Hedge funds hiring again after downturn

Wed Aug 26, 2009

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Hedge funds and bank trading desks are hiring again after the downturn and have already snapped up some of the most talented managers dislodged while firms struggled in the credit crisis, industry insiders said.

Hedge funds endured a tough 2008 that saw nearly 1,500 portfolios close last year, according to Hedge Fund Research, as performance slumped and clients pulled out cash.

However, as returns have improved and redemptions slowed, some funds have grown confident enough about attractive investment opportunities to take on staff, particularly marketing executives to help lure back assets, operations staff and fund managers in popular strategies.

"Things have definitely turned around. Hedge funds are hiring and prop desks are hiring," said Bob Olman, founder of recruitment firm Alpha Search Advisory Partners. "Volume is up threefold from the first quarter.

"The number one role is marketing. It's also very active in distressed debt and credit, equity long-short, global macro... Surprisingly, U.S. equity statistical arbitrage and systematic trading are hiring."

Falling asset levels, on which fund firms earn fees, and lower performance fees have forced many firms to cut back on staff.

Last November GLG Partners (GLG.N) cut headcount by 15 percent and reduced payouts to temporary and contract staff, while Man Group (EMG.L) said in March it could cut 15 percent of permanent staff.

However, a sharp upturn in performance this year -- in the first seven months of 2009 hedge funds returned 9.9 percent, according to Credit Suisse/Tremont -- helped by rising equity markets, has encouraged some firms to begin hiring again.

Firms such as Citadel, RBC Capital Markets, Artradis and Tribridge have all recently hired staff in hedge-fund-related roles.

"Anecdotally it really feels like things have turned. There seem to a lot more people looking for staff," said Odi Lahav, vice president at Moody's alternative investment group.

"For many funds performance is up and more managers are looking toward growth again. So, after having cut a lot of staff around the end of last year, they're now looking to restaff in areas they think are worthwhile."

The jobs market is still slacker than before the credit crisis levels and hedge fund executive pay is also lower, but many of the most talented managers have now been recruited again, Alpha Search's Olman said.

"A lot of highly talented people, who were dislocated by the downturn in the banks, have been picked up," he said.

"It's a little bit harder to get quality people than the first quarter. There's no fall in the number of unsolicited resumes... but the quality has dropped."