1 Big Thing: your communications style is outdated

The oldest millennials are in their mid-thirties and this could seriously impact how asset managers communicate with clients.

Why it Matters:

- Older millennials are in decision-making positions at institutions, at consultancies, and at wealth management firms.
- They are a larger age cohort than Baby-Boomers
- They consume information differently that both Boomers and Generation X'ers

Be Smart: Asset management firms who can balance modern linguistic styles with their brand identity will be more likely to reach more potential clients in an era of peak content.

But, but, but: This doesn't mean brands should forgo their traditional identity altogether. Instead they must fuse their brand with an emerging style.

The Times They Are a-Changin

Okay, so if you happen to read the daily briefs from Axios, the above format will look familiar. That format is a buttoned-up version of changes in how we receive and digest information.

Sure, any number of industry reports will tell you that advisors want more digital engagement, but few—if any—explain what that means or looks like beyond polling what percentage of advisors look to email, LinkedIn, Twitter, Facebook, podcasts, etc.

To really see how our style is changing, here are a few examples pulled from various newsletters, most of which are retail-oriented. It's no grand statement to observe that the asset management industry is notoriously slow to change. It took how long for FINRA to advise on Twitter or LinkedIn? The point is that if you want to see what's coming or how to communicate, look towards direct retail communications.

A Brave New World (of Style)
$he $pends is a website and newsletter whose motto is: "giving you actionable tools to tackle the wage, investing and board seat gaps." With such ambitious goals, they use punchy, bold, and humorous language to convey their message.

Here's how they summarize the weekly news. Take note of the headline and subject lines.

?! WTF Happened This Week?

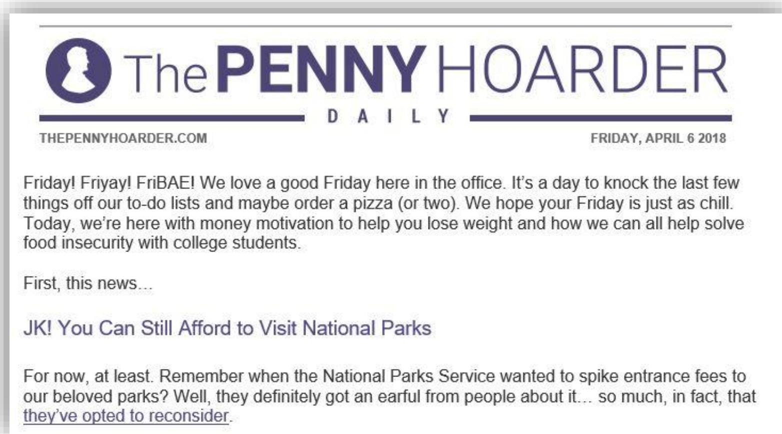
Trade War Heats Up, Walmart Ponders A Health Care Acquisition

- **TRADE WAR:** The trade war between the United States and China heated up this week, with both countries floating potential tariffs on products like soybeans and aluminum. CNBC explains how we'll know if it's an actual trade war, not just a symbolic beef.
- **EMPIRE FALLING:** Bill Ackman's hedge fund, Pershing Square, is bleeding money, according to the Wall Street Journal. Ackman is the notorious investor who shorted Herbalife and Chipotle, among other companies.
- **MORE EXPERIENCE, MORE PROBLEMS:** Apparently too much experience is a bad thing, at least for women in tech, according to Recode. As women gain experience in tech, the pay gap between men and women in the field widens.
- **THAT JOKE ISN'T FUNNY ANYMORE:** Elon Musk made a bankruptcy joke about his electric car company, Tesla, this week, and investors freaked out, the Wall Street Journal reports.

The title alone jumps out at you. Hardly something we advise sending to consultants, but important to consider that this level of informality resonates with their readers. Additionally, note how the headlines are both amusing and referential: "more experience, more problems," clearly riffs off The Notorious B.I.G.'s "Mo money, Mo problems."

Don't doubt for a second the importance of millennial references from the '90s. Think of how many shows millennials grew up with that are returning to TV: Rosanne, Will and Grace, Gilmore Girls, Twin Peaks, and Netflix added more episodes of Arrested Development and turned Wet Hot American Summer into a series. And of course, there's this segment from Saturday Night Live. The reference to Biggie Smalls is more than just fun, it communicates identity and affirms that the sender of the content doesn't just "get it," but more importantly, they "get you."

Let’s look at another newsletter. [The Penny Hoarder] is a personal financial website and was named the fastest-growing private media company in North America [by INC 5000]. Headline emails like the example below probably help. It’s filled with millennial laid-back tones and super-fun jargon.


The PENNY HOARDER
DAILY
THEPENNYHOARDER.COM FRIDAY, APRIL 6 2018

Friday! Friyay! FriBAE! We love a good Friday here in the office. It’s a day to knock the last few things off our to-do lists and maybe order a pizza (or two). We hope your Friday is just as chill. Today, we’re here with money motivation to help you lose weight and how we can all help solve food insecurity with college students.

First, this news…

JK! You Can Still Afford to Visit National Parks

For now, at least. Remember when the National Parks Service wanted to spike entrance fees to our beloved parks? Well, they definitely got an earful from people about it… so much, in fact, that they’ve opted to reconsider.

Can you believe it? Two amazingly fun and casual reference in the first three words? That’s 66.67% of fun words before getting into the meat of the headline! You can often find “Friyay” references on the web with beer or wine next to them, or the play on Friday with Bae, a fading but still prevalent term of affection for one’s “significant other.” The point remains, this casual and approachable language is more welcoming than most quarterly letters.

The fight for attention is a big fight, and readers want something informative and fun. Being fun matters in the world of attention getting. With everyone worrying about content saturation, standing out, being fun and approachable matters. Consider this article from The Penny Hoarder:

To capture the reader, The Penny Hoarder blatantly states they’re aim is to make it fun. As a reader, that’s far more appealing than not being fun.

No discussion of modern/millennial style would be complete without a discussion of theSkimm, a daily newsletter founded by two former news producers targeting female millennials. There's money behind building their audience. Google Ventures and others just raised $12 million in a recent round of funding. They deliver news in a compelling way to an eyewatering demographic. As they stated via ReCode:

> We have revolutionized the delivery of news and information to the most coveted demographic and, as we look to grow our membership by expanding our products and services, GV's expertise and data-driven mindset makes them the ideal partner to aid in our expansion.

What are they doing so differently that traditional outlets are not? Why are Google Ventures and others pouring so much into theSkimm? Because their style, their approach, and their delivery create a lasting audience by speaking to their readers as humans.

So, what does a newsletter valued at $55 million look like?

AGAIN.

The Story
This weekend, dozens of people were killed in a suspected chemical attack in Syria.

The What
The country's civil war has been going on for seven years. And rebel groups have been steadily losing ground to President Assad's forces. This alleged chemical attack happened in the last rebel-held town near the capital. Dozens were killed. And hundreds are thought to be injured. Symptoms point to a chlorine gas attack. Aid groups on the ground blame the Assad regime. The regime denies it. No one can confirm what happened since Assad forces are blocking access to the area.

Give me more background.
There have been horrific chemical attacks like this before. And endless attempts to end the violence. Less than a week ago, Iranian, Russian, and Turkish leaders met to brainstorm ways to speed up the end of the war.

What's the Trump administration saying?
President Trump called out Assad for the attack - plus Russia and Iran for supporting him. And said there'd be a "big price to pay." Last year, Trump ordered a missile strike in response to another chemical weapons attack in Syria. It was the first time the US directly intervened against Assad in the war.

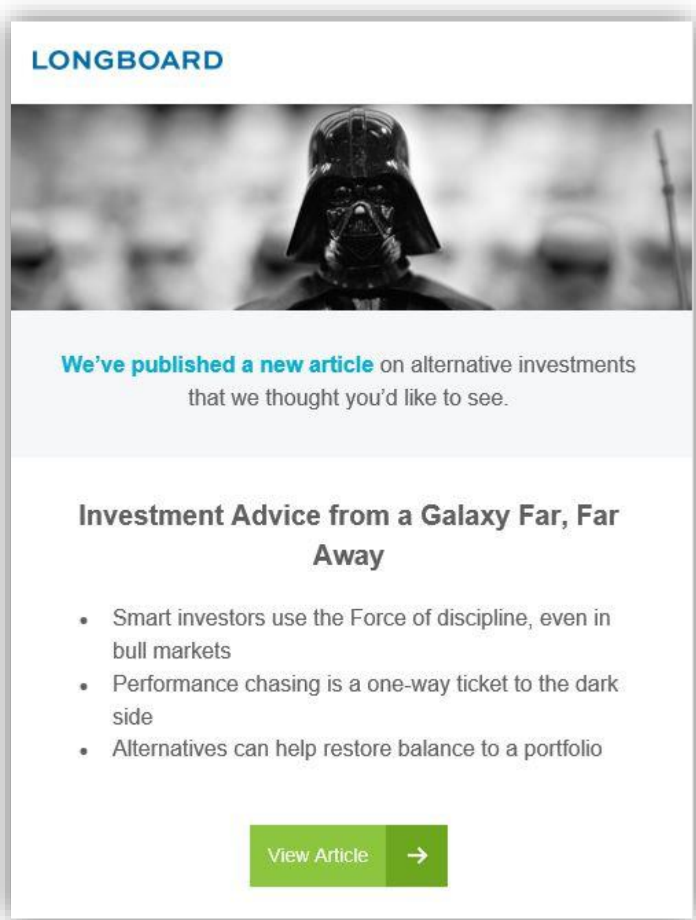
Anything else?
Last night, Syria claimed an air base there was hit with a missile attack, and that the US was likely behind it. But the US said 'wasn't us.' Now, Syria and Russia are pointing the finger at Israel - and Israel said 'no comment.'

theSkimm
The US has never had a clear policy on what to do - or not do - about a war that's killed hundreds of thousands of people. Just last week, Trump said he wants the US to get out of Syria asap. This might change things.

The news is serious, the tone is lighthearted.

Cool. But how does that affect asset management—at all?! Good questions, we're getting there. Three, two, one, and, go.

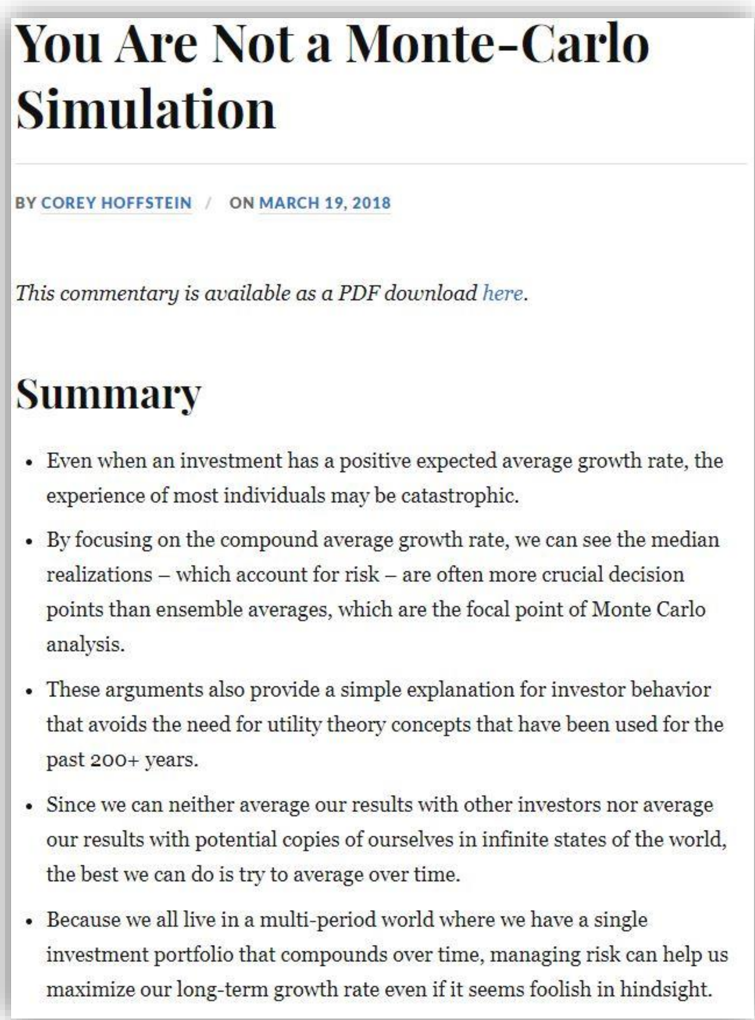
Putting the Fun in Fund!
So, is any of this happening in the asset management space? Yes. Is it as loose and casual as retail? No, but that's OK. Bill Gross did a fine job of keeping bond discussions approachable, and Warren Buffett is the master of sounding folksy. Smead Capital often uses song lyrics in their missives, and I've seen references to Game of Thrones at some firms. Longboard recently went so far as to invoke Star Wars as a means to discuss alternative Investments. Here's an example from one of their newsletters:



I particularly appreciate the use of imagery and the use of Star Wars lingo in their bullet points, not because of my love for Star Wars (which is large), but because of the consistency and commitment it brings to their approach. It's a full commitment to rethink the discussion of dry topics into something far more interesting.

I recently came across another younger firm, Newfound Research. They write about traditionally dry items, but their relaxed and humorous tone provides the reader access to more obscure subjects.

They make Monte-Carlo Simulations fun.



You Are Not a Monte-Carlo Simulation

BY COREY HOFFSTEIN / ON MARCH 19, 2018

This commentary is available as a PDF download here.

Summary

- Even when an investment has a positive expected average growth rate, the experience of most individuals may be catastrophic.
- By focusing on the compound average growth rate, we can see the median realizations – which account for risk – are often more crucial decision points than ensemble averages, which are the focal point of Monte Carlo analysis.
- These arguments also provide a simple explanation for investor behavior that avoids the need for utility theory concepts that have been used for the past 200+ years.
- Since we can neither average our results with other investors nor average our results with potential copies of ourselves in infinite states of the world, the best we can do is try to average over time.
- Because we all live in a multi-period world where we have a single investment portfolio that compounds over time, managing risk can help us maximize our long-term growth rate even if it seems foolish in hindsight.

This is a fine example of brand building using a more approachable tone. It's definitely not institutional in tone, but that's okay because as millennials age we're going to be less focused on proving we sound smart, and more focused on proving we're relatable—the title alone suggests that the firm "gets you" and less focused on the fact that they can talk about Monte Carlo simulations. That resonates with readers.

As millennials take over more senior positions at all levels across the industry, it will be more important than ever to think beyond millennial jargon and re-think your firm's communications style. Certainly, social media will matter, but it remains to be seen how much. Not to mention the effect compliance plays in permitting its use.

The notion that a campaign, an ad, a missive, an email, should reflect something authentic or personal, something beyond just what the S&P did versus your benchmark will be the difference between building an audience and directing traffic. The former provides value, the latter drives away.

Finally, since we're about distilling information and communications down to digestible pieces these days, here are some key takeaways to bear in mind as you develop your firm's communications.

- Speak like a human—authenticity matters
- Speak casually—no one wants to hear how smart you are; they want to hear what you think
- Informal is the new formal—it's obvious when you try too hard