

Hedge Fund Job Culture

By investment banking standards, a hedge fund culture and schedule looks pretty tame. Almost 90% work between 40-60 hours per week and enjoy an excellent “work-life balance” according to the most recent Job Search Digest Hedge Fund Compensation Survey.

Those who are drawn to working in hedge funds generally enjoy the public markets and making educated guesses on the direction of the markets or particular securities. They also like the smaller size of the typical hedge fund, the flat organizational structure, and the fact that the best and brightest minds in the investment business tend to gravitate toward hedge funds.

Outstanding performance is easy to spot and leads to a level of compensation that beats just about any other job in the finance industry. A star hedge fund trader or associate can make his mark in just a few years and reach compensation levels that would take a decade or longer in investment banking.

Overall, hedge funds tend to be much smaller and more casual than investment banks. The culture of the individual firm is driven by the personality of the founders. Because they have “skin in the game,” the founders tend to be more intensely involved in the day-to-day operations of the firm and interact more with staff. The hedge fund’s performance impacts his own net worth, so you can bet he will be involved in many of the details.

The founding partner of a hedge fund is often the portfolio manager and will be involved in overseeing investments, making trading decisions, hiring and firing, supervising accounting and operations and monitoring risk.

Because of the smaller size of the firm, principals and senior managers often take on multiple roles, including human resources. It’s not uncommon for vice presidents and even partners to review resumes and be involved in interviewing prospective employees. Another partner may take on responsibility for overseeing the operational side of the business. In general, a hedge fund culture is small, entrepreneurial, meritocratic, and run like a small business.

The culture of a hedge fund will also vary depending on the nature of its investment strategy. For example, a fund that is heavily quantitatively oriented such as a statistical arbitrage hedge fund will be staffed with PhD's and "quants" who are typically more introverted and enjoy crunching numbers behind computer screens. A global macro fund, on the other hand, may have more extroverted types who enjoy watching the markets from a trading floor and sharing ideas.

Overall, hedge fund culture is less structured and more relaxed than other jobs in finance but every bit as demanding intellectually. The success and performance of the firm's investments are paramount, and that tends to focus everyone into a cohesive team.

Are You Cut Out for a Hedge Fund Job?

The folks at ForexGen.com, an online trading service for Forex traders worldwide, recently offered their take on what it's like to work at a hedge fund. Which is to say, quite different from working at an investment bank.

Hedge funds vary in size, of course. At a smaller fund, the hedge fund manager is often CEO, founder, and in charge of the entire operation, and may have started the fund. At these funds, managers are often responsible for:

- Managing the portfolio and accounting operations
- Hiring/firing of personnel
- Making final trade decisions
- Monitoring portfolio risk
- Finding new hedge fund opportunities

Basically, your hedge fund job will likely be driven by the size of the fund. In smaller funds, traders will be involved with the operations of the trade. Whereas in larger funds, they may be operations personnel or even whole departments set up to handle the transactions.

Gone are the layers of marketing, administrative, operations and human resource staff you might find at an investment bank. As a result, many of these tasks are either handled by the hedge fund managers, or delegated to staff. In a smaller fund, be prepared to be more entrepreneurial – a jack-of-all-trades.