

**Hedge Funds Stock up Jobs as Money Flows in
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By Steve Eder
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Money is flowing back into hedge funds this year. And that means jobs. High-paying ones.

Funds are launching new strategies, particularly in equities. About 60% of 200 hedge fund managers surveyed by Barclays Capital said they plan to hire this year. They're looking for investment professionals -- portfolio managers, traders, and analysts.

Job seekers should pay attention to which funds are adding assets and watch for new product launches to see where the openings are, said Anurag Bhardwaj, a director in the strategic consulting business for prime services with Barclays, who worked on the survey.

"People are looking to add new products," said Bhardwaj. "If you are a multi-strategy fund that has been fixed income or credit focused, the [windfall profits] in credit is behind us and today is a more of a time for equities. A lot of investors are much more focused on equities in 2011 than they were in 2010."

In recent quarters, fund launches have outpaced liquidations, according to the Hedge Fund Research, which tracks industry data. During the fourth quarter, the hedge fund industry added a record \$149 billion in assets, boosting the overall level above \$1.92 trillion -- within a whisker of the historical peak of \$1.93 trillion in the second quarter of 2008. Most of the new assets went to firms with more than \$5 billion under management.

The average hedge fund was up about 10% in 2010 after a particularly strong December, according to Hedge Fund Research. Those numbers indicate sustained growth after an average return of more than 19% in 2009 and after big losses in 2008, analysts said.

"The primary driver of hiring in the sector overall is the assets," said Adam Zoia, CEO of Glocap, a search firm focused on the investment management industry. "If you want to predict how robust the job market will be, look at the asset flows."

Zoia said job-seekers should look where institutional investors are putting their money to determine where hedge funds might want to add talent. For every \$1 billion in new assets for an established fund, a manager will typically hire about 15 employees, he said, although the amount of hiring depends on the nature of the strategy.

The biggest inflows have come to funds with more than one strategy, that run special situations or fundamental value funds, as well as funds that are focused on fixed income trading, including distressed assets, Zoia said. There has been less interest in funds that make quantitative bets, ones that short stocks, ones that are neutral to the markets, currency traders, and volatility traders, he said.

Emerging market funds continue to attract money, with 45% of new launches focused there, according to the Barclays survey. Analysts with emerging market expertise are in demand, along with those who specialize in macro and event-driven funds

"They are looking to hire teams that are basically going to run these new products for them," said Bhardwaj, of Barclays. "That is where there is demand for new people on the investment side."

Getting a job as an investment professional at a hedge fund remains tricky because managers like to hire people they know or those based on personal referrals rather than use headhunters, said Robert Olman, a hedge fund recruiter with Alpha Search Advisory Partners, LLC.

"They want to use references from people they trust," Olman said. "They always have a friend who used to be your manager."

Headhunters said they've been especially active placing people in non-investment jobs. Marketers who can help hedge funds gather assets and people with public affairs backgrounds can who navigate the regulatory environment are especially in demand.

"If you look at what's happened in hedge fund businesses, the hottest job is going to be those who can deal with increased government regulation and oversight," said Richard Lipstein, a headhunter with Boyden Global Executive Search. "Whether it is financial management, accounting, or regulatory oversight -- the compliance people are in demand."

Compensation will likely rise for those already working for hedge funds, or those who find a job in the industry in 2011, said Alan Johnson, a Wall Street compensation consultant. Hedge fund pay was up about 10% in 2010, he said.

"Most people are getting toward high-water marks or higher, so I would expect pay to go up a lot in 2011," Johnson said. "The idea is that most people think it is going to be a pretty good year."

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URL: http://www.fins.com/Finance/Articles/SB129555998215077997/Hedge-Fund-Hiring-Roaring-Back-to-Life?Type=0&link=FINS_hp_specialrpt

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