

FUNDRAISING: OPEN ALL HOURS

Neel Das, BerchWood Partners' head of EMEA, on the importance of fundraising continuously and listening to how investors want things to work

A manager and their placement agent pitching-up at the office of a prospective new investor only during the road show of a traditional fundraise to de facto ask for a 10-year commitment is a bit like turning-up on a blind date and asking the hapless victim to marry you. The same is true of similar approaches made to existing investors by managers who, since their previous fundraise, invariably have more difficult stories to tell than last time around and may have done a less than stellar job of keeping their existing investors close and engaged.

Today investors tell us very clearly that they want to get to know managers early, over a much longer timeframe, on a much wider & deeper basis and outwith the pressure cooker environment of a fundraise before considering whether to invest with them. Investors also tell us that they require some elements of the same when re-assessing some of their existing commitments and/or relationships with managers in whom they are already invested. In practice it is not unusual for investors to spend 12 to 24 months building a first-time relationship with a manager's team and closely tracking strategy, portfolio and investment performance before they get anywhere close to writing a cheque. This is particularly true as it relates to new, spin-out and emerging (Fund 2) managers in the lower middle-market who may have no, little, captive or still-developing track records, teams and wider propositions. And many more-established managers in the middle-market with developed propositions can also attest to the high level of scrutiny they are under from their existing investors and the significant amount of work, time and effort existing investors are spending when approached to re-up.

Our view is that managers and their agents should pro-actively plug themselves into how investors are now approaching potential new and existing relationships with managers. Fundraising is no longer an ad hoc transaction that managers and agents can dip in-and-out of every 5 years, nor has it been for some time now. Instead fundraising is a continuous '24/7-365' relationship-process that is geared to sourcing and nurturing LP relationships throughout the entire 10+ year term of a fund and which should be undertaken as such. The best environment in which to build relationships is when no-one has anything to 'sell', i.e. when managers are not in formal fundraising mode.

In our experience LPs value early opportunities to meet and build relationships with good managers during this time, specifically because it provides them with an opportunity to offer managers advice and get involved in the early or continuing genesis of managers' proposition (whether it be strategy, investment approach, team, portfolio etc.) and more generally because it helps investors and managers foster more open and collaborative relationships with each other. The underlying managers also receive a significant amount of kudos from investors as a result. These types of relationships and touch-points with investors just do not happen in traditional fundraising and will not happen by osmosis; as well as having the mindset and will to do so, managers should have at their disposal a formal strategy, process, intel', infrastructure, resources, time and professional advice/support to constantly source, engage and nurture new and existing investors. It is a lot of hard work; managers already have enough on their plate with transactions and their portfolio and the truth is that many agents are still simply not geared-up (in terms of business model, mindset, team and experience) to work with managers and represent them within the investor community on a continuous basis.

At BerchWood we provide middle-market and lower middle-market managers globally with a distinctive client service approach, customised services and a proprietary team that are specifically geared to working with managers and representing them within the global investor community continuously and well before, during and in-between formal fundraises. We work with a selective number of high-quality managers over multiple fundraising cycles in order to do so. Often several years before they are ready to formally fundraise, we introduce managers to an appropriate subset of investors from around the world and in connection with us providing managers with an assessment and guidance on their own strategic/commercial development, their investment proposition from an investor perspective, specific potential investors, in-house IR capabilities required to source and engage investors, and on customised marketing programs to engage and build relationships with investors. We are retained by our clients post-closing and in-between fundraises to provide continuous marketing and relationship management services that introduce managers to new investors and deepen their

relationships with existing investors. Our senior team of former general partners, institutional investors and highly experienced placement professionals means we are more attuned to working over the long-term on investor relationships, in partnership with managers and on the delivery of clear and practical advice to our clients.

Neel Das leads BerchWood's distribution, project management and origination activities in EMEA. Neel has spent more than 18 years in the alternative investments industry on several sides of the table as a general partner, a private equity placement specialist and an M&A advisor. Previously Neel led distribution in the UK at the Credit Suisse Private Fund Group and was a partner at Rutland Partners (a UK mid-market private equity firm investing in turnarounds and special situations), a founding team member at Benchmark Capital Europe since re-named Balderton Capital (a global venture capital firm investing in early and later-stage technology) and a senior M&A professional at KPMG. As both general partner and placement specialist, Neel has raised capital from institutional investors globally and led all phases of the capital raising process across due diligence, project management, distribution and investor relations. As a general partner, Neel has played central roles in the formation, strategic development and commercial management of private equity firms including overall strategy, investment approach, portfolio management, team development, marketing and investor relations.

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