

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.

Andrew D. Jones
Manager of Business Development
[Woodfield Fund Administration LLC](#)

Pitch Book Best Practices

In our [last issue](#) we talked about making investment presentations to asset allocators face-to-face, in that all-important meeting when you can tailor your approach to match the needs and style of your potential investor.

But what about the written presentation, often known as the Pitch Book? This is generally a hard copy of a PowerPoint presentation, commonly used in our industry as a leave-behind document. It's finalized before you meet with your potential investor, so you can't morph it into something perfectly suited to him or her. It needs to stand on its own and communicate its message after you leave the office.

Having reviewed hundreds of investment presentations, both in our own past work experience and as consultants for our clients, we have strong feelings about the pitch book. We also talked with communications expert Kristin Fox, longtime journalist, former head of news and research at HedgeWorld, and principal of FoxInspires LLC. We hope you find the following recommendations useful.

Keep your eye on the goal. The objective of your pitch book is to give your potential investor a thorough grounding in what you do and how you do it. The document needs to deliver enough in-depth understanding about your firm, your investment strategy, performance and leadership that the reader can make an educated decision to move to the next step in the process.

"Building your assets under management is the ultimate goal," Kristin Fox says. "But the next immediate goal after the first meeting is usually to get another meeting--the next step toward getting a signed check. You need to draw the person in and make them want to know more."

Communicate your edge. Everyone goes into this business believing they have an edge, Kristen notes. "You know something about these markets better than anyone else does; that's why you became a hedge fund manager," she says. "Determine what your real edge is--what you do better than anyone else. Make sure that's the first thing communicated. If you don't have it in a clear, concise way, in 35 words or less, you're in trouble."

Three more key points. "The other thing I challenge everyone to do," Kristin says, "is to sit down and think about this: What are the three things that if you left the meeting and the investor didn't know those things about you, it would make you absolutely sick? Those three things, plus your edge, are the key components of your pitch book."

Don't compare. "It's better not to compare yourself to anyone else," Kristin says. "You are selling you."

Keep it concise. Your pitch book should be long enough to tell the story you need to tell, but not so long that people's attention span (and patience) begins to wear. At Woodfield, we counsel our clients to keep it under 20 pages.

Don't read the pitch book out loud. "The last thing an investor wants is to have someone read to them," Kristen says. "They don't want to sit in your lap. They want to know what you have to tell them. If you sit there and read, you look like you don't know your stuff, and you look like you're not paying attention to the person in front of you." That said, it's certainly okay to turn to a particular page in your pitch book to augment information in a particular area of interest expressed by the investor.

Language: clear and direct. Talk directly to your viewer/reader with the kind of language a regular human would use. You don't want to talk down to your potential investors, but do not assume that they are familiar with your investment strategy. Even if your strategy is highly technical, do your best to explain it in a way that even a non-specialist could understand it.

Minimize the math! "I've been given 47-page pitch books, 25 pages of which are made up of equations," says Kristen. "My response to that is: No math! An investor may give you an hour of their time, but chances are very likely that they will make their decision in the first two minutes, whether they listen to your pitch or not. There will be a time later when it's appropriate to go into those equations and do the math."

Logical flow throughout the document. Start with more general information to lay the groundwork, then work into more specifics. As you assemble your ideas, review them in sequence and make sure they're presented logically.

One idea per slide. Use subheads or page titles to help orient your viewer/reader, and let each slide address just one main topic to avoid confusion.

Charts, graphs and illustrations. "Charts and graphics are good if, and only if, they contribute to the story," Kristin says. "It's a bad idea to use pictures just for the sake of using pictures, or to use too many. I've seen presentations that include what looks like a hedge fund periodic table of the elements. That's just distracting. Make sure if you're going to use a graphic, it clearly communicates something, and that what it communicates can't be misconstrued later."

Finally, stay alert to possible improvements. If a particular page always raises questions, doesn't flow as smoothly as it should, or contains outdated information, go back to your PowerPoint document, improve that spot, and use the new version next time. It's a simple way to continually improve your pitch's clarity and, with any luck, your presentation success.

© 2010 Woodfield Fund Administration LLC. All rights reserved.

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.

Circular 230 Disclosure: Any information contained in this e-newsletter is not intended or written to be used, and cannot be used, for purposes of avoiding tax penalties that may be imposed on any taxpayer.

Woodfield Fund Administration LLC | 3601 Algonquin Road | Suite 900 | Rolling Meadows | IL | 60008 | 847-255-3500
www.woodfieldllc.com