developing and reinforcing **TRUST** requires knowing investors and prospects well. A comprehensive understanding of each prospects background, career history, likes, and dislikes serves as a "roadmap" to engage in a way that is relevant and compelling. (**Johnson & Company "profiles" individuals and families on 30 distinct qualitative and quantitative points**.)

Ultra-high-net-worth individuals and families expect excellence in all areas-from top to bottom and particularly a customized, proactive high-touch engagement process. New and smaller managers looking to target this segment for the first time or expand AUM with this segment should begin by assessing what infrastructure (human and technological resources as well as skills) is needed to succeed. Successful new and smaller managers must offer an exclusive and exceptional experience for the private wealth investor well beyond a mere discussion of portfolio performance, metrics and Alpha generation. Funds focused on investment performance alone are setting themselves up to be easily dismissed and rejected, particularly in the current negative selection allocation climate for new and smaller managers.

To prepare for private wealth engagement, consider following a 3-step process:

Step 1: Size the opportunity set within your geographic and relational footprint. Have a complete understanding of the depth of individuals and families within your area along with the presence of key intermediaries that advise such investors.

Step 2: Do your homework before meeting with any prospect to relate on a personal level and start building **TRUST** immediately. Showing you took the time to understand them helps builds the relationship and **TRUST**. Walking in the door talking about performance and products will lose them straight away. It's about doing the homework to create a unique exceptional and compelling experience. This knowledge also helps avoid making fatal mistakes that can derail things.

Step 3: "Profile" existing investors by uncovering who they know. It will make it easier for them to begin the "informal" vetting/due diligence process. People do business with people they know and **TRUST**. Unsolicited engagement in the form of cold emails and cold calls are taboo. There is very little of that behavior in the private wealth space. New business is almost all personally-based, from existing relationships, intermediaries, accountants, attorneys, etc. That's how AUM is grown "organically". Given this, new and smaller managers should use information gathered from "profiling" to form "prospect lists" based on who their existing investors know. Here is how it can work: Identify an investor's personal, professional and social affiliations (foundations, endowments, board memberships, etc.). As a general rule, every private wealth individual or family knows 3 others like themselves! Review the profiles built for each contact to decide which individuals you might consider ideal investors. Develop an engagement strategy for each prospect to set up an introduction. In terms of best practices, if you are as specific as possible in your request for an introduction, the probability of getting it goes up exponentially. The more targeted and explicit the request, the more likely you are to get it. This approach minimizes the use of the investor's social capital, which is a key asset for private wealth. Plainly: Information is Power. This illuminates the fact that information helps "connect the dots" with private wealth. Naturally, everything else must be in place as well, such as the right product offering and service levels. But creating **TRUST** based on personalized information is a crucial point of differentiation in the private wealth segment.

BEST PRACTICES GUIDELINES: PRIVATE WEALTH PROSPECTING & ENGAGEMENT

Raising assets within private wealth presents unique challenges for sub-institutional managers that require marketing approaches beyond merely investment performance discussions. As a leader in the private wealth space for sub-institutional managers, Johnson & Company has developed a number of essential best practices strategies, tactics and skills for private wealth engagement that have consistently opened doors. As a headstart, the following are some guidelines:

A. **Best Practices in Private Wealth Prospect Research -** Build granular, high integrity profiles of current investors as well as prospects to sustain "organic" AUM growth. The acquisition and analysis of personal/social, professional and financial data will help in background diligence that provides the intelligence to grow relationships and compress the allocation cycle by firmly and consistently establishing **TRUST**.

B. **Best Practices in Private Wealth Engagement Strategy -** Develop, plan, and execute highly relevant collateral, presentations and content that attracts private wealth and steadily moves relationships to the point of "actionable conviction".

C. **Best Practices in Private Wealth Prospecting -** Learn how to uncover prospects via profiling existing private wealth investors who are ultra high net worth but lack visibility and awareness of you, as well as prospects who are connected to existing investors.

Close Encounters of the 3rd "Party" Kind: Understanding External/3rd Party Marketing

In the 1977 Movie "Close Encounters of the Third Kind" after an encounter with UFOs, a man feels undeniably drawn to an isolated area in the wilderness where something spectacular is about to happen! For our purposes a UFO is an Unidentified Funding Organization i.e. a "3rd party marketer" (TPM)! Some have indeed been sighted, we do have physical evidence (www.3pm.org) and some managers have made contact but most new and sub-$100 million AUM managers are left alone!

The requirements to "qualify" for TPM are continually a source of confusion and frustration for small managers and most have great difficulty identifying "qualified" TPMs that may be an appropriate "fit" given their strategy, competitive position and AUM size. Candidly, TPM for funds with less than $100 million AUM is virtually non-existent.

Note: Only 1 out every 275 sub $250 million AUM funds achieves a dedicated TPM relationship.

The basic requirements of a TPM are an experienced team (individual) with consistent performance, limited drawdowns, minimum $200 - $300 million AUM, momentum in asset growth, 3 years audited returns, robust operational infrastructure and a commitment to marketing. With the exception of funds "spun-out" from large, brand name hedge funds or "highly-pedigreed" traders departing proprietary desks at investment banks, TPM is **NOT** a realistic option for most new and small funds. However, understanding TPM is valuable to construct a realistic and intelligent marketing process.

TPMs are FINRA-licensed, broker-dealers, who receive performance or transaction-related compensation for placing assets. (***ANY entity, even internal, receiving compensation as a result of investment activity including performance will be seen as acting as a broker and must be registered and licensed!!***). Most TPMs started with investment banks, which focus on "institutional investors i.e. public pensions, endowments, foundations, taft-hartley (unions), Islamic (Shariah) and sovereign wealth funds within North America, Europe, Middle East or Asia. As a result, most TPMs have "institutional" relationships **NOT** private wealth relationships. TPM is not an instant allocation service or AUM ATM! Regardless of the source, AUM takes time (patience) to come online. TPM should be viewed as a possible component of a long-term investor-base management initiative.

Note: The mean size of an institutional allocated hedge fund is $320 - $565 million AUM.

Currently there are about 150 TPMs, each working exclusively with 2-3 funds at any given time. This places full capacity at approximately 450 funds that can be represented. With 8000 hedge funds, obviously most new and smaller funds are left wanting, as TPMs are highly selective in the funds they choose to work with. TPM has a high degree of specialization, as firms focus on certain strategies, investor segments, distribution channels or geographical locations. As a caveat, low barriers to entry and reduction of Wall Street workforce has resulted in a significant increase in the number of individuals and firms representing themselves as "TPMs", resulting in great disparity in quality and capabilities. Form is often greater than substance, leading to unqualified or unscrupulous individuals/organizations representing themselves as TPMs.

What are the "costs" of a TPM relationship?

Many new and small funds think that a relationship with a TPM is devoid of cost or financial commitment. They then approach TPMs with an "eat what you kill/performance/success fee" compensation offer to "sell" or "market". A solid TPM has little incentive to work with a new or smaller fund solely on a success-fee/performance basis, particularly given the long allocation (sales) cycle, which can range from 11 to 13 months from initial meeting to formal allocation and the expense of marketing. Among the ongoing financial responsibilities of the manager in the TPM relationship are all costs related to meeting preparation, analysis, investor and manager due diligence, relationship building, presentation production and travel. Such expenditures can be substantial and often exceed the financial resources and capabilities of most new and small funds.

Many small funds fail to comprehend the skill set required to gain investor **TRUST** and build relationships in order to extract the necessary information, insight and intelligence to **RAISE ASSETS**. Furthermore, many funds under-estimate the degree of investor education now required. The complexity of some strategies, particularly of the quantitative type, can exceed the capacity of even the most seasoned investors and with new entrants to the asset class, the level of experience with even the most traditional hedge fund strategies can be elemental, not to mention those of a more esoteric nature. Moreover, with due diligence and allocation cycles protracted, the ability to get and keep the attention of an investor, decipher complexity, communicate simply and concisely with clarity are critical skills in the successful placement of alternative assets. **QUALIFIED** and **REPUTABLE** TPMs as well as internal marketers have these abilities, skills and talents as basic parts of their repertoire and as such are **HIGHLY** sought after, as reflected by the increase in the demand and compensation of marketers.

WHY NEW AND SUB-$100 FUNDS RARELY ESTABLISH A TPM RELATIONSHIP?

TPM raises $50 million (Investor Segment: Private Wealth)

Fund Mgmt Fee ($50,000,000 x 2% of assets)	**=$1,000,000**
TPM Compensation from Mgmt Fee: ($1,000,000 x 20%)	**=$ 200,000**
TPM Marketing and Client Svc Expense: 40 basis pts/million	**=$ 200,000**
TPM Net Compensation from Mgmt Fee:	**$ 0**

TPM net compensation derived completely from manager performance!

Standard TPM compensation: 20% mgmt. fee/20% performance fee
(2/20 fund client compensation structure)
Institutional Marketing & Fundraising Svc Expense: 70 basis points/million

What can you expect from a TPM relationship?

TPM can be a valuable resource should a fund qualify. A "qualified and reputable" TPM can bring relationships, value-added resources and growth by efficiently identifying REAL investors and gaining access to them as well as contribute a great deal to the overall growth of a fund business aside from sheer assets. Going down the TPM route enables a fund to outsource some but not all of the marketing and sales process. A TPM will cover a majority of the marketing/sales logistics but the TPM may not be skilled enough to create a manager's story. Having selling experience in telling a hedge fund's story, once the story exists, is not the same thing as having the expertise to craft how a fund's story should be told.

A TPM may have investor contacts and relationships that a manager may not have been able to identify or gain access to. Most TPMs have invested considerable time building and profiting from exceptional analytical and interpersonal skills used to form solid buy and sell-side relationships. However, even the 'well-vetted' rolodex has been collateral damage of the credit crisis, Wall St. workforce reductions and Madoff. As such, a new or smaller manager should not assume just because a TPM "knows" or has a long-standing relationship with an investor/intermediary, raising assets is a 'fait accompli'. **There is NEVER any guarantee that an investor will allocate**. There are many factors including intermediation (presence of consultants and advisors) that influence the allocation decision. While solid investor/intermediary relationships of the TPM can get attention for a manager, a string relationship alone will not bring allocations. It's a LONG road from introduction to allocation. Helping a new or small manager stay on the radar of investors and communicating a tight and concise story are all characteristics of a solid TPM.

Summary: New and Sub-Institutional Managers must prepare to RAISE ASSETS.

SUCCESS RAISING ASSETS RESULTS FROM THE MARKETING PROCESS AND CONSISTENT MARKETING EXECUTION NOT INVESTMENT PERFORMANCE.

Now more than ever, a new or sub-$100 million AUM hedge fund manager must have an acute understanding of the requirements, responsibilities, options and nuances to **REFINE & PERFECT MARKETING** in order to bring together the critical pieces required to enable consistent high-level process execution **RAISING ASSETS**.

Johnson & Company

Unique Clients. Distinctive Services. Intelligent Solutions.

Marketing Specialists For Sub-Institutional Managers

Johnson & Company is the **ONLY** firm exclusively dedicated to providing experienced, objective, conflict-free, client-focused marketing execution and fundraising advisory services and to sub-institutional alternative investment managers.

The combination of 30+ years experience in alternative investment marketing, rigorous analysis of high integrity data, research and consultative candor along with the use of structured, disciplined and focused qualitative and quantitative methodologies to deliver fund-specific insight and resources is the foundation for a "no nonsense" approach that quickly and economically guides new and sub-$100 million AUM managers through the complexities of marketing and nuances of raising assets.

We have a holistic understanding of the highly-idiosyncratic and fragmented nature of raising alternative assets, which reduces mistakes, eliminate excuses, separates myth from reality and fact from fiction to provide the experienced marketing guidance mandatory for new and smaller hedge fund managers. Our knowledge, skills, services and solutions fill a distinct void in the marketing and fundraising needs of sub-institutional managers.

Our strength and singular objective: To help new and smaller hedge fund and private equity managers make the **RIGHT** operational, marketing and fundraising decisions, acquire the **RIGHT** resources, execute the **RIGHT** strategies to build and maintain the **RIGHT** relationships with the **RIGHT** investors, intermediaries, service partners to be optimally positioned for consistent, effective and efficient, high-level marketing process execution for the acquisition, retention and expansion of AUM.

Ultimately, our marketing acuity is the difference between success and failure for a sub-institutional hedge fund raising assets.

To learn more about our approach, services and background visit: www.johnsn.com

If you are a new or sub-$50 million AUM manager that would like to discuss "Marketing Alpha", contact:

Bryan Johnson
Managing Partner
Direct: (512) 786-1569
bkj@johnsn.com

Johnson & Company is a marketing advisory firm NOT a third party marketer or sales organization or FINRA-licensed broker-dealer. We are unable to sell securities, receive compensation from commissions, transaction-related performance or on a success-fee basis.

ALL SERVICES OF JOHNSON & COMPANY ARE OFFERED ON A "HARD-DOLLAR PROJECT BASIS".