Articles & Alerts

HOW EMERGING MANAGERS CAN BECOME ESTABLISGED MANAGERS?

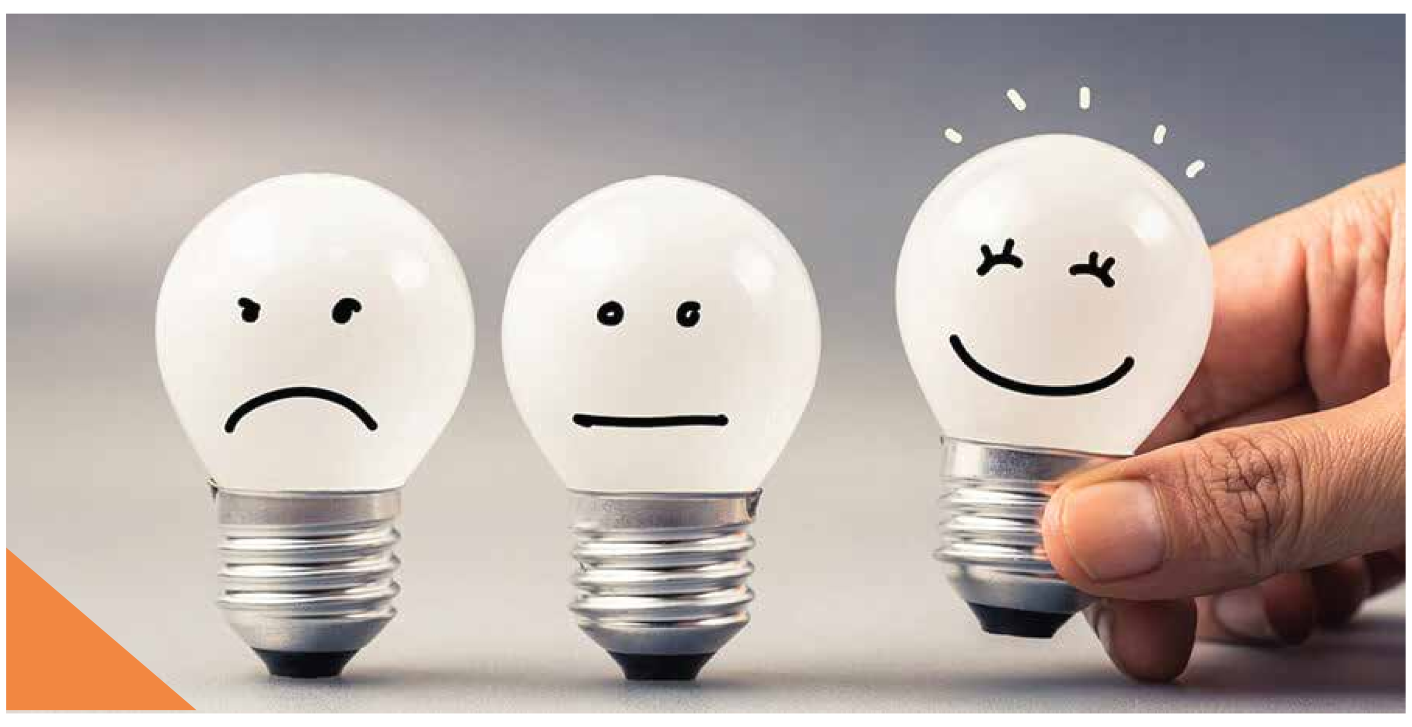
Moving from a new to an established fund manager is a tough but rewarding process. After the first fund's success, planning for the second fund is crucial. Here are five key points for emerging managers to consider:

Early Planning for Second Fund:

Begin thinking about the second fund after deploying the first fund's capital. This helps in raising capital early, ensuring a continuous flow and quicker response to opportunities.

Offer Unique Value Proposition:

Stand out by creating a unique value proposition and a proven record of accomplishment. Develop strong capital relationships and deploy capital strategically before peak valuations.



Robust Accounting, Tax, and Reporting Infrastructure:

As you transition, set up a solid accounting, tax, and reporting infrastructure. Adhering to reporting standards and regular audits builds investor confidence, forming a stable foundation for the second fund.

Engaging Investors for a Second Fund:

Larger investors may seek a stake in the General Partner when taking part in the second fund. Evaluate tax consequences carefully and consider their desire for oversight and committee seats.

Attract Foreign Investors:

Growing and attracting foreign investors requires understanding their preferences. Be flexible in accommodating diverse investor needs, such as separately managed accounts for high-net-worth families.

Conclusion:

Successfully transitioning to an established fund manager involves strategic planning, differentiation, reliable infrastructure, and thoughtful investor engagement. Start early, craft a compelling value proposition, and keep transparent reporting. Adaptability and prioritizing investor needs are key for a successful journey to later funds.