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'War for talent' cooling off (but not for everyone)

Recruitment slowdown is most notable among traditional asset managers but private markets are holding up

By Amie Keeley | 16 August 2022

The war for talent in large sections of the asset management industry may be cooling off as firms stop or postpone recruitment activity amid challenging market conditions.

Recruitment and human resources experts say the slowdown is most notable among traditional asset managers with a focus on public equities, which have been most impacted by recent market volatility.

However, recruitment into private markets and alternatives roles is holding up in line with the sector's continued growth.

BlackRock announced last month that it was delaying senior appointments and "juniorising" other hires after declines in market values cut its assets under management by 15 per cent to $8.5 trillion (€8.2 trillion).

Several other listed firms have recently outlined cost-cutting measures after delivering a poor set of half-year results. UK-listed Jupiter says it is only hiring for essential roles or for those positions that will have the most impact on the growth of the business.

The slowdown follows a spike in recruitment activity earlier in the year when the industry was competing for talent on the back of strong performance in 2021, especially in growth areas such as environmental, social and governance investing.

Christian Haas, managing partner at Swiss-based Eleway, says that since mid-July he has had a number of recruitment mandates put on hold by asset management clients.

He says that at first it was the long-only asset managers, which are active in public markets, that stopped their hiring activities following the market drop.

Firms are still hiring for business-critical roles, such as portfolio managers, but there has been a "hard stop" in sales and distribution.

Mr Haas says: "A lot of distribution teams were actually just too big for what the market has to offer.

"Country heads are telling me that they are not able to rehire for a role [but] they can still manage the market and secure client relationships [with who they have]."

He adds: "A lot of asset managers are starting to really calculate [and ask] 'what do we really need to keep the business going? How many resources do we need?'

"A lot of them are now coming to the conclusion that they can do it with smaller teams."

Rob Stanton, founder of HR asset management consultancy Stanton + Co, says hiring is "cooling" and there is increased caution among firms when it comes to recruitment.

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He says: "The headwinds are quite negative at the moment and asset managers are at the mercy of the economic climate [with] interest rates going down and investment in equity and bond markets being less favoured by investors generally."

August to September are typically quiet recruitment periods regardless of market conditions, but Mr Stanton expects the downturn to continue into the autumn.

Fund professionals are also less likely to want to move jobs in uncertain times and will "sit tight" for the time being.

Other executive recruiters say hiring remains buoyant, but this is especially the case in private markets and alternatives as firms look for more specialist talent to help grow these areas of the business.

Max Heppleston, director for wealth and investment management at Lawson Chase, says hiring into hedge funds, private equity and real assets roles is particularly strong. Firms that are part of larger banking or insurance groups are cutting back, but smaller asset managers or those with an "alternatives slant" are growing, he adds.

Many asset managers have been looking to make a bigger push into the growing and lucrative private markets sector in recent years.

Axa Investment Managers announced in May that it was planning to hire dozens of people for a new private markets unit, taking on alternatives expertise in areas including private equity and infrastructure, general partnership minority stakes, private debt, and others.

Franklin Templeton recently agreed a deal to acquire alternative credit specialist Alcentra from BNY Mellon Investment Management, while Schroders plans to double its private markets business by 2025.

Logan Sinclair Search & Management expanded its recruitment team by 20 per cent in response to demand for private markets talent.

Ben Burling, managing director at the firm, says product and marketing roles in equity and fixed income markets have been fairly flat, but firms are realising they cannot use existing sales teams for their private markets business due to the "complexity and depth of the underlying fund structures".

"Evergreen products, co-investments, funds of funds are a very different construction and lifecycle, so [firms] have to now try and tempt people in from private markets," he adds.

At the end of 2021, 41 per cent of asset managers planned to substantially increase their sales headcount in the UK, 34 per cent in Spain and 32 per cent in France, according to research from Cerulli Associates.

Fabrizio Zumbo, director, European asset and wealth management research at the firm, says: "A pause in hiring is for sure possible this year, but when the storm has passed, hiring will jump-start again as [what] happened in 2021 following the unravelling of the Covid pandemic."

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