

Note to hedge fund marketers: The grass is starting to look a little greener on your side again

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By: AAA Staff

It's a rare kind of worker who doesn't occasionally cast their gaze out of the office window or poke their head above the grey, padded cubicle to see if the grass might just be a bit greener on the other side.

Same goes for many of those in the hedge fund business, in particular that special group of bee workers called marketers, whose sole job is to pull in assets and keep them there for as long as possible. Unfortunately, despite significant changes in how hedge funds are looking to collect and retain assets and what kind of assets they're looking for, the grass is looking just as brown on the other side as it is in marketers' own backyard

That's the message from executive search and placement firm Alpha Search Advisory Partners' most recent marketer survey released earlier this month. The survey, entitled, The Business of Hedge Funds (click [here](#) to download) notes some interesting facts about hedge fund marketers and their own "flight to quality" experiences following the 2008 market collapse and 2009 rebound.

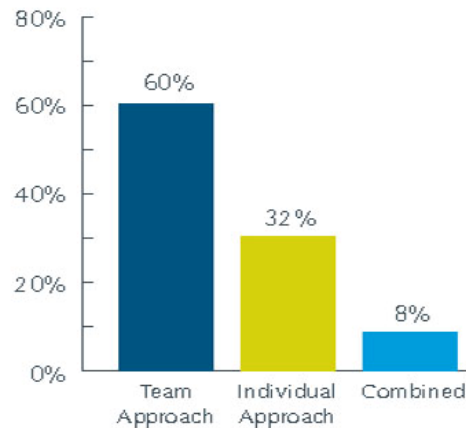
Of the total survey respondents, 30% worked for firms with over \$10 billion in assets under management, 28% worked for firms with \$1-2 billion in AUM, another 28% worked for firms with \$3-5 billion in AUM and the remaining 14% of respondents were employed at firms with between \$6-10 in AUM.

What the study found was that, despite hedge funds revising their infrastructure, staffing and compensation policies to attract so-called "sticky money" from pension funds, endowments and other institutional investors, they were not moving very quickly to change their marketers' pay structure.

Indeed, of the 47 in-house marketing professionals at funds with more than \$1 billion in AUM surveyed, the study found that only 6% of respondents had both a discretionary and formulaic component to their incentive pay – a structure that would allow marketers the flexibility to go after institutional assets.

Meanwhile, it still takes a village to haul in assets. Some 60% of respondents said their marketing departments were primarily organized by team, while 32% were organized to promote individual efforts. Only 8% indicated a combination of team and individual approaches (see chart below).

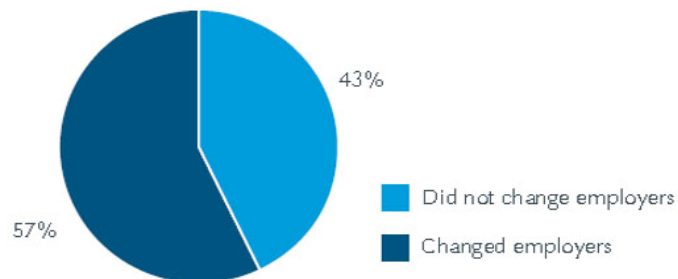
Approach to Asset Gathering



The age and breadth of the experience also lends itself well to the village elders apparently. In terms of experience, 66% of respondents have seven or more years in buy-side marketing experience. A smaller percentage (28%) have between 3 and 6 years of buy-side marketing experience and only 6% have less than 2 years in buy-side marketing experience.

Still, even with significant changes in the kind of assets hedge funds want and demand for marketers who not only have a rolodex but a *good* rolodex, the overall compensation structure hasn't improved much from 2008, the survey found. Either way, marketers themselves have tried to find greener grass. According to the survey, roughly half of those polled have changed jobs since 2008 – despite the more difficult fundraising environment (see chart below).

Turnover Since January 2008



Our survey excluded a sizable portion of the overall asset management industry. We suspect fifty-seven percent (57%) under-represents the degree of job changing in the broader asset management industry.

The good news is that more assets are indeed flowing into the hedge fund space. According to [Eurekahedge](#), assets under management in the hedge fund industry have now recovered to their pre-2008 highs, exceeding \$1.6 trillion.

The other bit of good news, which we at AllAboutAlpha.com [reported on recently](#), hope remains that investors will continue hopping off the fence and into alternatives, providing a nice little bit of money flow to the marketers who do their best to make that happen.

So perhaps the green grass is growing all around, all around – to borrow the lyrics from a campfire song. It will be interesting to see whether marketers start receiving their just desserts or if they find new, greener opportunities thanks to continued influx of assets.

<http://allaboutalpha.com/blog/2010/11/15/note-to-hedge-fund-marketers-the-grass-is-starting-to-look-a-little-greener-on-your-side-again/>

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