



## 10 WAYS TO GROW YOUR FUND

1. Performance. Just as success with real estate is determined by 3 things - location, location, location, for hedge funds its performance, performance, performance. The key to your fund's success is having top performance among funds with similar levels of risk. Most sophisticated investors require at least a three year track record in order to properly evaluate the return of a Fund.

2. Avoid strategy shift. If you change your strategy you may as well start your fund over again. Changes to your strategy must be disclosed and doing so will always leave questions in your potential investor's mind. Your track record not only starts again but you will always be questioned as to why the former strategy did not work. Investors will wonder why this second time around is different from the first.

3. Excellent presentation. A high quality flier and brochure to accompany your offering memorandum is essential if you want to attract investors outside friends and family. A standard one page tear sheet summarizing all of your fund's performance statistics is important but a more sophisticated presentation not only impresses outside investors, but it shows them you are a serious manager who has taken the time and borne the expense to produce a high quality offering. Strategic Asset Management offers a unique brochure development service designed to present your fund in a highly professional manner. Our marketing package is affordable. Most marketing firms will not know what a hedge fund is and will charge you a fortune for you to explain it to them. Also the brochure must contain specific legal disclosures that you must have right or you will run the chance of regulatory problems. Strategic not only ensures proper regulatory compliance but also has all marketing packages reviewed and signed off by a law firm with expertise in the hedge fund industry. Ask us about our comprehensive marketing programs and services.

4. Simplicity. Your investment methodology must be clear and presented in such a way that it is easy to understand. Your investors may have large sums of money but may not be nearly as sophisticated as you think. Laying out your strategy is not the time to convince people that anyone associated with your fund needs a PHD to understand it. No matter how complex you need to be able to explain it so the concept is very understandable. This goes hand in hand with excellent presentation.

5. Web site information. In this age you will not be taken seriously if you do not have a web site. Yet for hedge funds a web site requires restricted access, legal disclosures and proper handling of complex regulatory issues. Many businesses can be on the web for under \$500 and in a few hours. Unfortunately for hedge funds the compliance requirements make this impossible. A much greater level of control is required, programming and maintenance is involved. For a brand new fund this may be an expensive proposition, but is one that is essential for growth. Strategic Asset Management not only offers the



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capability to build a fully compliant site for your fund, we obtain legal review to ensure you encounter no regulatory issues. Our sites are lamp letter compliant; require password protection, and most important, are very simple to maintain. Strategic can even include automatic monthly updating as part of your package.

6. Strong management team. A strong management team is essential for attracting outside investors. A fund that is a "one manager show" leaves investors with the question, "what happens if something happens to you"? "What if you go on vacation"? These are very legitimate questions and I've watched many emerging managers lose potential investors when these concerns are raised. Strategic Asset Management offers a very unique supplemental management team service and liquidation planning. We have on staff investment professionals, including Chartered Financial Analysts, who can add to your management team as needed. Levels of service vary. Some funds use professionals at Strategic as advisors to the Board or as on-shore Directors. Other funds keep our CFAs at the ready to step in and manage their fund in the event of an emergency or if they need to take some time off. These services are offered at a fraction of the cost it would take to hire full time professionals while allowing your fund to be taken seriously even if you have minimal staff.

7. Audited annual financial statements & third party verification. Credibility is required when presenting any information regarding your fund. An annual audit of your results is a must and most investors will also want quarterly or monthly verification as well. Strategic provides your investors with the assurance of third party verification when used as your fund's administrator and will liaise with your auditor or arrange for a firm to perform the audit.

8. Listing on hedge fund databases. We often asked by new fund managers if listing on major hedge fund databases can really attract new investors. The answer is absolutely yes. We directly know funds that have raised tens of millions of dollars through investors that were introduced to them through such databases. Key however was that these funds had established track records and superior performance as well as most, if not all of the other items mentioned in this article such as a strong management team, audited statements and professional offering materials. There are more than 100 databases that track hedge fund performance and provide potential investors with what amounts to free marketing for your fund. For maximum benefit you should be listed on all of these databases and keep them constantly updated. Many of these databases have minimum requirements that can include a 2 to 3 year track record and audited financial statements. Knowing which database and under what conditions you become eligible is important so that you do not miss opportunities. Strategic Asset Management offers a specialty service to list your fund with major databases (and family offices) and updates your



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performance information automatically on a monthly basis. One additional investor captured from all these listings often more than pays for the entire cost of the campaign.

9. Minimize unnecessary distractions. This is where the services of a firm like Strategic Asset Management becomes critical. It is recommended fund managers outsource as many non-critical functions as they can. There are two vital functions a fund manager should concentrate on. The first is management of the portfolio and the second is communication with existing and potential investors. All other tasks take away from these vital responsibilities and should be outsourced. Strategic provides not only traditional Administration services but also many other services to keep you from being distracted. This allows you to manage all of your marketing and administration needs as well as other issues through just one contact. It's like having a partner working with you who handles everything so that your efforts are totally dedicated to the success of your fund.

10. Transparency. Investors become very uncomfortable when their funds are managed in a cloud of secrecy. There are many very successful funds that have almost no transparency, but the trend is for greater transparency and providing it to your investors certainly makes it easier to raise capital, especially when dealing with an uneasy investor. Strategic Asset Management uses high end technology to administrate its Funds. One of the many features includes the ability to allow each of the fund's investors to log into their own individual account. They can be given any level of transparency the fund manager chooses (and not all investors have to have the same level of access) ranging from a total fund summary all the down to individual trading activities.