



5 Tips to Shape Your Shareholder Letter

It's that time of the year when portfolio managers, marketing, and compliance all perform the wonderful ritual of brainstorming clever unique ideas before running out of time and rapidly throwing together yet another quarterly letter.

Years of working both in-house and as a consultant have sharpened my eyes to the whole shareholder letter content creation process. So, until you decide to scrap it altogether, here are five things you can do right now to improve your letters and help them stand out.

Stop reporting on the market

I've [argued](#) before that you do not need to report on how the S&P 500 performed in a quarter, especially if it's not your portfolio's benchmark. You are not a reporter. You are the steward of your portfolio. Your clients look to you for guidance, insight, and security—not the latest moves of the S&P 500, Barclays Agg, or 10-year note.

Recently, when prepping a client for a media interview, my colleague Trevor offered some great thoughts on this topic. If you replace the word 'reporters' with 'clients', you'll see the sentiment remains the same:

...reporters often supply the 'what' while fund managers are expected to explain the 'why.' Reporters would love to see just a bit more extrapolation in any of the topics you discussed. Why there are still thoughts of a global slowdown, what those fears may be, why small caps experience more natural volatility, etc. The more insight you can give them, the more useful your commentary will be to their piece ...

By focusing on the why, you free yourself to write about your investment philosophy, which—after all—is why your clients are with you.

You don't need to prove you're smart

Too often, investment companies produce letters that sound dense, stodgy, and affected. That kind of writing is great for the *Journal of Portfolio Management*, but not your shareholder letter. Do you need to use the word 'convexity'? Probably not. Approach your letter as if you were writing for *USA Today*, not the CFA Journal. Remember, a lot of intermediaries pass these letters on to end clients.

Most of your investors already assume you're smart. They're not looking for proof in your letter. Instead, they're looking to hear how your investment philosophy will handle various market situations, from volatility, the Fed, M&A, to any other topic pertinent to your portfolio. Depending on your strategy, you may need to talk specific securities, or political climates in Ghana. Either way, this is the chance for your clients to see the world from the view of your investment philosophy, and by extension, your firm.

Your Philosophy Matters



Picture This

Your shareholder letter is a story to your clients. By adding charts, memes, gifs, or other images, you bring visualization to an otherwise dry process. Pro tip: go to a [meme generating site](#) and create one that helps you explain your views or your investment process. Who knows, maybe it will even go viral. Images also provide you with something eye-catching to post on social media, if you go that route.



Be Authentic

The era of synthetic or manufactured commentary is over. If you're not authentic, you'll fail to gain traction with readers. As millennials enter management roles and Gen Z enters the work force, you can expect more pressure to sound relatable and more human. The less manufactured, the more accessible to the coming generations of readers.

Length

There are several articles on ideal length, and they vary by the depth of the article you plan to write. For a shareholder letter, which tends to be a great platform for longer communication, we follow the guidance from a study by [Medium](#) suggesting that reader engagement is about seven minutes, or about 1,600 words. Also, we'd also suggest that any article you write be at least 300 words, otherwise you might as well spend your time tweeting.

There you have it. A few simple tips to add a little oomph to the quarterly process.

Bonus Tip (lucky you): Formatting

Make sure your content is digitally digestible as well as printable. Those Gen Z types may consume everything online, but your Boomers may still want a printable version or pdf.

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