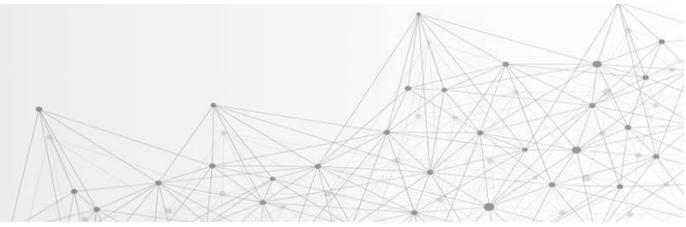


“BETTER” BEST PRACTICES

Common Sense Communications in the Age of Social Media



How to tell, control and *correct* a story in 2021

With so many voices – how are managers managing their narratives?

When Flying Under the Radar Isn’t an Option

Hedge fund and alternative asset managers have traditionally preferred to keep a lower profile – with certain exceptions, of course.

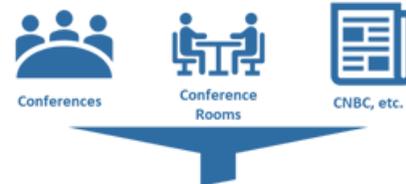
It was easier to manage one’s message when the main venues for doing so were **the three C’s: conferences, conference rooms and CNBC**.

If external parties were talking about a fund, it was typically part of the mainline media/journalism sphere – usually from an organization that adheres to norms like basic research, fact checking, and the ability for firms to respond.

That has changed.

Stories, rumors and attention can now arise from hundreds of different social media platforms or chat rooms across the globe.

Does this really matter?



Yes. Crisis management and being able to control a firm’s narrative isn’t just a reputational issue anymore. **It can be a portfolio and risk management issue.**

Norms and best practices are still taking shape, but since it’s hard to manage what you aren’t aware of – **a growing number of firms are seeking ways to understand it whether with internal or external resources.**

It has also prompted a rethink of when, why and how to engage with **mainline and traditional** media sources, so in the event a story breaks *from* a social media post, it may be possible for managers to leverage other media outlets to respond.

Basements, Not Boardrooms: Managing Social Media Isn’t Like Managing Traditional Media

Mainline/Traditional Media

-  ➤ **Limited Universe:** Finite number of television, print, online publications or sponsored conferences
-  ➤ **Fact Checking:** Basic to extensive research
-  ➤ **You Know It’s Coming:** Typically aware of coverage before publication and is given an opportunity to comment or respond
-  ➤ **Bilateral Relationships:** Managers had tighter control of narrative and messaging with traditional/mainline media, their partners and counterparties
-  ➤ **Ongoing Engagement:** Opportunities to build relationships with journalists besides when stories are breaking

Social Media

-  ➤ **Unlimited and Growing:** Nearly unlimited number of global platforms and contributors
-  ➤ **What ‘Norms?’:** Individual posters who may be anonymous vs. corporate journalists
-  ➤ **No Diligence:** Posters aren’t required to diligence claims
-  ➤ **Highly disperse:** Basements, not boardrooms or studios
-  ➤ **No Notice, Little Pushback:** Lacks straightforward ability to correct narratives
-  ➤ **Speed.** Rumors can go viral in minutes/hours
-  ➤ **Has increased importance of mainline media as outlet to correct a wrong narrative**

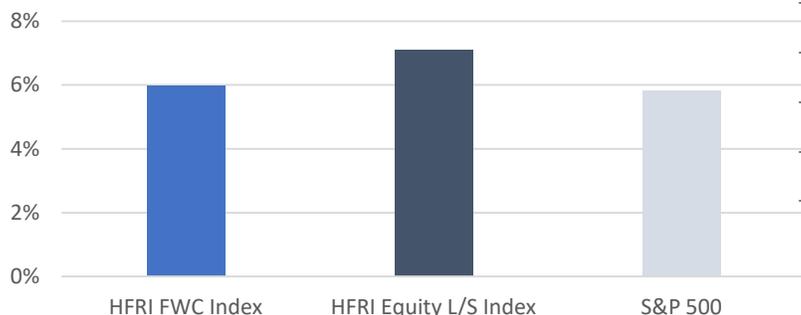
The World Has Changed – So Has Messaging

Social media has changed the world such that even if an individual or organization **wants** to fly below the radar and stay anonymous, it can be hard to do.

What has this meant in practice?

- ✓ **Social media as a ‘source’:** Journalists have adapted their practices to source stories from social media – while maintaining standards around research and fact checking. But this growth in potential stories and sources is creating ripples in how firms respond.
- ✓ **Awareness:** Managers and organizations are increasing efforts to identify rumors and social media posts across all corners of the internet.
- ✓ **Preparedness:** In some cases, managers may rethink an approach that would have traditionally shied away from any media engagement. Before the rise of social media, it was easier to identify and understand the media landscape, and the stories that may emerge about one’s market activity or business. Now, **since what happens on social media doesn’t necessarily stay on social media and can move markets**, it has become even more important to be prepared for issues that may leap from social media into the wider mainstream.

1Q2021 Performance

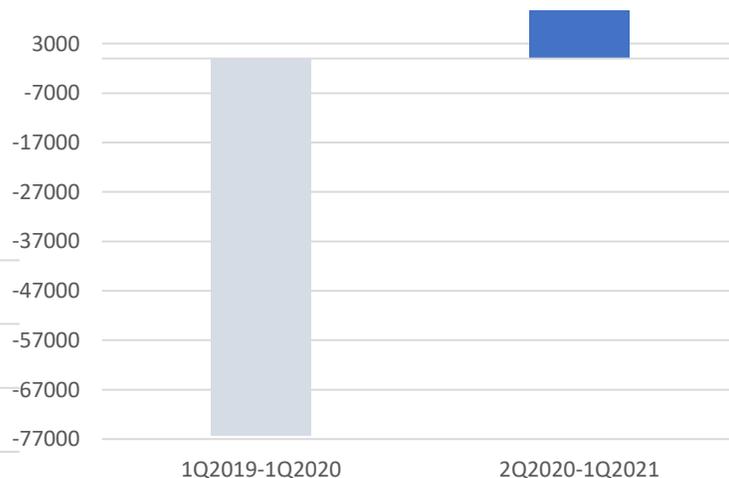


Source: HFR

- ✓ With hedge funds **marching to their best first quarter performance since 2000**, some anticipate an even bigger spotlight on the industry. After years of perceived underperformance, the return of hedge funds’ strong performance *could* result in more headlines, and more headaches. **Changes in media structure and market structure:** Are putting hedge funds broadly back at the center of stories – whether welcomed...or not.
- ✓ **When PR goes from public relations to portfolio risk:** Public relations professionals sometimes served as an additional buffer between a firm and the media. Now, they can help by being proactive and facilitating engagement by arming firms with the tools and knowledge that can help **correct or control a story**.

Strong flows and surging performance are putting hedge funds back on the front foot – and in the public eye

Resurgence in Net Inflows to Hedge Funds



Source: HFR

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