

Beyond Performance: Do Your Monthly Updates Differentiate?

Today, investors are skeptical and calloused. In return for providing their trust and assets, investors demand more than standard statistics and boilerplate commentary in performance updates. To make an indelible impression, leave investors with a unique value proposition they will associate with your firm, strategies and managers.

Rethink and recast your updates to make them more dynamic and relevant. Place less emphasis on backward-looking numbers and statistics. Focus on how your managers are responding to changing opportunities and the depth of research they use to do so.

The Industry Benchmark for Performance Updates

- 1 Regularly published, monthly or quarterly.**
- 2 Consistent in voice and style.**
- 3 Concise, communicating key ideas in 500 - 1,000 words.**

These four attributes can create the same loyalty as a great TV series. Investors, prospects and influencers look forward to your updates and pass them along to peers. Importantly, high-quality updates help position your fund and manager clearly in investors' minds over time. You can't control or predict performance. But you can get investors to look forward to updates offering interesting, insightful — and ultimately reassuring — manager commentaries right on time, every time.

To begin revitalizing your update process, use Ulicny's **Successful Updates Checklist** (page 3) and have several other people inside and outside your firm go through the same exercise to provide meaningful feedback.

Do Your Updates...

- **Emphasize the value of research in areas your competition lacks?**
- **Articulate managers' thought processes in action?**
- **Reflect managers' convictions and prudent risk-taking?**
- **Develop an evolving story line explaining portfolio positioning?**
- **Reinforce themes and positions with clearly sourced factual support?**

See full checklist on page 3

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How To Raise the Quality of Your Updates

Here are Ulicny's guidelines for improving updates and commentaries:

- **Stay with a few clear themes or insights to create a stronger impression.** Investors already know the macro environment. Tell them how you are responding to it and where you see opportunities. Always support opinions or assertions with facts and research. And don't be afraid to show you have a current research edge.
- **Determine a winning frequency.** Quarterlies work well with a relatively static strategy and low turnover. Monthlies work better for dynamic strategies when change is more frequent. Since some readers may not see each issue, monthly frequency gives you more opportunities to be read and passed along. Important: go monthly only if you can sustain the quality.
- **Find the right voice, tone and style.** Be consistent from issue to issue. Here, a professional copywriter, who interviews your managers, can help you maintain "integrity of voice." Note that it's generally a positive for managers to express personal viewpoints—provided they are clearly connected to current portfolio strategies. Articulating the manager's thought process in action is a big plus.
- **Avoid commenting on data better communicated in tables or charts.** Updates may contain brief risk/return statistics or comparisons vs. benchmarks, but it's best to put these into a separate section or addendum.
- **Emphasize themes and ideas the competition doesn't yet offer.** Enable investors and prospects to follow your evolving performance story. This makes them less apt to dwell on old strategies or history. It also so gives them a sense of participation.

Summary: Balance Process and Performance

As competition continues to heat up, performance data, while important, isn't always riveting to investors who have grown increasingly skeptical. Going forward, managers will generate greater appeal to investors with information that differentiates your firm and fund. It will demonstrate — and powerfully so — why a manager's thinking is intelligent, informed, current and insightful. An emphasis on research and process, on par with historic performance data, will help to do so.

Ulicny, Inc., serves the financial services industry exclusively, helping top investment managers acquire, retain and develop assets through effective communications. With their solid understanding of institutional and high-net-worth investors, Ulicny's professionals create sales presentations, Web sites, brochures and other marketing materials that focus the discussion on investment with you.

Ulicny's Successful-Updates Checklist

Timeliness

- Commentaries published on a consistent schedule—quarterly or monthly
- Clear production schedule with firm responsibilities and deadlines
- Established process for legal, compliance and supervisory reviews
- Investor Relations Manager (IRM) program for regularly reminding investors to look for updates and commentaries

Consistency and Clarity

- Consistent editorial process for developing content for each commentary
- Concise commentaries consistent in length, 500—1,000 words
- Consistent tone and voice across commentaries
- Reflection of managers' convictions and prudent risk-taking
- Clearly defined/explained technical terms and statistics in text or footnotes
- Balance between ideas and text; data and numbers
- Plain language avoiding excessive use of industry jargon and numerical clutter
- Full names and trading symbols of all stocks referenced
- Clear data charts and tables to communicate appropriate statistical information
- Same content sequence or location from issue to issue for reader convenience

Insight

- Use of specifics while avoiding vague general concepts or repetitive promotional language
- Communication of current viewpoints clearly connected to current strategies
- Identification of changing opportunities and managers' response to them
- Articulation of the managers' thought processes in action
- Emphasis on the value of your research and specific research-driven themes and ideas—particularly those your competition lacks
- Forward-looking stance rather than backward-looking apologies or rationalizations for poor performance

Continuity of Ideas

- Development of an evolving story line explaining portfolio positioning and performance
- Identification of ongoing themes, their importance and moments of change
- Response to the macro-economic environment in real time
- Reinforcement of themes, ideas and positions with clearly sourced factual support
- Emphasis on ideas that investors can uniquely associate with your firm