

BRIGHTON HOUSE a s s o c i a t e s

Executive Summary

How BHA Changed the Paradigm

Brighton House Associates is a data research company focused on the alternative investor market. Governmental regulations disallow the use of traditional lead generation and direct marketing techniques within the alternative investment industry. As a result fund managers are forced into a “blind” sales environment when raising assets. Once a manager’s friends and family network is exhausted, one option for raising money from investors is to outsource the efforts. Enter expensive third party marketers and placement agents, whose efforts and focus are hard to quantify or prime broker capital introduction desks which return notoriously mixed results. Other vehicles include mass marketing campaigns that encompass cold-calling off of unqualified databases, targeted email campaigns, costly marketing trips, and numerous conferences. Managers are fortunate if these efforts result in a 1-2% success rate.

Up until now, marketing efforts have always been strictly **manager focused**. A fund would have an internal or external marketer contact and market to any investor that would take the phone call or answer an email. BHA has changed the marketing paradigm by making the process **investor focused**.

The way BHA changed the paradigm is rather than attempting to pursue every investor within reach on behalf of a manager; we have taken the investor’s interest and allow them to source managers that are an exact match to their mandate. Investors work with Brighton House because they know that if they provide us the details of what type of fund they are currently searching for by strategy, asset size, etc, BHA will funnel managers that are an exact fit for the profiles they seek.

Today, investors are being inundated with calls and emails from a plethora of managers, and paradoxically only a small percentage of these are an actual fit to their current search mandate. BHA did a large amount of due diligence with the investor community in order to design a platform that not only helped managers target investors, but also helped investors hear from managers that they actually wanted to engage and have dialog with. When speaking to an investor, BHA often hears that even though many investors subscribe to the various industry databases and some even use expensive investment consultants, many are still having trouble finding managers that fit their search criteria. In many cases, investors have told BHA that they often have to take up to 20 meetings to find a single manager that fits their criteria. The time drain before an investor can even begin the process of due diligence is daunting. In addition, many investors understand that successful manager selection has as much to do with manager talent as it does to being in the right strategy/sector/geographical region at the right time. Therefore, it is paramount to investors to get access to every potential fund manager that fits their search mandate.

What BHA Is Not

Brighton House is not a fund marketer, nor is BHA a broker/dealer. When speaking to investors, the identities, names, locations, and personnel of our clients are held in the strictest confidence. We approach alternative investors with no agenda and do not pitch or sell funds. BHA does not accept any commissions or success fees. BHA does unbiased, neutral research on alternative investment fund investor mandates which clients can use to more efficiently target investors and we do not enter into the sales process in any way.

The management of Brighton House Associates has years of alternative investment fund marketing experience and understands the difficulties involved in marketing funds. In fact, the company was formed to help alleviate many of the challenges mentioned above in the current marketing paradigm. The source of the problems inherent in marketing private equity, real estate and hedge funds is the inability of managers to effectively target investors that are a match to their fund. Because of our marketing background, BHA understands that if a manager can spend his marketing efforts focused only on investors that are currently looking for a fund that is a fit; their success rate will be much higher.

The BHA Service

Solving the problem of efficiently and effectively researching the global alternative investor market, BHA built the largest, most comprehensive database of alternative investors. Also, so that our clients' time was spent most effectively, there had to be some qualifying characteristics for investors to be included in the database. A minimum level of \$25M invested in alternative strategies was implemented to make sure that the investors in the database were large enough to be able to make regular, consistent allocations to these funds.

Today, BHA's investor database numbers 35,000 contacts and is one of the most comprehensive sources in the world for information on alternative investors. The database is globally diverse, with approximately 40% of the constituents based in North America, 40% based in Europe and 20% from the rest of the world. The database is made up of 16 investor categories, from foundations, to family offices, to pensions and endowments.

To bring the database to life, BHA employs 25 research analysts who profile investors in on a daily basis. Every week the analysts make 3000 phone calls into the database which result in 300+ investor conversations. From those 300+ conversations, 100-125 investors are profiled by the research analyst. A profile is a mini-due diligence questionnaire which outlines what type of fund the investor is looking for by strategy, asset size, minimum length of track record, historical volatility and performance, and any sector or geographical focus. This daily research is what allows BHA's clients to efficiently target potential investors for their marketing campaigns.

A BHA fund manager client typically receives a minimum of 2-4 investor leads per week from their research analyst that were profiled, in many cases, within the last 24 hours of when the lead is sent. The data profiles are timely, updated, accurate information about an investor. The investor profile outlines their current mandate and describes the type of fund they would like to find to fill that mandate.

The second method used by BHA clients to access leads is through our web based platform. BHA provides a powerful lead generation and matching technology to help clients automatically identify investor fits. BHA's investor research platform was designed to help manager's sort, search, and target investors.

Creating a Compelling Business Model

BHA devised a business model based on a bi-annual or annual subscription service. Brighton House charges an annual user license fee, per fund strategy, of \$37,500 which includes a dedicated research analyst and full access to the online investor research platform. Furthermore, a manager can initially engage BHA for a 6-month subscription for \$20,000. The value proposition is easy entry and exit to the service, no long term commitment to try the service, no success fees associated with the service, a low cost outsourced investor research/lead generation and marketing support vehicle, which nets out to a little more than \$3,000 a month --all of which is a bargain by alternative fund industry standards.