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Growth in fund industry opens up jobs for the right candidates

By Madison Marriage

Career path: MBAs are important for corporate finance roles in the US market

The global fund industry is expected to undergo a big rise in assets under management over the next five years, creating a vast number of jobs as banks and other areas of financial services cut back.

The consultancy PwC recently predicted that assets under management will surge from $64tn today to more than $100tn in 2020.

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This growth is likely to create jobs across the industry, with recruiters noting an uptick in demand for sales, marketing, compliance, IT and investment management staff.

The qualification requirements, however, vary significantly by role, according to Neil Owen, global practice director at Robert Half UK, the recruitment firm.

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He says MBAs and Chartered Financial Analyst (CFA) qualifications are not necessary for many middle office roles, such as investment risk reporting or calculating counterparty exposure, which can make candidates overqualified. Candidates applying for fund manager, investment analyst and valuation roles, by contrast, regularly require an MBA or CFAs.

The ideal career path into these roles is for candidates to leave a leading university with a strong degree, secure their first role as an analyst in an investment bank, then either take a part-time MBA or have their employer sponsor them to do a full-time course, according to Mr Owen. He adds that MBA qualifications are particularly important for corporate finance roles in the US market, while CFAs are highly regarded in the UK hedge fund industry.

Aberdeen Asset Management, Europe's biggest listed fund company, only requires qualifications such as the CFA or the Investment Management Certificate (IMC) for employees focusing on investment management.

These can be completed while working at the group, according to Sarah Smith, Aberdeen's graduate recruitment and programme manager. She adds that the company is agnostic in terms of the undergraduate degrees sought, with recent graduates having studied subjects ranging from history to medieval languages to law. US candidates are more likely to possess an MBA, although this is "more due to a general focus on the qualification by US graduates rather than an Aberdeen selection criterion", she says.

"We view [MBAs] as part of the overall experience and qualification mix of a candidate, be they a graduate or a more senior applicant, but they are not critical in obtaining a role," she says.

Paul Gerla, chief executive of Dutch fund house Kempen Capital Management, is similarly relaxed about the choice of academic discipline. He says: "KCM is looking for academic credentials for our investment staff. This doesn't need to be per se in economics or econometrics; we prefer smart people with high grades."

But Frederic Jamet, head of investment at the French arm of State Street Global Advisors, one of the world's biggest fund houses, says that portfolio management recruits tend to need quantitative or statistical degrees, or a business and economics background. While MBAs might not be crucial for entry level candidates, they are increasingly common at the top level of the UK's biggest companies, with 28 per cent of FTSE 100 chief executives having secured one, according to figures from Robert Half.

However, Jeanne Branthover, head of the global financial services practice at headhunting firm Boyden in New York, says that MBAs for asset management staff "are out of favour".

"They can make a difference at entry level, but when [candidates are] experienced, the track record and relationships far outweigh the education."

This is particularly true for sales and marketing staff, for whom "presentation, pedigree, relationships, [and] connections" are all important, Ms Branthover says. CFAs, MBAs and PhDs can, by contrast, help secure the dream job for portfolio management candidates.

In terms of where graduates should focus their applications, three types of fund companies are most likely to experience rapid growth and take on new staff in the process over the next five years, according to PwC.

Fund groups with a foothold in Asia, South America, Africa and the Middle East are in a good position, given that those regions could account for 34 per cent of global assets under management by 2020, up from 10 per cent today.

Passive fund providers are also expected to grow quickly: PwC estimates that allocations to passive funds, which track an index and tend to charge lower fees than actively managed products, will triple over the next five years.

Lastly, alternative fund houses specialising in private equity, property or hedge funds are expected to double their assets under management in the same timeframe, while active fund groups will see assets rise by just 5 per cent.

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