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Johnson & Company

“Marketing Alpha”
Fundraising Intelligence For
“Sub-Institutional” (\$0-\$100 Million AUM)
&
“Smaller Emerging” Managers.

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5 Critical Keys to Successful Fundraising, Strong Investor Relationships + Achieving a High-Conviction Investor Base:

Credibility ♦ Capability ♦ Availability ♦ Accessibility ♦ Accountability

FOCUS

*on what
you can*

CONTROL

Every asset manager and advisor wants "chunky + sticky" assets! = "Large & Loyal" investors.

Those type of assets don't come as a result of "investment performance". The vagaries of the markets (volatility) are too unpredictable, unreliable and uncontrollable: **RELATIONSHIPS MATTER.**

A.I. Chatbots, robo-advisors, Zoom, and the cloud are now "obligatory utilities" within investment management. Investors are completely fine with technology as long as their assets are accessible, secure and "performing". However, **WHEN NOT IF**, their "train jumps the track", they want a **REAL PERSON TO TALK TO: THE "RIGHT" PEOPLE SOLVE PEOPLE PROBLEMS NOT TECHNOLOGY.**

Who lands the plane safely when the skies are turbulent?! Sullenberger!

Institutional investors and private wealth who have complex lives and large diverse holdings want a human at the helm. They **WANT** someone who understands their needs and speaks to their sensibilities. Firms must recognize that the bar to acquire and retain assets is now higher than simply "investment performance" and the perfunctory "management of wealth".

The requirement is now "STEWARDSHIP".

Stewards form **RELATIONSHIPS** that embrace the goals, aspirations, lifestyle preferences, and risk tolerances of their clients. Wealth is never just about money. It's intimately intertwined with relationships – between generations, between values, and between expectations.

Stewardship is about **TRUST**, which is built in droplets but lost in buckets. A mistake can be easily forgiven; but a breach of trust may live on for years. This is the harsh reality post the 2008 financial crisis. The **BIG** lesson that should guide every individual and firm forward: **TRUST** must be embedded in your DNA, personally and organizationally – top to bottom. For asset managers, driving consistent growth is a function of the acquisition, retention and stability of AUM. As such, there's never been a more compelling case for putting **TRUST** at the center of every interaction.

Clearly investors are vocal that transparency and professionalism are what matters to them. Being explicit about how you are earning credibility and demonstrating professionalism to prospects and clients positions you to offer real value and engender the **TRUST** that sustains relationships despite the climate (chaos, crisis, conflict & change) and makes AUM "chunky + sticky".

Creating enduring relationships predicated upon **TRUST** takes work—and there are no shortcuts. It requires a "process" for disciplined + consistent "investor-centric + prospect-specific" engagement.

Execution beats talent all-day, every day!

"Execution" is 100% within a manager's or firm's control: So we "control" what we can "control". By focusing on aspects within our power to influence or change, such as **OUR** actions, we won't dwell on external factors we cannot influence, like other people's behavior or circumstances beyond our influence. This promotes resilience and reduces stress by fostering conscious choices, disciplined responses, and a proactive mindset towards inevitable uncertainties such as "market volatility".

The "Trust Process" has 5 fundamental execution components all within manager/firm control:

1. CREDIBILITY

- a. Everyone in investment management understands: It's critical clients trust you. Case in point: Western Asset Management saw more than \$50 billion of redemptions from US government allegations that a once-star manager engaged in a three-year fraud. Less obvious is how YOU can earn and develop TRUST, especially with potential clients. Credibility is evident in a case study or an advanced degree. Someone with a CPA or CFA has validation from an established third party they are qualified to do certain kinds of work. You may be more likely to believe they're a credible provider of a given service. The issue is you can simultaneously be credible, but not trustworthy. TRUST is your impression of another human being. Clients grow to trust by working with YOU and spending time with YOU, formally and informally. TRUST is also transferable: Most people are likely to stop shopping around for a provider if they're given an "introduction" from a trusted person. *I trust Greg and if Greg trusts Jill...* Think of it as the 'Transitive Property of Trust': One of the best ways to create new relationships and find new clients is to understand your eco-system G.R.O.S. (geographical and relational opportunity set) and form a strategic and tactical process to appropriately EXECUTE to form TRUSTED RELATIONSHIPS.

2. CAPABILITY

- a. Far too frequently asset managers and advisors think "capability" is professional competency and skills, such as analytical ability etc. Those "professional" traits are table stakes. The bigger and perhaps most important question is "are YOU and YOUR FIRM capable of handling the personal and qualitative components of the professional RELATIONSHIP. Risk aversion by investors and allocators brings issues such as "career management" into the allocation decision.

PROSPECT KNOWLEDGE > PRODUCT KNOWLEDGE

3. AVAILABILITY

- a. There's a BIG difference between "availability" and "accessibility". It Pays to Know the Difference. YOU can be *available*, but are YOU fully *accessible*? Sometimes, just the requirement that the other person needs to initiate the action is enough of a barrier to prevent valuable engagement. Are you sure you're as accessible as your availability suggests? Are you ever surprised to find someone didn't reach out to you when they needed your support? How might you adjust your tactics to ensure you're more accessible? *availability* is passive posture and *accessibility* is active. In fact, there are many times when you may make yourself available, but you're not accessible (or fully present), and as a result, the time is highly inefficient for everyone involved. It's not about 24/7 availability, but about relevant access, being "accessibly available".

4. ACCESSIBILITY

- a. While availability is about time (quantitative), accessibility is about presence, focus AND connection (qualitative).

I.Q. (capability) gets ATTENTION; E.Q. (ACCESSIBILITY) gets the ASSETS.

5. ACCOUNTABILITY

- a. In a climate where efficiency (cost reduction) drives greater use of technology and resource allocation, "outsourcing" is increasing. i.e. companies are turning over some of their responsibilities to third party providers. Perhaps no where is this more evident than with hedge funds,, which may be the epitome of outsourcing in investment management, as every basis point "saved" can contribute to performance. "Operational Alpha" has become a significant aspect in manager differentiation and a competitive advantage. It is critically important in this situation to retain accountability, even as parts of operations are outsourced. The reality is that there are bound to be gaps between the company's expectations and what the third-party provider is able to deliver. This will lead to dissatisfied or angry investors. Accountability has to be managed, just like anything else. Think about a project or task that is performed solely inhouse. There is usually a project manager or a department head who is in charge overall, and possibly several other team members who carry out the tasks. When a task is outsourced, there still needs to be someone inhouse who will own the integration of the deliverables. It is important to remember that outsourcing is simply an additional tool to successfully deliver what YOU promise. It does not mean that a computer or third party is accountable to YOUR LPs and investors. Simply, you can "outsource" responsibility, you can't "outsource" accountability. The buck stops with YOU. Are you REALLY "accountable"?

WHAT'S THE TAKEAWAY?

Simply, those managers that want success raising assets, especially smaller "sub-institutional" managers with AUM less than \$100 million, must have a **structured + focused MARKETING PROCESS consistently well-executed with intensity, precision and discipline.**

Survival and ultimately thriving requires significantly "stepping-up" marketing process execution. Those managers and firms who firmly understand this reality and execute will **WIN** raising assets.

Execution of the "**appropriate marketing process**" with unwavering excellence, accountability, consistency, continuous improvement, relentless intensity, discipline, focus and **NO EXCUSES** is now mandatory in a risk-averse, hyper-competitive, crowded and stringently selective manager evaluation and fundraising climate that has significant idiosyncratic behavior and bias.

Since 2011, Johnson & Company has been the only specialist firm providing "**Marketing Alpha**" to "sub-institutional" (AUM \$0-\$100 million) & "smaller emerging" managers to optimize fundraising.

FOR A "NO-BS" MARKETING PROCESS CONVERSATION.

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