

Woodfield Wire

AN E-NEWSLETTER FOR HEDGE FUND MANAGERS
AND OTHER INDUSTRY PROFESSIONALS

Welcome! Woodfield's e-newsletter brings you articles about hedge fund-related topics and best practices. We welcome your thoughts—just hit "reply" and send us your comments.

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Developing a Hedge Fund Website

We talk with a lot of managers who are launching new funds. And although there's a general assumption that an investment fund will need a website of some kind, fund managers are unsure about what that entails. Is it for marketing? Is it simply a portal for investors to access fund information? Is it a vehicle for managing investor activity and relationships? How does a fund manager figure out what's needed, and how does one go about setting it up?

Access Levels

Assuming you are offering your fund under a Regulation D private placement offering, you must avoid offering or selling interests through general solicitation or general advertising. Since the SEC provides only limited guidance as to what is and what is not a public solicitation, there is some dispute about what information can be shown. The following comments do not constitute advice; it is critical to check with your attorney to determine what access level is right for your website.

Preliminary access disclaimer. Some funds require the user to sign off on an access disclaimer before even seeing the home page, either because the fund is subject to additional regulatory oversight or because its managers are simply more conservative. Such a disclaimer may include, for example, a confirmation of the user's citizenship prior to revealing information about operations in a particular geographic area, a statement that the information provided on the site should not be construed as an invitation to invest, and disclaimer language about the risks of investing.

All information password-protected. It is generally recommended that a hedge fund's home page be a simple page listing the name of the fund and asking for the user's name and password—not even providing the fund's phone number or other contact information. Passwords should be made available only to those with a substantive pre-existing relationship with the fund. Customized access is also possible, where each visitor is assigned to a category or role that governs which areas of the site they can see—differentiating, for example, potential investors from current investors, or Fund X investors from Fund Y investors.

Two-level access. We have seen some fund websites offering a first-level, general area with information on principal bios, news and some general information about investing or about the industry in which the fund invests, with the necessary disclaimers. A second level provides a log-in, password-protected area with more detailed information.

Purposes

Establish credibility. Especially after events of the past few years, it's more critical than ever to communicate the fund's reliability and legitimacy and the fund manager's knowledge. A solid domain name, well-written code, professional design and clear, effective copywriting can all support this intention, but it's important to provide sound information about the principals, fund strategy and results (with the proper disclaimers, of course).

Give investors easier access to data. With markets so competitive and technology advancing so quickly, investors are demanding more information from the fund, and this is a trend that is only going to intensify. A back-end database can give your investors access to benchmark fund performance data or even performance data at the account level.

Communicate with investors. You may want to post commentary about what's going on in the market or with the fund. This continues to build the manager's relationship with investors, solidify trust and keep investors connected with their investments. The website can also facilitate everyday business—customer service issues, change-of-address requests and so on.

How to Proceed?

Talk to your attorney to determine the appropriate access levels, advanced permissions and data restrictions you will need.

Talk to your fund administrator to determine which aspects of investor communications may already be covered effectively through the administrator's website and how your website can dovetail with theirs.

Finally, talk to some web developers who not only claim to have experience with hedge fund websites but actually *do* have that experience and a good understanding of the industry. Have them show you exactly what they can do for you and what it will cost, and match that up with your needs.

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About Us

Woodfield Fund Administration LLC provides third-party accounting and fund administration services to hedge funds, fund of funds, commodity pools, unit investment trusts, real estate funds, family offices and other investment entities. Our clients range from small startup funds with just a few investors to large asset managers with capital in excess of \$1 billion. They choose us because of our focus on **accuracy, completeness, timeliness, personal attention, customized services and reasonable cost.**

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