

# Marketing Hedge Funds to Australian Institutional Investors

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Presentation to the Australian Hedge Funds  
Operations Forum

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Investment design & fund raising specialists



- Market environment and current investor preferences
- What institutional investors look for
- Key issues and challenges
- Fund raising materials and process

# Brookvine's perspective

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Australian Share – Long Only and Long Short Equities  
[www.bsccapital.com.au](http://www.bsccapital.com.au)



US and Global Venture Capital Fund of Fund  
[www.truebridgecapital.com](http://www.truebridgecapital.com)



Blue Sky Water Partners  
Australia's First Wet Water Fund



Catastrophe Bonds & Other Insurance Linked Securities



Global Multi-Strategy Endowment-Like Fund  
[www.makenacap.com](http://www.makenacap.com)



PRISMA CAPITAL PARTNERS  
Global Fund of Hedge Fund Manager  
[www.prismapartners.com](http://www.prismapartners.com)

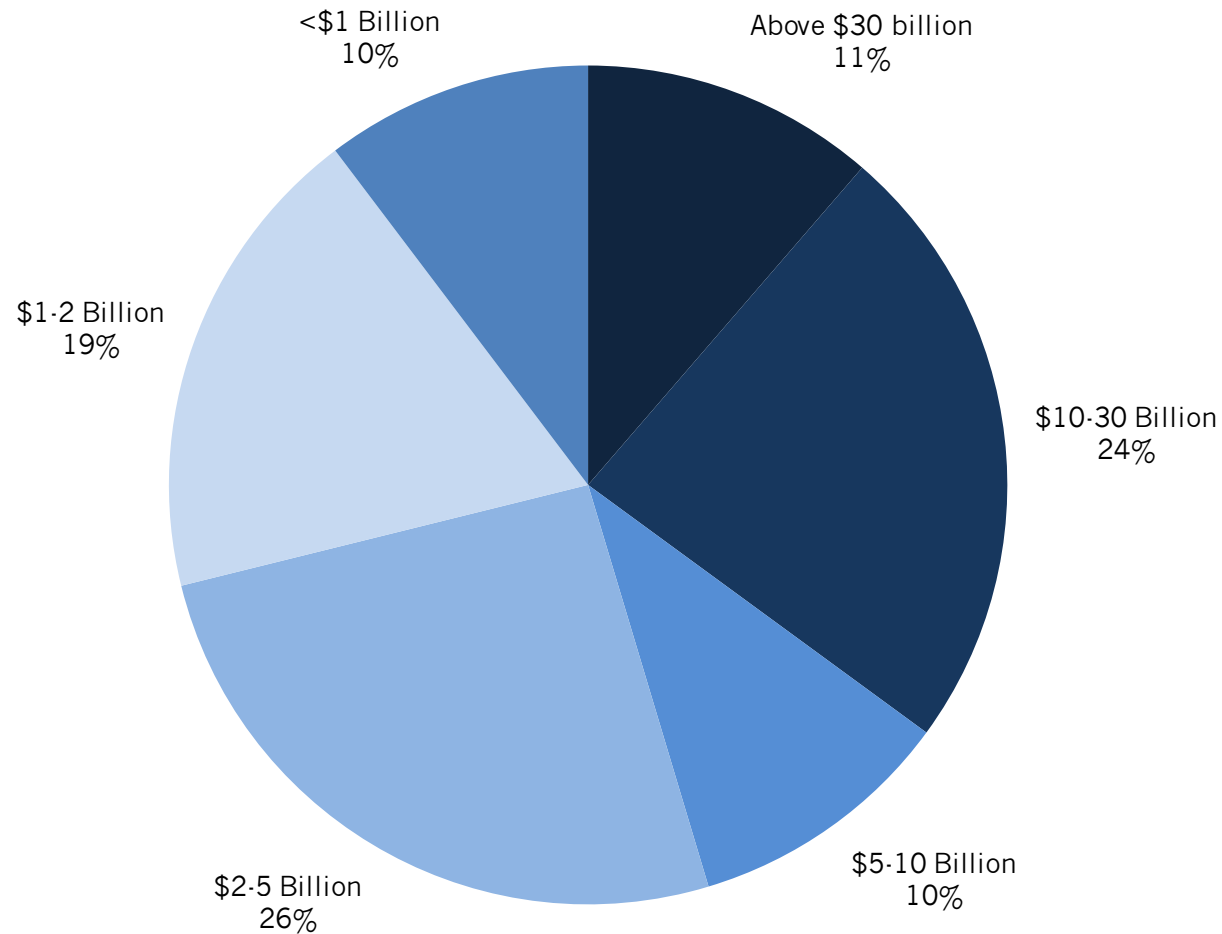


Pan Asia Private Equity Fund of Fund Manager  
[www.axiomasia.com](http://www.axiomasia.com)



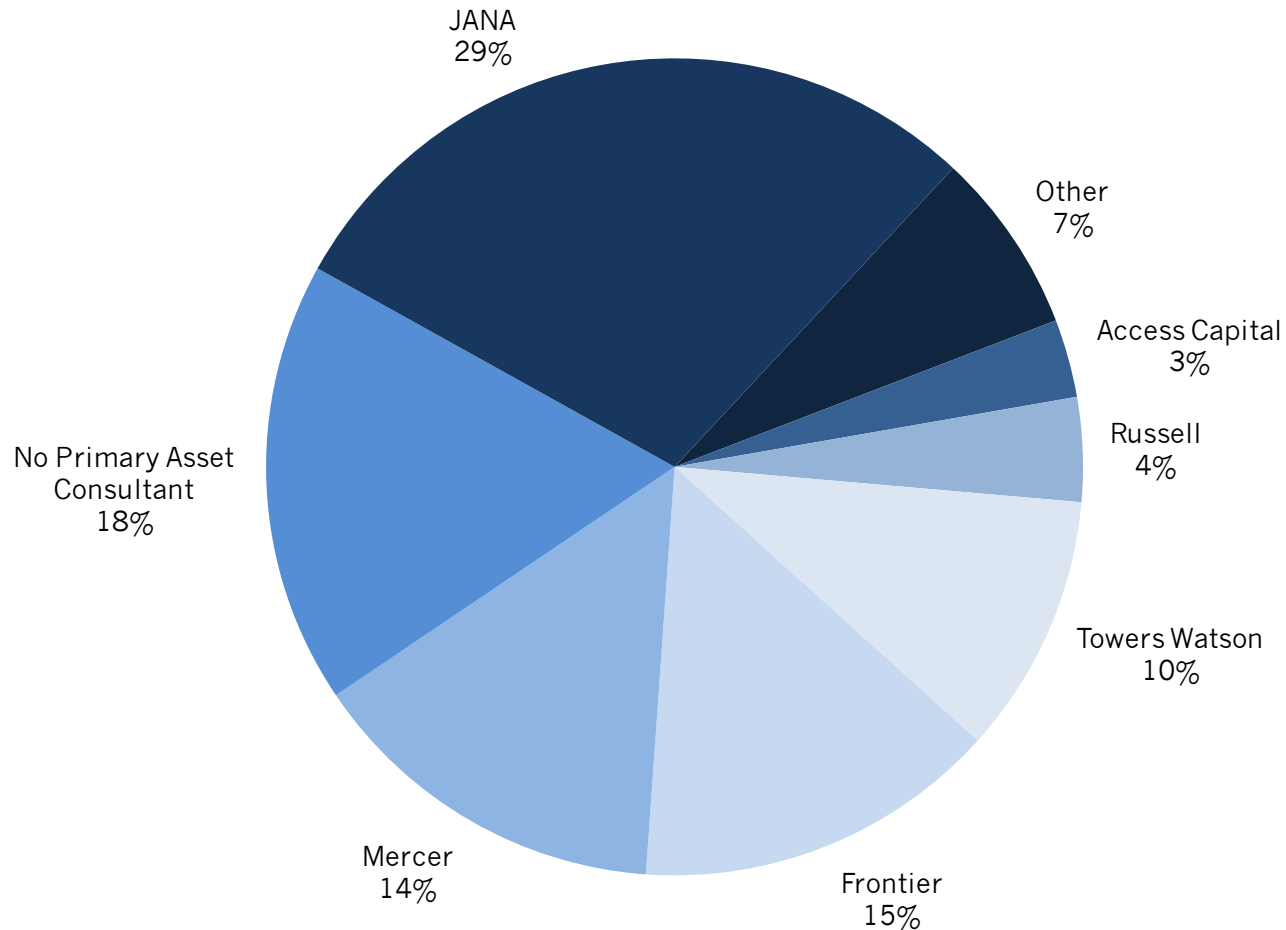
Australian Small-Middle Market Buy Out Manager  
[www.wolseley.com.au](http://www.wolseley.com.au)

# Breakdown by AUM of Australian institutions



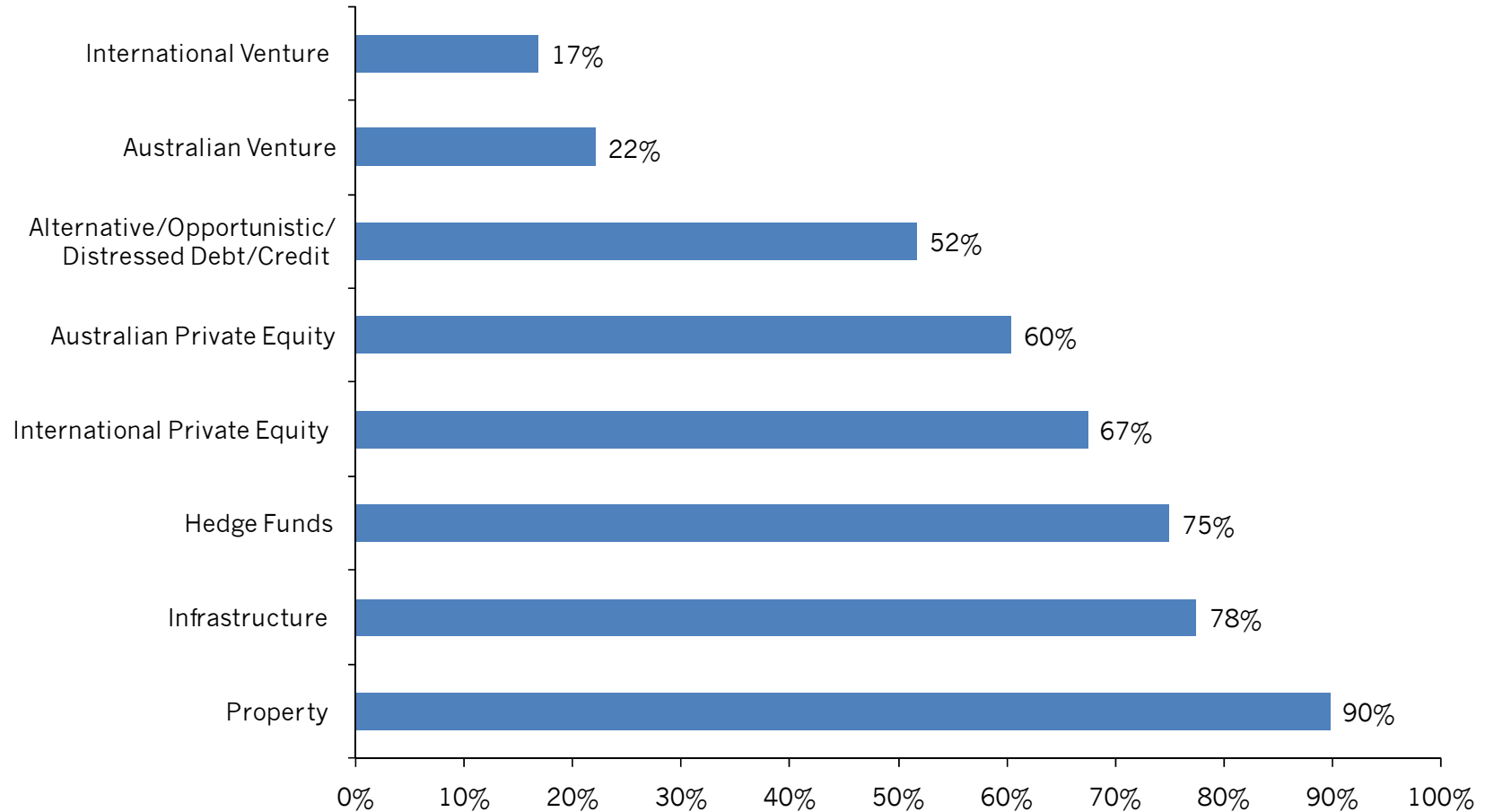
Note: Brookvine's database consists of superannuation, endowments and government investment funds in Australia and New Zealand with alternative investment exposure.

# Primary asset consultant by number of clients



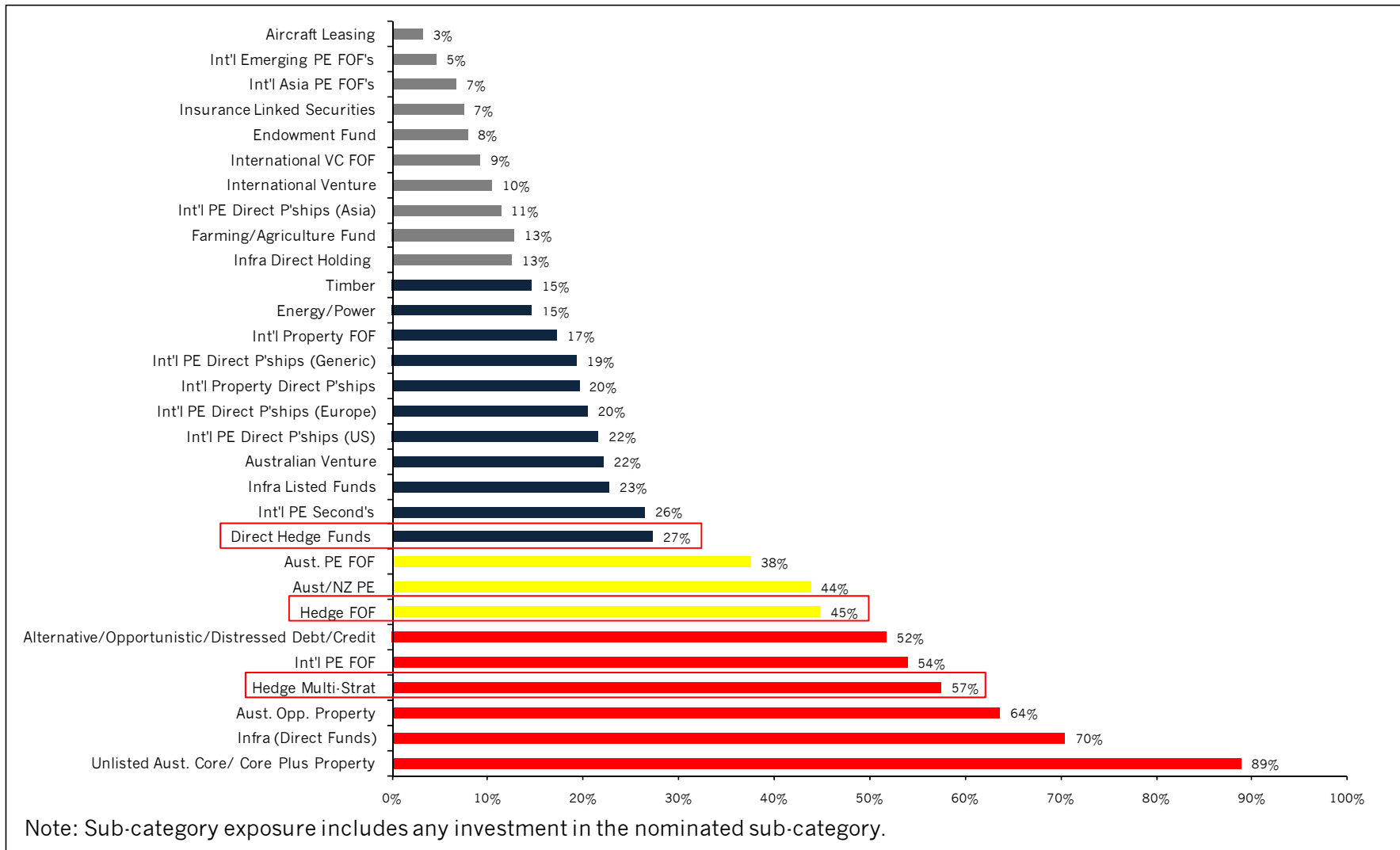
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# Exposure to key alternative asset categories



Note: Asset category exposure includes any investment in the nominated category, whether direct, fund or fund of fund investment.

# Exposure to main sub-categories



# Let's talk fees ...





- A compelling investment opportunity
- Skillful, intelligent risk taking
- Track record – individually and as a team
- Strong alignment of interests
- Leading investors and peer group endorsement
- Organisational strength, capitalisation and cohesiveness
- Institutional grade operating infrastructure
- Fair terms, liquidity provisions, transparency
- Capacity limits and size

- “Brand perception” needs to be a sophisticated, professionally run asset management company:
  - Excellent team
  - High performing
  - With a compelling investment proposition
  - Broad capabilities
  - Integrity
  - Trustworthy and aligned
  - Strongly supported

- Personal relationships and awareness are critical
- Be realistic about the time required
- Know your target market — profile the target market, pre-qualify prospective investors and ensure there is “cover” of FUM targets
- Set targets — tier the market to guide fund raising activity and effort, FUM & timing
- Engage with an even broader group of investors and advisors with a view to building relationships
- Push-pull constructive engagement with consultants
- Execute a well planned and coordinated fund raise — anchored by a Partner

- Engagement varies markedly
- Be prepared, and do not expect:
  - The investor to have kept the same team in place
  - Each fund's advisers to have the requisite specialist knowledge
  - Firm guidance on levels of interest, early engagement on issues of concern etc
  - Desire to have a periodic meeting program
  - An inclination to take a call and engage
  - Active follow-up post meeting
  - Engagement according to your timetable

## Do not give up, rather ...

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- Prepare and plan well
- Be creative
- Persist, in an open and professional manner
- Continue to “make every touch a good one”

- What distinguishes your firm?
- Timing
- Resources
- Existing investor relations
- Who should be targeted?

- Pitch pack
- Snapshot
- Offer document
- Information book (DDQ)
- Good press
- Academic papers
- Monthly report/ quarterly letter
- Data room
- Website

## Structuring

### Diagnostic assessment

- › Compelling attributes
- › Market competitiveness

### Structure the offer

- › Branding and status
- › Product design, structure & features
- › Terms and conditions

### Develop fund raising strategy

- › Fund raising strategy
- › Detailed marketing plan
- › Strategies to protect terms and conditions

### Prepare offering materials

- › Develop IM, pitch packs, FAQs, due diligence packs etc
- › Electronic data room
- › Materials that differentiate the offer

## Fund raising

### Position manager and offer

- › Position manager/ offer
- › Pre-brief investors/ advisors

### Raise investment capital

- › Pre-qualify & rank prospective investors
- › Devise marketing & negotiating tactics
- › Investor/ advisor profiling
- › Brief & prepare the key personnel for meetings
- › Manage due diligence & research processes
- › Negotiate with investors
- › Procure & finalise commitments/ investment capital

### Reporting

- › Response tracking & co-ordination
- › Book-build monitoring

## Investor relations

### Co-ordinate communications

- › Written & verbal comms

### Organise regular meetings

- › Clear calendar plan
- › Quarterly conference calls
- › Onsite meetings
- › Annual investor briefings

### Engage with investors, prospects & advisors

- › Regular call program
- › Follow-up support after engagement
- › Responses to investors' requests

### PR & brand awareness

- › Media engagement
- › Conference engagements
- › Advertising
- › Sponsorship



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NOTE ON DATA SOURCE: Based on publicly available information on a sample of approximately 100 superannuation, endowments and government investment funds in Australia & New Zealand with alternative investment exposure, subject to inaccuracies, errors in interpretation, incomplete disclosure and mistakes.

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