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Private-Equity Poaches Talent to Chase Wealthy

By Chris Cumming

Private-equity managers are competing fiercely for talent as they attempt to build out their capacity to raise money from wealthy individuals, a new and still mostly untapped source of capital for the industry.

The largest alternative-asset managers have this year dramatically increased the pace of hiring in their private-wealth divisions, the units focused on attracting capital from high-net-worth investors. This competition for market share and a relatively small pool of candidates have created intense jockeying for top candidates and a wave of talent poaching from traditional financial-services companies such as banks and mutual-fund managers.

Apollo Global Management Inc., Blackstone Inc., Ares Management Corp. , KKR & Co. and EQT AB have been the most active hirers of private-wealth employees this year, according to Jensen Partners, an executive search firm for the alternative-investments industry.

Private-wealth hires by these firms more than quadrupled in the first quarter of this year compared with the same period in 2021, and more than doubled in the second quarter through June 24, Jensen Partners said. These firms have added at least 122 employees focused on private-wealth fundraising in 2022, Jensen Partners said.

"There is an immense talent war among the top five to 10 private-equity firms in the world. They are all making offers to similar candidates," said Sasha Jensen, the firm's founder and chief executive. She says she sees candidates weighing multiple offers with attractive guarantees and being recruited after just a few months in a new position.


JENSEN PARTNERS

Executive-search firm Jensen Partners chief Sasha Jensen

In the U.S., people with at least $1 million in liquid assets or $200,000 in annual income can invest in private funds.

Until recently, most private-equity firms all but ignored these investors. Marketing funds to so many individuals is expensive and logistically challenging. For many firms it is also unnecessary, given how much capital they have been able to raise from institutional investors such as public pension funds and endowments.

But with public pension funds facing potential overexposure to the asset class, the biggest private-equity firms are now going after this long-neglected market. The hiring competition has not slowed despite recession fears in recent months that have caused other companies, even on Wall Street, to slow hiring or even begin layoffs.

"There's a search for talent that to the outside can seem a little manic," said Raj Dhanda, global head of wealth management for Ares's wealth management solutions group. Mr. Dhanda said Ares's private-wealth head count has grown roughly 30% in the past year, to about 105 people.

Firms face some challenges in building their private-wealth channels. One is the sheer number of new types of employees they need to hire to break into the market: investment advisers; marketers; people with relationships at private banks; and legal, operational and compliance staff.

Ms. Jensen calls it a "talent-starved market." While they have been hiring from one another and from other alternative-asset managers, private-equity firms have also been poaching employees from traditional financial-services companies such as banks and mutual-fund managers.

With ambitious plans for attracting individual investors, Apollo has added the most private-wealth employees this year, according to Jensen Partners' data. The firm now has about 150 employees in its private-wealth group, most of whom have joined in the past year.

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