

## Hedge funds and private equity firms in a battle for asset-raisers

by Dan Butcher 6 June 2016



Hedge funds and private equity firms might be struggling currently, but there's one part of the business where demand for skills remains high. Sales, marketing, distribution and capital-raising professionals are all highly sought-after currently

There were 838 alternatives marketing moves in 2015, a significant increase from 2014, according to data tracked by headhunters Context Jensen Partners, which focuses on distribution roles in the alternatives space. Further, hedge fund distribution/capital-raising moves have increased by 55.5% and private equity distribution/capital-raising moves have increased by 84.6% from the first quarter of 2015 to Q1 of this year, per CJP.

"2015 was up on 2014, and 2016 is up on 2015 across the board," said Sasha Jensen, founder and CEO of the firm. "We've seen an enormous shift in private funds groups, private equity and hedge funds for a number of reasons. "You've probably been hearing a lot of rumours of consolidation and funds closing, but we've seen a real focus on hiring for marketing and asset raising."

As well as sales, distribution, business development and marketing roles, firms are also recruiting for heads of investor relations, capital introduction specialists and COOs where the job involves heading up distribution.

## **Why hedge funds are hiring marketing professionals**

A number of factors have changed the hiring outlook for buy-side sales, marketing and distribution professionals, because everyone is chasing institutional money from foundations, endowments and defined benefit pension plan sponsors.

For example, the Kentucky Retirement Systems (KRS) recently allocated close to \$100m for investments in Anchorage Capital Partners, BlackRock's Global Alpha Opportunities fund and the Finisterre Global Opportunity fund, as well as investing more money in Prisma, KKR's fund-of-hedge-funds division.

An increasingly common phenomenon is hedge funds remunerating these distribution specialists over a two-year period, rather than a one-year contact.

"You really need a 20- to 24-month time period – you can't do it in one year," Jensen said. "A basic salary for one year plus bonus is not enough to attract top talent anymore."

There has been no let up in capital raising hiring in 2016. The alternatives space continues to attract talent, with investment banks and traditional investment managers on the losing end, says Jensen.

CJP tracked more than 80 hedge fund and private equity marketing moves in January of this year.

In February, Sarah Sandstrom became a partner in the private funds group at private equity firm Campbell Lutyens. Previously, she was a capital-raising managing director in the private fund advisory group at Lazard. In March, Ian Shea left his position as director and head of equity manager research at bfinance to join Acadian Asset Management as a director of sales and client service.

"We are seeing an exodus from prime brokerage and long-only asset management firms, as well as investment banks and the wirehouses, to hedge funds and private equity firms," Jensen said.

"It doesn't matter if you have a brand and lot of AUM, you actually need someone who has relationships with institutional investors so you can get a meeting regardless or despite of product performance, and who can lead a sales and marketing team," she said.

## **Hiring marketing and distribution talent anyway**

Despite the negative performance of most hedge fund strategies in the second half of last year, firms have in fact increased marketing hires in an effort to provide improved client service and retain assets under management despite overall fund underperformance.

Multi-strategy and global macro, two strategies with strong performance in 2015, saw the most significant outflow of talent over the past year, says CJP's research.

Equity strategies still represent the most volume of movement in the market, which is unsurprising given the overwhelming number of firms employing this strategy.

The biggest story, both in hiring and in general, is in credit, with both public and private debt attracting significant new talent, particularly during the middle of 2015, according to Jensen.

While early 2015 was slower in terms of private equity distribution hiring, demand for private equity and real assets marketers witnessed a strong uptick in Q3 and Q4 of last year, a trend that continued into this year, said CJP.