Funds Battle Silicon Valley for Talent

Machines and their masters are the undisputed new kings of Wall Street

BY LAURENCE FLETCHER AND SARAH E. NEEDLEMAN

The battle for quantitative talent has turned some of the richest money managers into underdogs. Why? Because they are up against the likes of Alphabet Inc.’s Google and Facebook Inc. for hiring the world’s top minds.

“Google is trying to Hoover up every data scientist in the world,” said Luke Ellis, chief executive of Man Group PLC, the world’s largest publicly traded hedge-fund manager. “Google has got more money than I have. I can’t compete with Google just on that.”

London-based Man Group attempts to get these data scientists at their source. The firm has donated millions to Oxford University to put its name on a quantitative research laboratory, hoping that prospective employees get acclimated with the firm and its culture early in their career.

The trouble is that across the corporate world—be it hedge funds, tech giants or even the Fortune 500—companies are desperate to hire the same type of people. They seek top graduates or postgraduates who can build software that learns to spot patterns in anything from photos on social media to financial futures markets.

To appeal to tech talent, some financial firms offer the kind of office perks common at tech companies.

At Kenneth Griffin’s hedge fund Citadel, the firm pitches candidates on running their own projects hand in hand with the company’s top stock pickers, rather than being one more member of a Silicon Valley engineering squad. Citadel can also offer an immediate payday to staffers whose work helps boost the hedge fund’s bottom line.

“You get to see the work you’re contributing go into production and be used by our investment teams at an incredibly fast clip,” said L.J. Brock, Citadel’s chief people officer.

Point72, which is building models to process data from the likes of Twitter and elsewhere, lets employees take as much vacation as they want. London-based Aspect Capital rolls out a beer trolley on Fridays.

Recruiters also may send a personalized gift such as free golf lessons or arrange for a private dinner with the hiring company’s founder, said Boris Epstein, co-founder of staffing firm Binc Inc. “We call it a ‘love bomb,’” he said.

Software engineers often laugh off some of these perks. In the end, it is either about the day-to-day science or money.

“At tech companies, the permeating value is that they’re about trying to make the world a better place, whereas at hedge funds it’s about making more money,” Mr. Epstein said.

Nina Kuklisova, a quantitative associate at a large financial-services firm in New York, said she gets between three and five inquiries a week from recruiters about job opportunities at other finance firms and technology companies. The 27-year-old said negative feedback from her friends employed in tech gives her pause about pursuing opportunities in that industry.

“They worked on projects that turned out not to be used by anyone,” Ms. Kuklisova said. At the bank, she is part of a team that aims to minimize the risk that stock traders take. “We are basically trying to prevent the next financial crisis,” she said.
Recruiters say a candidate with a doctoral degree straight out of school can expect a minimum base salary at a hedge fund of around $100,000, plus a bonus of 50% to 100%. Graduates of elite schools or with rare specialties may earn three or four times that, they say.

The bigger enticement is that after a few years, a computer scientist writing programs that turn out to be moneymakers can earn millions at a hedge fund. Tech firms counter by offering a share of the overall business, a riskier proposition for some.

Some hedge funds are doing the previously unthinkable and publishing parts of their complex and valuable code. Man Group, for instance, has made its database for collecting vast quantities of trading data publicly available. The reason: Computer scientists often prefer the more collaborative culture of academia or tech firms to the secrecy of hedge funds.

Hedge funds also are opening offices in new locations to be closer to talent.

London-based computer trader Winton Group, which manages more than $30 billion in assets, opened a San Francisco office last year to house engineers in machine learning and artificial intelligence. —Rob Copeland contributed to this article.

A device that responds to external stimulus at hedge fund Two Sigma’s ‘Hacker Lab’ in New York.

RYAN CHRISTOPHER JONES FOR THE WALL STREET JOURNAL