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ASSET MANAGEMENT MARKETING  
AND INVESTOR RELATIONS

Hiring Insights For A Changing Landscape Yesterday, Today And Tomorrow

ALEXIS DUFRESNE | SOLOMON PAGE GROUP  
Managing Director, Marketing & Investor Relations Search  
212 403 6110 | [adufresne@solomonpage.com](mailto:adufresne@solomonpage.com)



# Market Overview

Historically, recruiting for asset management marketers and investor relations professionals has revolved around market success and firm performance – in other words, a beta play. When both are sideways, as is the story of 2016, one would assume hiring within front office roles has declined. It hasn't however, the landscape has changed.

It doesn't come as a surprise that allocators are disappointed in performance, therefore posing industry wide challenges for marketing departments. As Preqin summarized, "79% of hedge fund investors believe performance has fallen short of expectations over the past year". It's hard to find a counter-argument, other than that hedge funds and other alternatives firms are not designed to perform like long-only firms.

Translate that into hiring, the perception is that firms are waiting to assess their hiring needs. They want to see how the market shakes out. Brexit. Presidential election year. Asset outflows. Historic decline in asset inflows. The Fed raising rates.

But it's not all doom and gloom. In fact, here at Solomon Page, we are seeing hiring within specific market segments.

Movement within marketing and investor relations has generally remained flat over the last year (contrary to optimistic reports otherwise, which frankly are inflated), however we are noting that, while certain sectors have put growth on pause, select sectors are increasing hiring. It's a market rebalancing, both addition and subtraction, equaling a net neutral outcome in headcount.

In this paper, we discuss the following trends that are driving hiring initiatives within marketing and investor relations.

- Opportunistic client environment
- Strategies growing in AUM
- Diversified product offerings
- Investor relations support
- Organic turnover
- Hiring season

# Opportunistic Client Environment

Disappointing fund performance in the alternatives space overall... is increasing candidate receptiveness to movement.

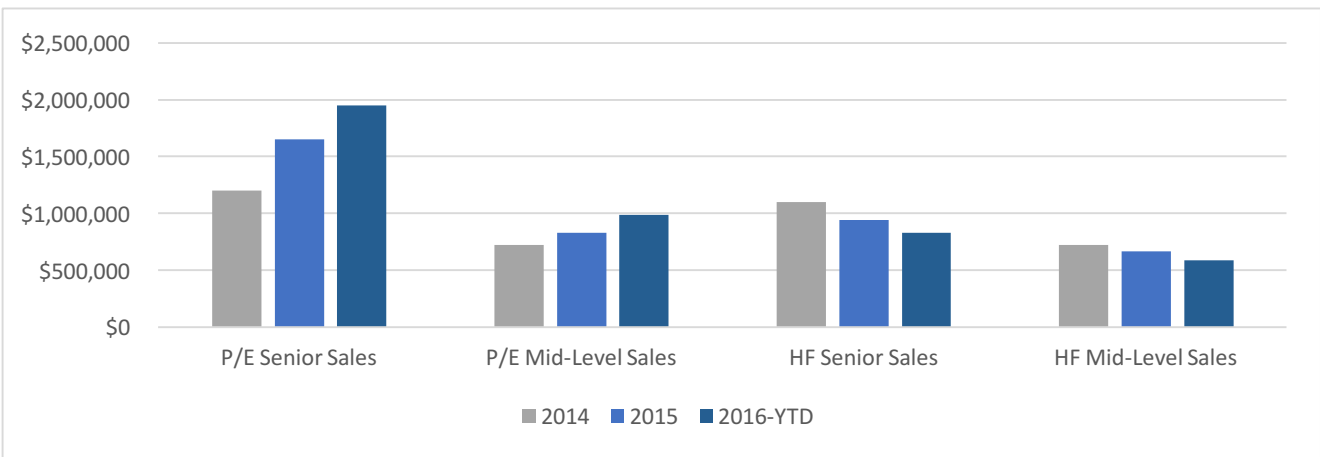
The lack of hiring consistency and disappointing fund performance in the alternatives space overall are driving down front office compensation, hence increasing candidate receptiveness to movement. Candidates who were not open to interviewing last year are now more likely to pursue new dialogue. Clients see this disconnect as an opportunity to acquire talent on their terms, and talent that may have been unavailable to them prior.

On the other hand, candidates who are happily employed and not actively in the market may require better-than-market compensation incentives to take the risk of moving during a choppy marketing and returns environment with more assets coming out of alternatives than flowing in. The bargain candidate is not necessarily the right candidate, so stretching firm resources for the best fit is an investment worth making. In a return to the old ways, and the true mentality and spirit of alternatives firms, performance-based compensation is increasingly favored over multi-year guarantees.

If you're a successful marketer with the right upside, this is terrific news! Whereas candidates who push the limits during contract negotiations for a high guarantee are ultimately under more pressure to perform in the short term, not necessarily complimentary to a longer-term marketing strategy, and they are frequently capped out.

Keep in mind, the old adage typically applies. Trying to undercut a marketer too severely on compensation is like buying a defective Ferrari off of Craigslist. You get what you pay for.

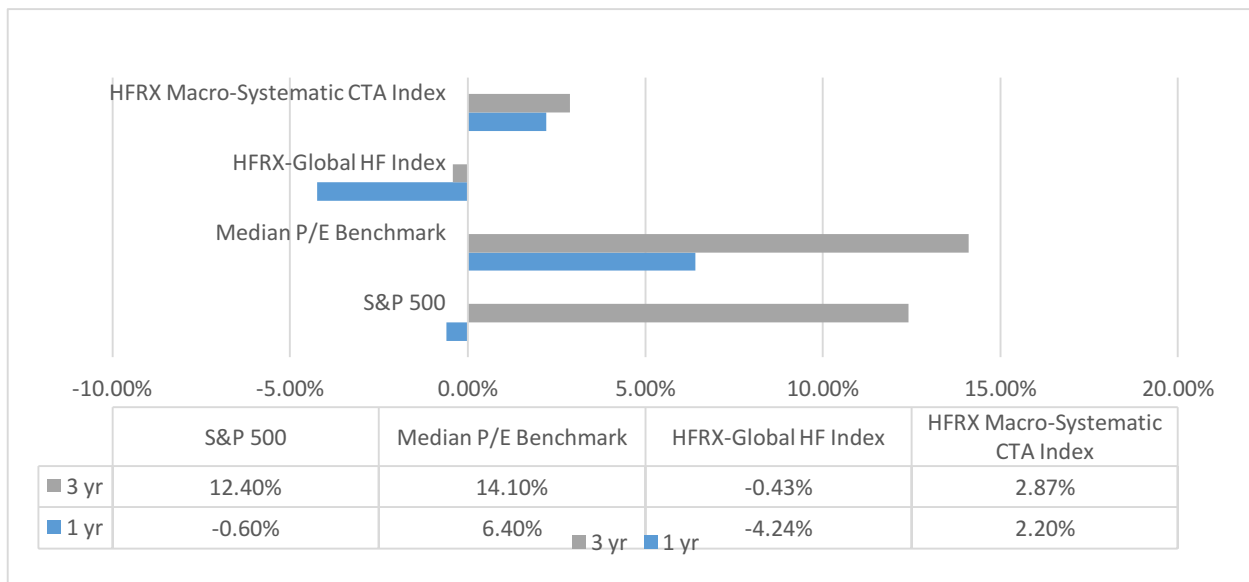
TOTAL MEAN COMPENSATION TIMELINE



# Strategies Growing in AUM

The hedge fund industry saw net outflows of investor capital in Q1 2016, totaling in \$14.3 billion, with CTAs and multi-strategy funds the only major strategies to see new inflows, according to figures released by Preqin. Generally speaking, systematic, private equity and private debt strategies are in demand, growing in assets and out-performing peers through 2016 thus far. Managers within these strategies are looking to capture that investor sentiment and momentum by hiring asset gatherers and client support experts.

## FAVORED STRATEGIES PERFORMANCE



Systematic, private equity and private debt strategies are in demand, growing in assets and out-performing peers through 2016 thus far.

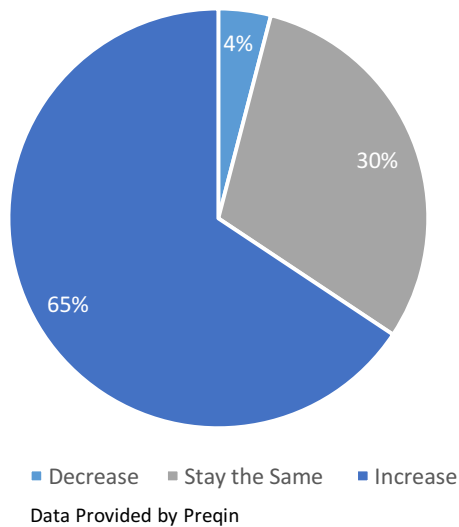
This boom in systematic marketing isn't a surprise. During periods of uncertainty and volatility, systematic strategies historically tend to out-perform, hence the increasing current demand for client-facing talent. Systematic marketers are a unique breed, both from a personality profile, and from an investor base. There are not a plethora of talent options within this sector, thus creating a competitive talent pool, and increased compensation.

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Private equity is by far the largest growth area for marketing and investor relations recruiting, and perhaps for all front office recruiting.

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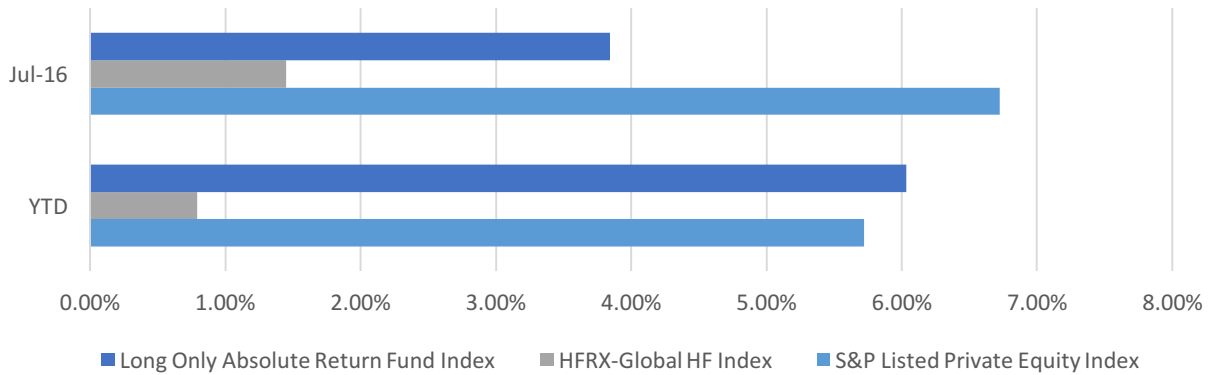
FUND MANAGER OUTLOOK FOR PRIVATE EQUITY INDUSTRY AUM 2016



A continual low interest rate environment lends to a positive sentiment among institutional investors in allocating towards private capital strategies. According to FinAlternatives, \$94 billion has been raised in 2015 for the private debt space alone.

In general, private equity performance has exceeded hedge fund and long-only peers, and investors are comfortable with private capital allocations. This is encouraging for marketers and new marketing hires, as the constant battle to raise money and defend against redemptions is less of a day to day issue, therefore compensation on average is more consistent and lucrative year over year versus hedge fund professionals who see more compensation volatility.

PRIVATE EQUITY VS HEDGE FUND // INDEX VS TRADITIONAL

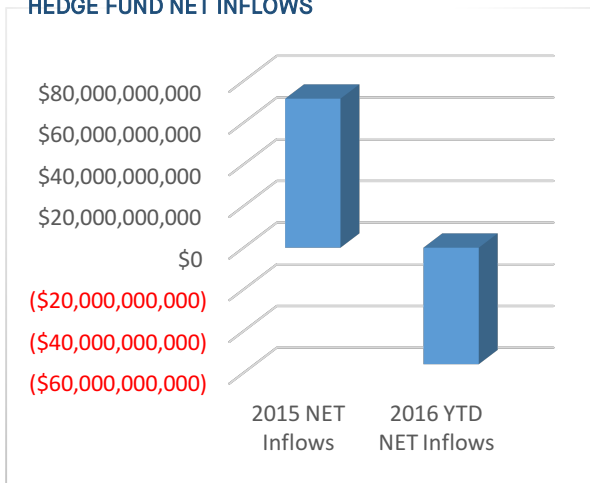


# Diversified Product Offerings

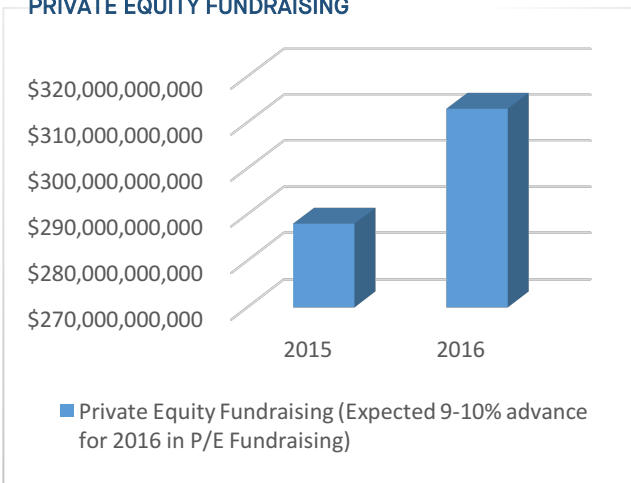
As firms seek ways to generate alpha and raise AUM, many have diversified away from their core product offerings. Most commonly this year, our practice has noted many firms who have expanded into private debt, particularly after coming off of such strong years of credit-oriented fundraising.

Clients who have expanded into new strategies frequently seek marketers who come with product expertise as a compliment to the existing marketing team. With more products, investors, and new business development campaigns, comes the demand for additional relationship management, investor relations roles.

HEDGE FUND NET INFLOWS



PRIVATE EQUITY FUNDRAISING



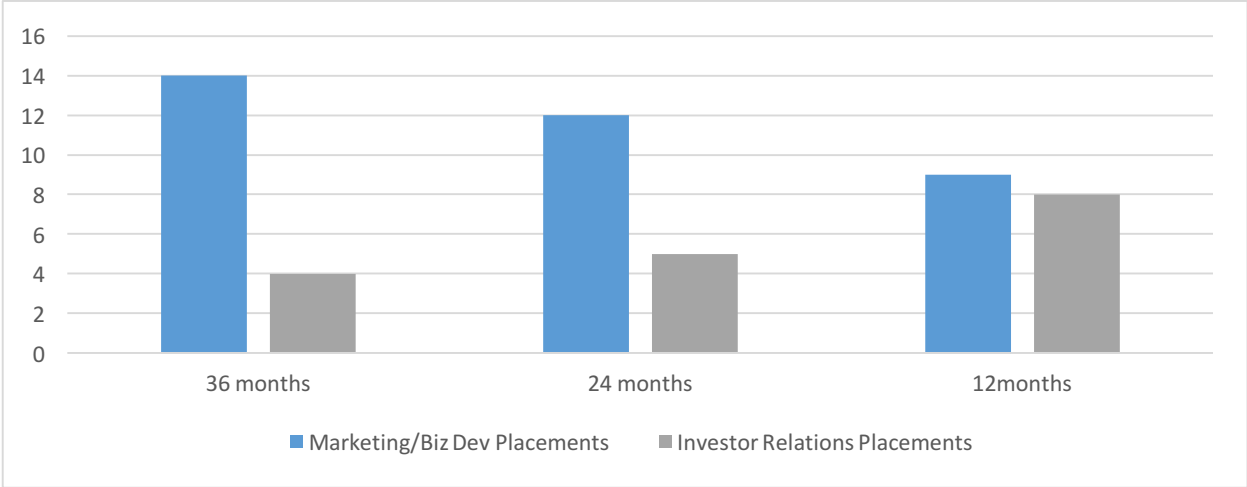
# Investor Relations Support

The demand has shifted towards hiring in investor relations roles... because of the volume of senior marketing hires over the past few years who now need support.

Searches for senior sales executives remains flat over the past several quarters, after a booming run from 2012 – 2015. In an internal study of marketing versus investor relations hires, the demand has shifted towards hiring in investor relations roles – partially because of the volume of senior marketing hires over the past few years who now need support – as well as client-facing investor relations specialists.

To liberally generalize, managers tend to be quantitatively driven by nature. For marketing, that is likely measured in assets raised. What we feel has been historically overlooked is the function of client-facing investor relations to focus on retaining and cross selling assets. As we’ve learned recently, asset retention is equally as important as new business development, and having the dual effort is paramount. Additionally, allocators have become increasingly more demanding, creating more work for the marketing and operations teams. We are noting that these two trends have translated into the development of new investor relations roles that focus on existing clients and supporting new business development.

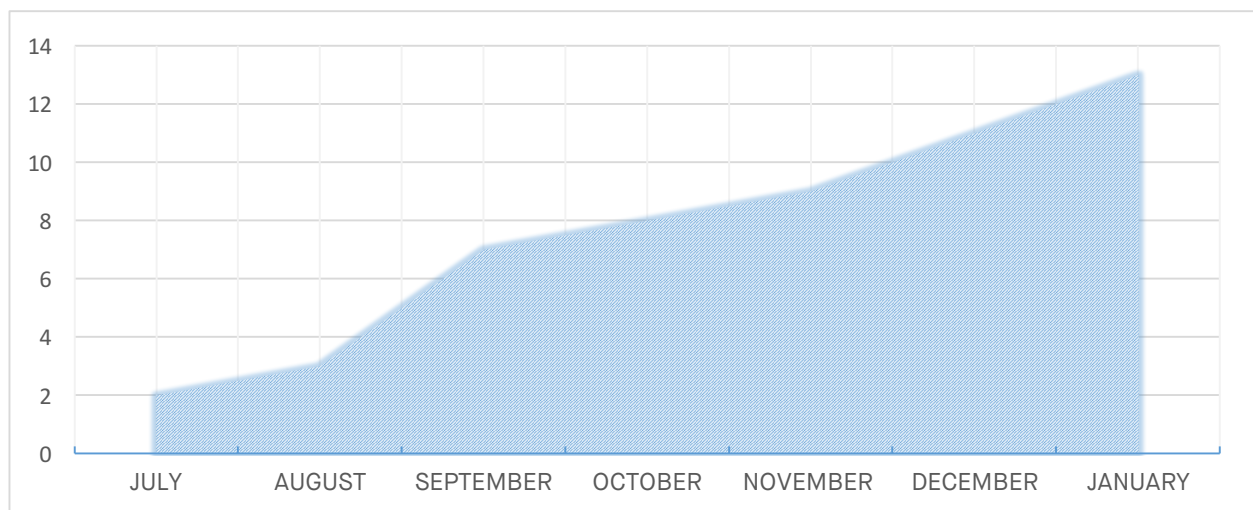
MARKETING VS. INVESTOR RELATIONS HIRES



# Organic Turnover

This year has truly tested a marketers' ability to perform under challenging fundraising conditions. In client-facing roles, there is a natural attrition of salespeople, which is part of restructuring, consolidation, or replacement.

## SOLOMON PAGE PLACEMENTS



# Hiring Season

Entering Q4, specifically when people are back from their summer holiday, is when hiring initiatives are determined by clients for end of year and Q1 mandates. Solomon Page typically sees a 60% spike in new retained mandates between the months of November to January.

Depending on the mandate and candidate seniority, clients have been taking slightly more time to execute on searches with increased volume in in-person interviews, likely because there are more people willing to speak, and to gain competitor intel during the search process.



# 2017 Forecast

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The past 12 months have undoubtedly been challenging for both marketing professionals and investment professionals.

Given 2016 trends, what is the outlook within marketing and investor relations hiring for 2017?

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- While the demand for client-facing professionals remains strong, we believe new marketing hires will be sector specific, as opposed to mass hiring, particularly macro (systematic, fundamental), and private strategies.
- Marketers will be evaluated on their retention skills, as well as sales. The challenging markets have increased awareness from managers that retaining assets is equally as important as new business development.
- There will likely be a continued decrease in consultant relations and product specialist roles, as firms will expect senior marketers to be able to cover those responsibilities. The consolidation is to avoid hiring for separate roles, which are perceived as less accountable for assets raised. Consultant relations and product specialist roles are expensive hires, and have the potential to be ultimately viewed as cost centers.
- Junior and midlevel client-facing investor relations roles will continue to be a strong area for recruitment to support the senior hiring boom over the past two years, predominantly in credit.
- Private equity will likely become the focus in asset management recruiting for marketing roles, as the asset base is more stable, and investors are no longer shying away from private strategies.
- Hiring within credit strategies will remain at a standstill as performance suffers and as the hires from the past few years' explosion of talent growth settle in.
- Long/short equity hiring will make a comeback. There has been virtually no hiring in the space for the past 3 years, and turnover and retooling are inevitable.

ALEXIS DUFRESNE | SOLOMON PAGE GROUP  
Managing Director, Marketing & Investor Relations Search  
212 403 6110 adufresne@solomonpage.com

# ABOUT SOLOMON PAGE

Founded in 1990, Solomon Page Group LLC is a specialty provider of retained executive search, contingent staffing and project based solutions. With 300 employees globally, we act as a strategic partner to our clients, enabling us to build long term relationships based on trust, respect and the consistent delivery of excellent results. Led by founder Scott Page, the Financial Services Practice concentrates on both buy and sell side clients for investment and marketing roles, and has a 26 year track record of success. With offices in the United States and London, our professional consultants have decades of experience in the executive search industry, and in-depth expertise in financial markets around the globe.

## FINANCIAL SERVICES DIVISION EXECUTIVE TEAM



**Scott Page**  
FOUNDER, MANAGING DIRECTOR

Mr. Page has over twenty years of experience in the executive search industry and is widely respected as a market leader in the recruitment of senior financial services professionals on a global basis across both developed and emerging markets. He has been head of the Financial Services Division since the firm's inception in 1990. He has worked extensively with the senior management teams of major buy-side and sell-side institutions to define business opportunities and to attract talented professionals.



**Alexis DuFresne**  
MANAGING DIRECTOR, MARKETING & INVESTOR RELATIONS SEARCH

Alexis DuFresne leads the Marketing & Investor Relations Search Practice where she focuses on talent acquisition for hedge fund, private equity, real estate, and long-only asset management firms. Her work spans across single mandated searches of all levels, to multi-hire team build outs. Her background as a former hedge fund marketer provides her with a technical understanding of the space, increases her ability to connect with both clients and candidates, and allows her to leverage her deep network of allocators, marketers, and managers.



**Vickram Tandon**  
MANAGING DIRECTOR

As a Managing Director of Capital Markets, Mr. Tandon focuses on senior-level search assignments around the globe for both sell-side and buy-side institutions. Mr. Tandon is one of the key senior leaders of Solomon Page Group's Financial Services practice for the Americas and is actively involved in using his market-intelligence and expertise to implement a research-driven, relationship-focused approach to recruiting and consulting.

**NEW YORK**  
260 Madison Avenue  
New York, NY 10016  
(212) 403-6100

**CONNECTICUT**  
53 Forest Avenue Suite 104  
Old Greenwich, CT 06870  
(203) 409-3220

**LONDON**  
7 Birchin Lane  
London EC3V 9BW  
Phone: 020-7148-0730