



SteelBridge

Insights

*A management consulting view
of private capital's evolution*

Fundraising and IR Success

The Value of Partnering with
an Industry Expert

Building a better Private Capital marketplace



Key Highlights:

- Why Private Capital investment managers are facing new challenges in obtaining and maintaining investor commitments.
- How outsourcing fundraising and IR can deliver multiple benefits to investment managers on multiple fronts.
- What partnering with a fundraising and IR outsource partner can do for you.

Fundraising Challenges Facing Private Capital Investment Managers

The fundraising environment for emerging and established Private Capital investment managers has never been more challenging. The challenges take many forms and can subtract from a manager's focus on making and managing investments. Investment managers today struggle with:

- Finding the balance between acquiring and servicing investors, while also making critical portfolio investment decisions.
- Sourcing prospective investors while executing due diligence activities to find quality deals.
- Managing expenses when hiring operational staff as well as an Investor Relations (IR) team and fundraising specialists.
- Staying above water through the six-month to two-year sell cycle of fund inception to commitments to calling capital.

Christopher Elvin, Head of Private Equity Products for Preqin, sees a “growing disparity in the private equity industry, with well-established investment managers that have a proven track record able to secure significant amount of capital in a short space of time, while less experienced managers are finding it harder than ever to attract investor commitments.”

For emerging and early stage investment managers, this statement echoes market sentiment when fundraising for the first time, or going back to market while still in the deeper trough of the J curve. For all investment managers, consider that, from the second quarter of 2013 to the second quarter of 2014, the fundraising volume **dropped from \$62 billion to \$50 billion**. These data, gathered by the Private Equity Growth Capital Council, suggest that investors have dialed back their appetite for alternative investment funds, putting even more pressure on unproven investment managers.

Obtaining Investor Commitments in Today's Environment

One solution for funds going to market is to partner with an established, experienced, and fully dedicated fundraising and IR team that can introduce investment managers to investors who are actively seeking investment opportunities in the marketplace. An investment manager should consider partnering with a firm like SteelBridge who has a proven track record of successfully

obtaining institutional investor commitment and who can help establish a fundraising process to increase chances for fundraising success. At SteelBridge, we work with investment managers to create:

- **Go-to-market strategy:** Connect with the right investors by combining our network with yours, including access to proprietary investor search databases.
- **Compelling story:** Tell your story by articulating what makes your fund different in the marketplace.
- **Cross-platform marketing delivery:** Balance inbound versus outbound marketing, and create the highest quality stable of print and online media materials.
- **Quality material production:** Craft industry-leading marketing materials that resonate with your target audience, and support your brand using our on-staff, alternative investment industry seasoned creative copywriter.
- **Consistent message:** Ensure messaging consistency between your fund documentation and your fund presentations by taking advantage of our presentation training.
- **Operational efficiency:** Facilitate operational efficiency to easily build on relationships during your fundraising efforts by keeping your CRM database and data room current.

Investor Loyalty is Critical to Long-term Success

According to Preqin, funds that closed in the second quarter of 2014 spent an average of 15.6 months in the market before closing, **with only 24% of the funds actually meeting their fundraising target.** These figures demonstrate the extreme difficulty of the task all investment managers face in fundraising and IR. To alleviate some of these challenges great investment managers work relentlessly developing long-term relationships and opportunity for follow-on investments with cornerstone investors.

Follow-on investments are the lifeblood of successful investment managers. Follow-on investments demonstrate that the manager has a repeatable process to deliver outsized returns as well as ability to manage increasing expectations of institutional investors.

Q: So how do investment managers create these long-term relationships?

A: By executing top-tier IR.

Q: What do investment managers do if they don't have staff to build top-tier IR?

A: Partner with an IR expert to build long-lasting relationships with investors.

IR staff are the face of an investment manager and having solid resources in this function are what set apart good investment managers from great investment managers. IR experts are trained to create long-term relationships with cornerstone investors who can weather the difficult times.

Co-Investments are Increasing Demand on Investor Relations

Generally speaking, co-investment opportunities require a more significant IR capacity. The complex structures of investment vehicles that can be created to handle specific investment strategies tend to need a more hands-on approach when servicing these investors. There is a much higher level of documentation and data exchange necessary to service these accounts. There is also a higher volume related to follow-on investments and future investment decisions implicit with these more complex investment vehicle structures.

According to Preqin, 52% of investors in 2014 plan to increase their co-investment activity. Having an outsourced IR expert can help manage the increased demand that comes with offering co-investment opportunities to investors and helps lead to faster on-off capital raises which ultimately creates a greater chance of success in meeting co-investment targets.

Investment Manager Specific Needs Identified

Investment managers have specific needs when it comes to fundraising and managing investor expectations. Experience can help investment managers quickly pinpoint problem areas so that resources can be focused in those areas. An experienced fundraising and IR specialist will be able to present investment managers with both a tactical and long-term strategic plan to effectively meet marketplace expectations. The following diagram shows the importance of a strong fundraising and IR team:



A seasoned IR and fundraising specialist can provide recommendations regarding:

- The type of investors a particular investment manager should target in order to maximize the likelihood of a capital commitment.
- A tailored fundraising process that maximizes efficiency of time and effort.
- The technology tools needed for process control and transparency of documents distributed and gathered during the fundraising period.
- The proper expectations and mind-set required for an investment manager to maintain a laser focus on the highest value targets during the long and strenuous fundraising process.
- The action items appropriate for follow-up necessary to stay in front of high value investor targets.

Partnering with the Right Investor Relations and Fundraising Expert

As a result of more complex investment strategies, higher flows into investment managers, LP demand for more accurate and timely valuation, and more domestic and international regulations, investment managers need additional IR support. The question they have is not whether to partner with an expert, but who to entrust with that critical function.

Benefits of Partnering with Industry Leading IR Specialists	
Investor confidence manager has been through multiple levels of due diligence	✓
Persistence to gain Investor Commitment	✓
Time efficiencies for fixed investment manager resources	✓
Delegation of time-consuming non-essential tasks	✓
Streamlined response times for ad-hoc investor inquiries	✓
Added capacity during cyclical fundraising periods	✓
Broader investor base	✓
Coordinated communications across investor pool	✓
Third-party input on fund terms and investor negotiations	✓

Why Work with SteelBridge?

SteelBridge Thinks Differently

Our approach to fundraising is different than most other fundraisers – **we focus on the art of the task** along with the science. We start by putting our client's story first because Investors invest in the investment manager. We make it our job to ensure the investment manager is presented in the best light possible. We work to find what makes the investment manager tick, what makes them unique, what will allow them to generate outsized returns, and we help the investment manager identify their 'it' factor to get the investor to say yes to a commitment.

“Investment managers separate themselves by making solid investments – we partner with them to create efficiencies allowing them to maintain that focus on making and managing investments.”

- Tim Haluszczak, SteelBridge Partner and Head of the Capital Advisory practice

As we prepare investment managers to present their story, we craft a plan that allows them to meet their goals and objectives. We leverage our proven proprietary fundraising principles to ensure the plan optimizes fundraising efforts and maintains focus on critical activities. Based on their goals, we provide experience-based forecasts on often forgotten fundraising nuances such as conference attendance, raise durations, and budget and travel expectations.

What further separates SteelBridge from other fundraisers and IR specialists is that, once we help the investment managers identify what makes them attractive to investors, we take further steps to improve the investment managers chances for commitment by providing:

- A comprehensive operational review to identify areas of operational concern for potential investors.
- Presentation training to improve the delivery of the message and ensure consistency across all channels.
- Technology deployment and training to ensure all users of the technology get the most out of the tools.
- Pre-meeting preparation and post-meeting follow-up to ensure the prospective investor is clear from the beginning and the manager stays relevant after the meeting.

What Our Clients Are Saying

“We couldn’t have done this without the help of SteelBridge.”

-MD, Global Bank

“SteelBridge helped introduce us to investors we would never have been able to meet on our own.”

-Director, PE Firm

SteelBridge People Care

At SteelBridge, we have a team of proven fundraisers who care deeply about developing and preserving relationships. We maintain and stay active with an extensive contact database of investors, including some of the most respected and largest private and public investors in the world. Our clients have access to our proprietary database, and we use the network to customize meetings, calls, and conference trips for our clients to ensure all are relevant for their fund.

SteelBridge provides unparalleled matchmaking ability and delivers a network of the most knowledgeable and sophisticated investors and investment partners. “We take pride in helping investment managers broaden their LP base,” says Tim Haluszczak, “and we specialize in navigating the difficult process of getting meetings with pension funds and other institutional investors who often don’t take meetings with managers without a warm relationship in place.”

SteelBridge’s Proven Fundraising Process

Utilizing more than 25 years experience in raising funds in the institutional marketplace, SteelBridge can navigate clients through developing relationships with LPs across the public pension and private endowment, foundation, and family office space. We work with investment managers of private equity, real estate, hedge, debt, takeover and buyout funds, as well as fund of funds. Using our proprietary process, we help investment managers set the principles for a successful fundraise.

When SteelBridge is engaged to help a client raise funds, there are six steps involved in building the new relationship between the investment manager and prospective investors with whom the fund will form a partnership:



Investor Prospecting

Using our experience, our proprietary database, industry databases and software, and industry events and conferences, we identify solid prospects that best fit our clients’ fund.

Relationship Building

We get to know all of the people involved and further identify the role performed by each, then we focus on building a strong relationship with the decision-makers.

Matchmaking

We set up formal onsite meetings with LPs interested in making a commitment. We facilitate onsite investor visits to fully vet your investment process and fund operations.

Decision-Making

We identify the investment decision-makers; often it may be some combination of the board of trustees, the CIO and investment staff, and third-party investment consultants.

Pitching

We tailor each pitch to focus on the investor’s appetite for investing in your fund. We initiate conference calls or in-person meetings between LP/Consultant and the fund management team.

Driving Commitment

We drive the process forward with LPs who have formally communicated interest in making a commitment. SteelBridge will help navigate the process of obtaining the “yes” vote from the board, CIO, and consultant.

Partner with SteelBridge for Fundraising and IR Success

SteelBridge recognizes the challenges investment managers, especially new and emerging managers, face in a market that historically has been partial to larger, established investment managers. It is our business to ensure that quality investment managers have an avenue to show the value they can bring to their investors.

Making the decision to partner with a proven Investor Relations and Fundraising team can be critical to gaining confidence from prospective investors.

About SteelBridge

SteelBridge is a boutique advisory services firm with deep expertise in Private Capital. We have a passion for helping our clients identify and affect change to improve process and technology for more effective organizations and positive portfolio company outcomes. We help general partners, limited partners, third party administrators, software vendors, and portfolio companies. At SteelBridge, we hold ourselves to the highest standards by providing exemplary services for our clients.

To learn more call us at 646.737.7960 x1008, visit us at www.steelbridgeconsulting.com, or join us on our Facebook and LinkedIn pages for more information:



Let us show you why we are the leading boutique advisory services firm in the Private Capital space.

Contact:

p: 646.737.7960 ext. 1008

e: info@steelbridgeconsulting.com

Pittsburgh:

1725 Washington Road
Suite 305
Pittsburgh, PA
15241

New York:

14 Wall Street
20th Floor
New York, NY
10005

Los Angeles:

7711 Center Avenue
Suite 200
Huntington Beach, CA
92647

Miami:

7990 SW 117th Avenue
Suite 203
Miami, FL
33183

Securities transactions are conducted through Equinox Securities, Inc., Member [FINRA](#)/[SIPC](#). Equinox Securities, Inc. is not an affiliate of SteelBridge Ventures Consulting, LLC

The material herein does not constitute an offer to sell or a solicitation of an offer to buy any financial instrument or securities described and should not be relied upon as an investment recommendation or advice. The content herein is not intended to provide legal, accounting, or tax advice. Use of any information contained herein is at the user's own risk, and the user is encouraged to discuss the information contained herein with any legal, accounting, tax, or other professional deemed necessary to understand the risks and uncertainties inherent in investing.