



# SunStar FUNDFACTOR

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## Performance: NOT key to building brands

There's no doubt that outstanding performance drives investors to your funds. But are performance-chasing investors really the fish you want to catch?



Dan Sondhelm

I wouldn't recommend it. That type of investor is buying your fund because it was high-flying and will jump ship when performance drops.

Healthy growth comes from an investor base that has opportunities to hear your story and understands your brand. The following offers our thoughts on attracting investors for the long haul.

### What's the story?

Has your fund articulated a unique, compelling story grounded in process? Investors who understand what your philosophy and process are all about are in a better position to make a decision about whether your fund is right for them. Many of SunStar's clients who've followed this approach are proud to say they've maintained and even grown their investor base during this current economic environment.

Consider also your firm's brand. Performance is not a brand. A brand is an emotional connection between a potential investor or client and the firm's story. When investors understand and connect with the process and story, they are likely to stay with you as shareholders even when times are tough.

### If a tree falls...

Very often, I've heard managers say "I don't need marketing. I've got a 5-star fund, that's all I need." But, according to Morningstar, approximately 500 of more than 6,700 distinct mutual funds have 5 stars, but 260 of those top-ranked are smaller at less than \$500 million in assets. Performance is important, but there is much more to talk about if you want to grow significantly. Your fund needs a strong brand including a good story and accessible people who can tell it.

People need to hear something they can relate to and shake their head in agreement. When you articulate an intelligent, comprehensive story, they feel better about having chosen you and understand why they should stay invested in good times and hang on when times are challenging.

### What do people want to know?

Many investors in mutual funds are not overly sophisticated financially-minded people. So, while it's important that your story has depth, it's equally important that it's easily comprehended. For example, in describing your process in your literature or on your Web site, address not only the "how," but also the "why" behind the steps you follow. Don't assume what's intuitive to you and your colleagues is equally clear to potential investors. At the same time, neither should you rely on advisors to spend their time or creativity on your behalf.

**Keep your story fresh** - Engage with the media, update your Web site frequently, write emails to shareholders and advisors. The core story remains the same, but telling your story every day (and minimally every quarter) offers an opportunity to discuss the good decisions you made, the themes you are employing in your portfolio and why, and specific ideas you have going forward because of the potential you see in specific sectors or securities. Out of sight

is out of mind, so even if you feel like you've told your story 100 times, people have selective listening. Keeping your name in front of the public and your advisors reminds investors why they chose your fund in the first place.

Build a reputation as an expert - Investors and financial advisors like to associate themselves with well-known people. If the press calls, take a moment to participate. Relationships are built on give and take and a call taken today may turn into a feature story down the road. Engaging in a proactive PR program has been shown to add to the bottom line for SunStar's clients over the years, yielding regular coverage in industry publications like The Wall Street Journal, Smart Money and Investment News as well as well-known, widely read daily newspapers.

Parlay quotes and stories in the financial press or TV appearances into great marketing by using the reprints in your other sales and marketing efforts. Most publications allow you to put links to articles and videos on their sites at no cost. And, both before and after an interview, you can quickly email your growing advisor base.

### Give your story an interesting twist.

Advisors are in a relationship business and maintaining those relationships requires regular contact with their clients. If you haven't already, do the research you need to identify your best advisors and establish ongoing communication with them. They are your partners in identifying new business and keeping current investors. Offer teleconferences or webinars to keep them informed on a regular schedule.

**Assure them that in all market climates, your core strategy remains the same.** Then let them know how you are adjusting, within the strategy, to compensate for unusual circumstances or to take to advantage of specific opportunities. Elaborate on what's working well and on your outlook going forward. Where possible, offer metaphors and "sound bites" in every day language that they can be pass along to their clients.

**Drive advisors and investors to your Web site** - Content is king so be sure you give web development the royal treatment. Even if your site has been in existence for years, take the time to review your key words. Search engines look to not only your text but also "key" words embedded in the code. Your IT professionals can let you know what's there now, and add to them at any time.

Search engines also react to new content, taking note of sites that are updated regularly. Your site is an inexpensive way with incredible reach to let investors know what you are thinking as events influence the market. It's worth the effort to establish your firm as the "go-to" place for investment ideas and expertise.

### Stability and succession.

One final point: If your firm is small or family owned, articulating a clear, consistent story helps when the first generation retires and the next generation takes over or you experience portfolio manager turnover. Knowing that the same process is securely in place helps keep investors and quells nervousness during those times.

Similarly, investors will weather short-term ups and downs when you have clearly set their expectations. Positioning your funds within a brand structure can ensure that there are no surprises.

Let's discuss how SunStar can help you grow in this competitive environment. Call us at 703.894.1046 or visit [www.isunstar.com](http://www.isunstar.com).



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SunStar works with retail and institutional investment managers and mutual fund firms to attract investors, strengthen distribution and build brands through structured news generation programs and smart marketing. We know the industry and the reporters who cover it. We also understand the often challenging legal, regulatory and compliance issues facing clients.

**Find more about smart marketing and successful public relations campaigns in our blog: [FundFactor.net](http://FundFactor.net)**