



## Cold Inbounds (Outbounds)

As I have incessantly ranted about in past writings, an investment analyst's inbox has the characteristics of a dark and eerie swamp. Wading through the chest-high sludge of unread messages, reference requests, quarterly GP correspondences, annual meeting invites, current manager meeting/coffee requests, etc., can be more deflating than a backhanded compliment about the majesty of your bald spot. In this murky mix of email clutter, nothing introduces more agita than the "cold inbound" solicitation from an investment manager. Cold inbounds cause so much palpable angst partly because their presence comes with a plethora of options – ignore them, open them knowing you likely will not respond, mentally tag them with a "will read later" label, open them with curious intent and the willingness to provide "no-go" or "next steps" response, etc. Even with the flood of inbounds, analysts know the potential benefits of uncovering a hidden gem, so they try to sort through the chaos of inbounds with their best instincts. In my experience, 50% - 70% of inbound GP propositions are "cold" – in other words, there is no (or very little) prior connection with the sender. So, what aspect of the cold inbound email persuades the recipient to open it? Are there things that senders should avoid or include when embarking on a cold outreach campaign? What commonsense attributes of cold emails provide an increased potential for engagement? There are countless how's, why's, what's, who's, when's, and which's. Consequently, the answers to these questions have more variables than quantum mechanics.

I list below a few characteristics of cold inbounds that have historically been successful in seducing me (or inciting enough FOMO) to engage further.

- **Warm it up a bit:** There are a few ways to microwave a cold outbound email to make it more palatable and less intrusive. Triangulation is key. Use resources available such as Preqin, Pitchbook, and LinkedIn to find valuable characteristics (such as favored strategies, past investments, focus areas, return preferences, etc.) about your target. Almae Matre connectivity is another clever way to lock in eyeballs. The subject line of your cold email assault should be constructed with cunning precision – placing enticing facts about your strategy that have been verified as attractive to your mark can be very effective in sparking further engagement. Subject lines that briefly stated an appropriately sized fund with strong historical returns always lured me into wanting to know more. In the cold email, it is important to show that you have taken the time to understand a decent amount about the peculiarities of the allocator you are contacting.
- **Live or die by the crux:** In addition to causing anxiety for the recipient, wordiness is also a fertilizer for procrastination. Nothing relegates an email to the "will read later" category quicker than a burdensome clumped-up bundle of words. Cold emails must quickly get to the point. Clear and simple statements about your strategy, what makes your strategy likely to succeed, and what characteristics about your firm/team increase the likelihood of the strategy's success should immediately jump off the page. There is no need for a dissertation at this point of engagement - all the prospective LP is trying to ascertain at this initial stage is whether further engagement would be a beneficial use of time. The most effective way to ensure that you are being distinctly seen is to succinctly hammer home your essence. In my view, there are two positives to being clear and direct about your value proposition: 1) You are starting on solid ground if there is further engagement because you have confirmation that something about your strategy resonated 2) If you are turned down, you at least know the rejection was not because of miscommunication or needless infobesity.
- **Smart attachments (no taxing homework):** The best way to complement a succinct email is by attaching a one-pager and/or short pitch deck that hits all the high notes of the investment strategy. I think attaching more than two items to a cold reach-out is equivalent to giving loads of homework to someone you just met



– it won't get done. The attachments serve to flesh out points highlighted within the body of an email. Attachments should provide color and not inundate the recipient with an additional to-do list. Every time an email was successful in seducing me to open an attachment, my main objective was to look for a clear historical track record, glance at the GP's depiction of its competitive landscape, try to find connectivity (and expertise) in the manager's chosen niche and determine the career history of key team members. I was less likely to engage further if I couldn't find incremental clarification on points highlighted in the body of the email.

- **Appeal for action:** If the cold outreach email has enough ingredients to tickle the fancy of the recipient, it is logical to also embed an “ask”. The rational “ask” is an appeal for future engagement. A “30-minute” virtual call, coffee, or meeting is the most EQ-esque request. A 30-minute follow-up is appropriate because it is the least intrusive block of time that allows for a decent amount of strategy unpacking. It also gives the prospective investor the ability to gain direct insights whilst also implicitly providing the allowance for a time extension to “45 minutes” or an hour. This ploy demonstrates respect for the prospective LP's time and puts the onus of inspiring desirability squarely on the GP.
- **My info is your info:** Nothing seduces and tantalizes an analyst more than the promise of quality information. An audience of intellectually minded potential investors will almost always hungrily respond to carefully substantiated proof of market intelligence (and unique investment insights). If the information shared is viewed as useful on an ongoing basis, the trust and rapport generated can form the foundation for an eventual solid GP/LP relationship. I believe it is always a good idea to insert an offer to share information within the cold outreach because this provides an avenue for further engagement without the uncomfortable presence of the “transactional” guillotine hanging over every interaction.
- **Short-termism leads to demise:** Related to the previous point, I think creating grounds for further engagement should be the primary goal of reaching out (cold) to a prospective LP. A GP can insulate itself from the abruptness of outright rejection by positioning itself as a long-term-focused serious investor who understands the value of relationships. A long-term approach meshes perfectly with the long-tail nature of most private assets investing, so the over-signaling of a short-term, market timing, and/or transactional mindset can be very detrimental. Conveying a long-term-minded proclivity within the outreach eases the inherent tension that comes with an uneven power dynamic and gives the prospective LP the freedom to be less guarded and more transparent.

There has only been mythical support for silver bullets' efficacy in the eradication of werewolves. However, in the real world, magical solutions to complicated problems are nonexistent or extremely rare. Attempting to initiate and sustain engagement with prospective LPs is not an easy proposition. Guile, emotional intelligence, sincerity, and transparency are handy tools that can help crack the code.

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*May 19th, 2024.*