

Our Take: Hedge Funds Are Hiring



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By **Jon Jacobs**

While investment banks hemorrhage jobs, hedge funds continue to hire. But crossing the aisle is no easy task.

One William Street Capital Management, a new asset-backed securities hedge fund launched by ex-Lehman securitization chief David Sherr, is one of at least 10 fund startups that plan to raise more than \$1 billion each this year, according to Bloomberg.

To be sure, the job opportunities within these funds are dwarfed by the more than 10,000 Wall Street slots blown up by the credit crunch. Hedge funds, especially startups, run lean-and-mean. Most wait to have at least a year under their belt before taking on any analysts or staff to backstop the principals who manage the portfolios.

While the new entrants gear up, established fund groups continue to grow both product offerings and infrastructure and, consequently, headcount. Apart from a few well-publicized disasters such as Peloton and Sailfish, headhunters say the sector isn't stymied by Wall Street's travails - not even by Bear Stearns' near-collapse. "My searches have not been put on hold," hedge fund executive recruiter Sandy Gross told eFinancialCareers News.

Greatest Demand is For Support Roles

Discussion of hedge fund careers usually focuses on portfolio management, where top performers enjoy rock-star status and routinely pull seven- or eight-figure incomes. But funds' need for additional bodies actually is strongest in supporting roles like accounting, marketing, client service and asset gathering. These supporting players make out well financially too, compared with their counterparts at non-financial corporations and investment banks.

"The accounting and risk areas are where we've seen the most shortage" of experienced hedge fund talent, says Adam Zoia, managing partner of Glocap Search. "In the accounting area there's just an absolute shortage."

Another fast-growing specialty is client service. As the largest hedge fund organizations pull in more institutional money, they must deliver more than just investment returns. "You don't just go out and shake an institution's hand and walk out with a check," observes Tom Kellerhals, senior partner at the Westminster Group. "There's a protracted selling cycle based on the RFP (request for proposals), and then there's a client service cycle once you have the institution's business."

As a result, fund groups are seeking professionals who have experience communicating with institutional investors. While previous hedge fund experience commands a premium, many of these jobs also are open to people from a traditional "long-only" asset management background. Kellerhals says competition for the limited pool of hedge fund client service, RFP and marketing professionals is driving up compensation by 20 percent this year.

Investor relations - wooing clients to invest in hedge funds - is yet another "booming market," says headhunter Ken Murray, president of Mercury Partners. Rather than leave asset gathering to their prime brokers, Murray says, "funds are increasingly realizing the importance of it and are dedicating resources to it." Compensation usually consists of a base plus percentage of assets attracted, and can exceed \$1 million for a very successful practitioner.

Mixed Outlook for Investment Professionals

For portfolio managers and analysts, the picture is more complex. Those with a history of outperforming return benchmarks for their strategy are always in demand. Experience investing in distressed bank loans or markets outside the U.S., especially emerging markets, is hot right now. On the other hand, there is a glut of candidates with experience in some areas of fixed-income. And pay guarantees are disappearing, says Sanjeev Sharma, a recruiter at Michael Page International.

Candidates who seek to jump from banking to hedge funds face an added hurdle. Hedge funds demand a well-defined skill set that includes "alpha generation, portfolio construction, and most importantly, client interaction," says Kyle Ramkissoon, principal at IJC Partners. Wall Street's reserve army of castoff mortgage originators and structured fixed-income sales people - and even model developers and programmers - lack these essential ingredients. Even some candidates with fund experience, such as analysts laid off from Goldman Sachs Asset Management early in March, are less desirable because they "are not doing the actual portfolio management piece," Ramkissoon observes.

A wide-ranging investment background also presents an obstacle. "A generalist skill set basically means no deep specialized expertise in any asset class or strategy. That's not good in this market," Gross says. She advises candidates to "be creative about ways to reinvent yourself," breaking out and emphasizing "a very specific skill-set that's different from what others have. You can't play that generalist card in this market."