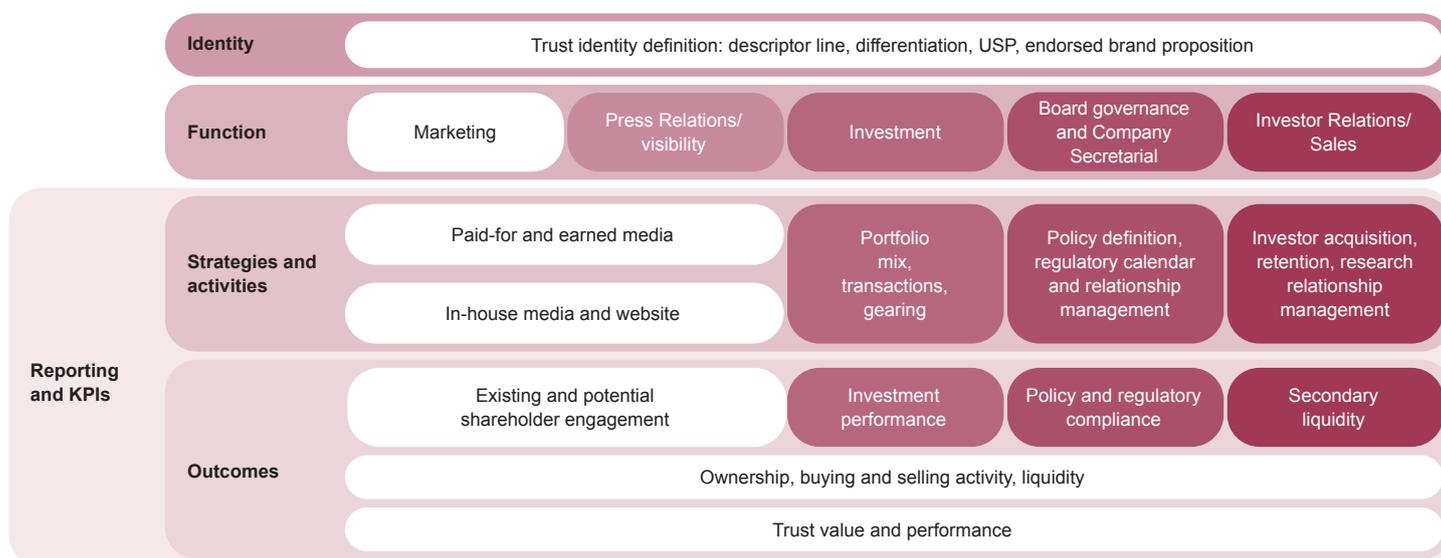


# KPIs for investment trust marketing: seeing the wood for the trees

15 June 2022



Source: Warhorse Partners 2022.

An investment trust board meeting covering marketing or secondary market liquidity can prompt complex questions as to objectives, measurement and what success is meant to look like.

At the top of the governance tree are traditional indicators of performance, NAV returns, top decile aspirations and an unsettled hope that institutional and wealth management ownership will carry the day for structural stability and the longer-term. Most boards nowadays are cognizant that beyond performance, which is invariably cyclical, ownership and buying and selling trends are not directly correlated.

Open-ended funds, in some regards, operate in a simpler operating model. Their structure allows larger blocs of demand or divestment to be adjusted daily to accommodate capacity. Investment trusts, unless very large, can struggle to meet the different volumes and types of investor on the register. Corporate brokers typically engage with the largest investors; with the loss of market-making functions of old, other mechanisms are needed to engage investors through retail sales platforms (RSPs). Routes to market are complicated and employ different disciplines, from in-house

investor relations, sales and marketing departments, to client directors and exist in a dualistic regulatory operating model, that can alternate between listing rules at one end and the conduct rules of financial promotion at the other. Many boards still find such constraints to the manager an enigma.

With “marketing” top of AIC Conference agendas and increasingly eating up time at board meetings, boards can be frustrated by what they read. Marketing reporting can include obscure digital metrics (click through rates, impressions) and sheets of press cuttings.

So either the Chairman or the designated marketing expert on the board is tasked to query the manager for Key Performance Indicators (KPIs). Boards meet quarterly in the main and have busy agendas, so these KPIs matter hugely as a way of establishing marketing expectations and monitoring performance.

Having worked on over 200 boards on such KPIs, every board sees their template often differently and many results are activity-related, counting meetings, press coverage and visitor levels. Yet responsibilities are like an orchestra, some are for PR, some for the brokers, some for sales, some for advisers and as a result can lose integration of findings and focus.

Activities can become dissociated with target outcomes, the destination, which we see as the critical measure: what is your issued capital retail ownership target five years out and is

the balance of buyers and sellers on a rolling annual basis in good health?

So the activity reporting needs to feed into the desired outcomes. With clear KPIs, it is possible to connect or at least correlate which activities have meaning and significance, competitively (rarely included in traditional reports), as opposed to yet more weeds.

## KPI dashboard: Warhorse investment trust marketing and outcomes checklist

	<b>Ownership and liquidity</b>	<b>“In-house” media and sales activity</b>	<b>External PR and “paid for” engagement</b>
 <b>Destination Targets and trend</b>	<ul style="list-style-type: none"> <li>Target D2C ISC% y-o-y</li> <li>Target % retail ownership vs peer group</li> <li>Target annual buyer liquidity (shares) y-o-y</li> <li>Target retention ISC ownership y-o-y</li> <li>Target annual buying by investor type</li> </ul>	<ul style="list-style-type: none"> <li>Website visitor growth y-o-y %</li> <li>Meeting engagement</li> <li>Website content and news</li> <li>Prospects growth %</li> </ul>	<ul style="list-style-type: none"> <li>Earned coverage y-o-y</li> <li>Paid-for exposure competitively y-o-y</li> <li>PR favourability metrics</li> </ul>
 <b>KPIs</b>	<ul style="list-style-type: none"> <li>Investment performance ranking</li> <li>Asset size</li> <li>Discount volatility v peers</li> <li>Acquisition by D2C platform targets</li> <li>Institutional vs retail ownership</li> <li>Concentration risk of top ten holders</li> <li>Reduction of activist profiles</li> <li>Retention levels by DFMs</li> <li>% holding on top 3 platforms vs peer group</li> <li>Positive buying flows annually</li> <li>Quarterly annual rolling reporting metrics</li> <li>Retention D2C platform owners</li> </ul>	<ul style="list-style-type: none"> <li>Frequency of communication</li> <li>Manager brand visitor metrics</li> <li>RD:IR trend and buyer/seller metrics</li> <li>Trust website visitor metrics</li> <li>SEO metrics</li> <li>Google analytics visitor levels</li> <li>Website referral monitoring</li> <li>Open rates from investor emails</li> <li>Dwell times if available</li> <li>Size of database (professionals, D2C)</li> <li>Sign-up numbers to trust emails</li> <li>Fund manager video views</li> </ul>	<ul style="list-style-type: none"> <li>Number of press and media meetings</li> <li>Hired media exposure, paid for metrics, emails</li> <li>Paid-for investor research</li> <li>Ratings, eg Morningstar, Trustnet</li> <li>Earned media coverage quarterly vs peer group</li> <li>Competitive presence</li> <li>RD:IR trend buyer/seller metrics</li> <li>Advertising click through rates</li> <li>Trustnet visitor levels vs peer group</li> <li>Third party industry market research, eg Research in Finance</li> <li>Word clouds, favourability</li> <li>Google cost per click</li> <li>Seminar attendees: (Media/platform/ research provider events)</li> <li>Platform presence: research notes, articles</li> </ul>

Source: Warhorse Partners 2022.



**Piers Currie**

piers.currie@warhorsepartners.com



**Ian Overgagge**

ian.overgagge@warhorsepartners.com



**Tamsin Webb**

tamsin.webb@warhorsepartners.com



**James Saunders Watson**

james.saunderswatson@warhorsepartners.com



**Georgina Rawkins**

georgina.rawkins@warhorsepartners.com



**Robert Quinlan**

robert.quinlan@warhorsepartners.com