



# The Importance of Best-in-Class Collateral for Alternative Investment Managers in the COVID-19 Operating Environment



A familiar sentiment felt across the global business community is the profound impact of the COVID-19 pandemic across all our personal and professional lives. Phrases such as “the new normal”, “unprecedented times”, and “staying the course” permeate our lexicon and every day (virtual) interactions. Despite many locales gradually easing restrictions on work and non-essential travel, many businesses remain shuttered or continue operating remotely amidst continued concerns for health and safety.

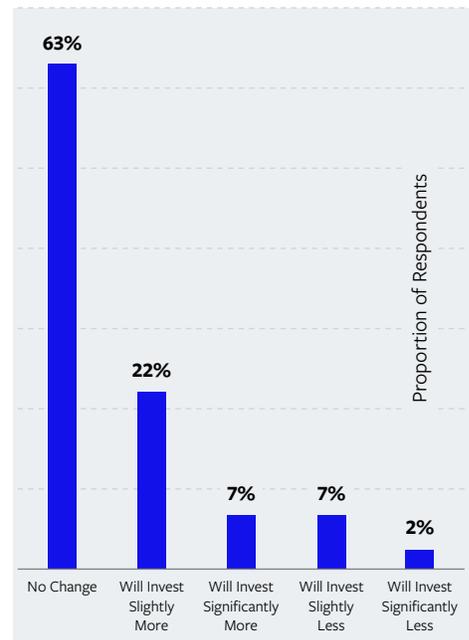
**As the global business community remains in a patchwork of varying states of operational status, the alternative investment community seeks to adapt accordingly.**

With the memories of the Global Financial Crisis (“GFC”) still among us, there is both a sense of unease and hopeful resilience among both General Partners (“GPs”) and Limited Partners (“LPs”) alike. Since the GFC, investors have continued to increase their allocations to alternative asset classes like private equity as a key driver of outsized returns versus public market benchmarks in the long run.<sup>1</sup> Despite the global pandemic and ensuing economic retrenchment, LPs are not currently signaling a reversal in that trend, maintaining a commitment to the asset class through economic cycles.<sup>2</sup> Though some LPs are revising their commitments to alternatives in 2020, most are not adjusting their longer-term plans.<sup>3</sup>

**In the immediately foreseeable future, impacts on fundraising, new product launches, and GP/LP relationship management will continue to be felt.**

In a survey conducted by Private Equity International of over 120 GPs, over 60% of managers actively raising investor capital are expecting to adjust fundraising periods, with a small minority completely abandoning plans altogether.<sup>4</sup> Furthermore, nearly 80% of respondents are seeking extensions of the fundraising period, with nearly 50% expecting a delay of more than three months to a final close.<sup>5</sup>

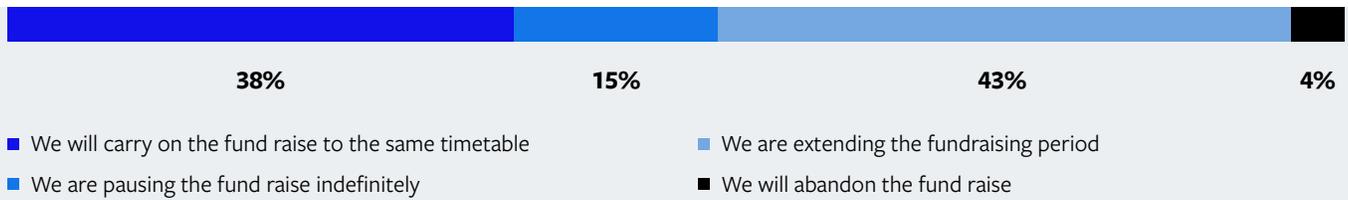
**Investor Views on the Long-Term Impact of COVID-19 on Their Future Alternative Investments Strategy**



Source: Preqin Investor Survey, April 2020

1. [Bain & Co](#) 2. [Ibid](#) 3. [Preqin](#) 4. [Private Equity International](#) 5. [Ibid](#)

**If you are currently raising a fund, please explain the likely impact of COVID-19:**



**... and what delay to the fundraising process you expect?**



Source: Private Equity International's COVID-19 Study



With this backdrop in mind, the day-to-day functions of investor relations and capital raising professionals have certainly been complicated. Face-to-face meetings have all but disappeared with an uncertain timeline for a systematic global return. Not only are new introductory meetings tabled, but on-site due diligence visits held at GP offices are now also off-limits. As these in-person sessions are often held near the final stages in the commitment process, this new void leaves potential commitments once firmly in the pipeline in limbo, with GPs now seeking fund extensions to account for the uncertainty.

Besides capital formation, GPs also face similar challenges in LP relationship management efforts. Typically held in either the spring or fall, the Annual General Meeting (“AGM”) is a hallmark event for GPs. The majority of their LP base attend a multi-day affair that comprises not only an expository general meeting but a formal dinner, hosted activities, and other smaller gatherings including Limited Partner Advisory Committee (“LPAC”) meetings. Such events are important “litmus tests” for GPs with LPs and in some cases, prospective investors evaluating the quality of the manager based on such events.

**As the industry rapidly adapts to a virtual world, we are simultaneously undergoing a transformation whereby digital communications and branding are now effectively the sole conveyance of a firm’s outward brand to external constituents.**

Firms that could once rely on face-to-face meetings to build rapport and host impeccably planned events in elegant spaces to convey brand identity are now using the same tools as the rest of the world (e-mail, conference calls, Zoom, Skype, WebEx, etc.) to convey their message and value proposition.

Now more than ever, it is incumbent on managers to have best-in-class marketing collateral pieces and digital presence to differentiate themselves in an increasingly competitive environment. Specifically, brand collateral (such as websites, PPMs, pitchbooks, fund or corporate brochures, annual meeting materials, and tear sheets) across different firms tend to be fairly standardized in its basic components and delivery, resulting in a homogenous end product. As such, Darien Group believes implementing superlative levels of messaging strategy, copywriting, and visual design and polish to LP-facing materials can have meaningful, differentiating impacts for managers.

Darien Group maintains that alternative investment managers stand to realize immense value from dedicated branding and communications programs.

**Such strategies, which have historically been the domain of business-to-consumer companies, can ultimately be tailored to garner the attention and interest of LPs and other key constituencies in an increasingly crowded space.**

With all in-person communications migrated to digital media for the foreseeable future, it is immediately critical that a firm's externally facing content suite be easily digestible, differentiated in style, and uniquely targeted to its intended audiences.

**While remaining mindful that allocators typically have hundreds upon thousands of collateral pieces to review, it only further underscores the importance that audiences receive information quickly and efficiently.**



## About Darien Group

Darien Group was founded in 2015 with the singular focus to serve as a best-in-class branding and communications consultancy for investment management firms. Since our inception, we have served over 100 unique clients and assisted in over 65 capital raising efforts.



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