WilsonHCG

Q1 2023

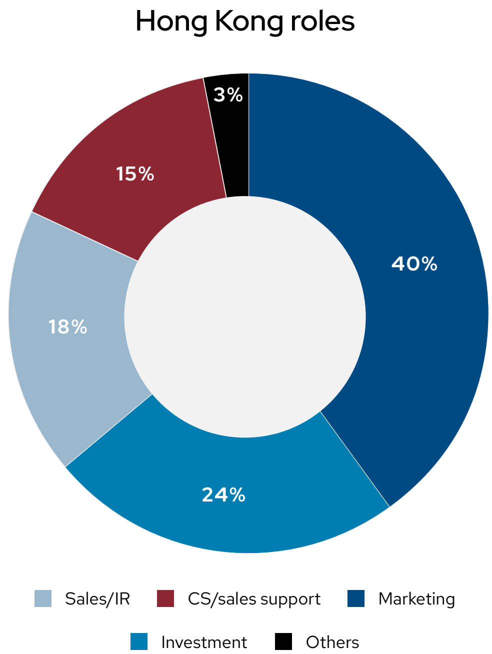
Asia asset management update

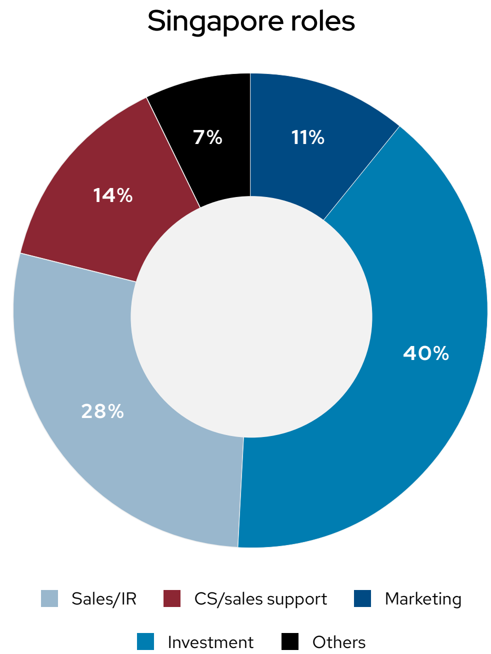
Q1 snapshot

During the beginning of 2023, in Singapore, the job market across asset management and the broader financial services areas remained tight. Asset managers adopted a fluid but delicate headcount review process. They juggled between hiring for highly critical new positions versus replacement hires – this was caused by natural attrition commonly seen post-bonus cycles. However, Q1 brought a markedly decreased hiring volume. Combined with the backdrop of an uncertain economic environment, employers adopted a very cautious approach throughout the hiring process.

Similarly, in Hong Kong, the job market began slowly, with a hint of positivity and hopefulness after the market downturn and semi-hiring pause during Q4 2022. Nonetheless, with the gradual reopening of China and the lifted travel restrictions, the market sentiment started to gain more confidence. Asset managers, however, remained highly prudent in hiring, especially new headcounts. This meant most of the roles placed in Q1 were replacement hires.

Q1 2023 client demand and hiring activities





HONG KONG

- Sales and marketing roles dominated Q1 activities in Hong Kong. We saw roughly 73% of roles combined from sales (18%), client services and sales support (15%) and marketing (40%). Within that 40% of marketing jobs, more than half focused on digital marketing. This demand has been driven by asset managers trying to upgrade their infrastructure to attract clients from newer channels and younger, savvier investors.
- Across the investment area, amid high and uncertain market volatility across both the equity and fixed income markets, asset managers remained cautious toward hiring investment talent. However, we saw some flows across the fixed income area as several asset managers sought to restructure and upgrade their fixed income franchise in Asia, given their long-term commitment and positive outlook in the region.

SINGAPORE

- Investment hires kept recruitment activity busy in Singapore during the first quarter. We saw demand from both family offices and asset managers who were looking to either set up new capabilities or deepen existing bench strength. Like Hong Kong, fixed income, portfolio managers and analysts took a large chunk of the mandates in Singapore, followed closely by multi asset and private credit.
- Sales and distribution had the second highest level of activities. The focal points for distribution were equally split across institutional and wealth professionals. The primary driver in Q1 came largely from alternatives investment firms seeking to expand their capabilities beyond the traditional coverage of institutional clients while also expanding in the private wealth and family offices channels. A handful of new entrants also launched their distribution presence in Singapore to develop their Southeast Asia footprint. The disruption of new market entrants resulted in several shifts with distribution professionals in Q1.

Candidate drivers

STABILITY

Amid uncertain market conditions, candidates' No. 1 priority is to secure a more stable role. When candidates are considering a new opportunity, more questions have emerged related to the team and business stability. An established platform with a steady flow of business and a stable team (e.g., long tenure of service in the team) would be one of the key factors candidates consider when making a move. Candidates will research whether the firm has constantly been in the news for restructuring, poor remuneration structure or high turnover.

CAREER ADVANCEMENT

Few candidates are willing to consider a lateral move unless there is a bigger scope involved, such as geography, products or responsibilities. A clear path to career advancement – whether immediate or in the future – are key factors toward their decision-making process. The key for Asia-based candidates has always been both a corporate title and financial rewards.

COMPENSATION

Candidates are seeking higher compensation when they switch employers. The argument of factoring a higher risk premium into the compensation discussion has become more prominent this year due to current market conditions. The perceived "opportunity cost" of giving up their existing role to join a new firm has increased. Therefore, in 2023, we are seeing premiums in the range of 25-30%.

Q2-Q3 outlook

Despite a relatively slow first quarter, we are starting to see a gradual rise in client demand through April and May.

We are cautiously optimistic that employers are starting to gradually seek out opportunities – this is to take advantage of the slower markets to search for strategic talent to bolster their bench or upgrade their existing teams. Additionally, in Q3, we expect some employers to start hiring for growth as confidence builds in their 2023 business plans.

AREAS OF SHORT SUPPLY AND POTENTIAL DEMAND:

- **Digital marketing:**
  Asset managers continue to play catch up on their digital capabilities and ambitions, as compared to their more established counterparts like the global banks. They continue to compete for talent who can help improve their digital infrastructure and digital presence with various client segments. This war for talent has resulted in a highly competitive landscape for existing talent, which, in our opinion, is untenable in the long run. Some of these firms will need to think laterally and consider talent from other spectrums of the financial services industry or explore non-financial services candidates with the right skillsets but may need time to learn about the industry.

- **Channel marketers:**
  As managers continue to build their distribution channels and teams, the need for channel marketers with well-rounded experience will not abate. Although the rate of growth in this area slowed this year, we still expect the demand to return in the next few months for marketers who can strategize, develop and execute innovative and effective marketing plans across the institutional and intermediary channels.

- **Distribution:**
  Sales and distribution roles across institutional and wholesale segments have been over-fished in the past few years. However, the demand that has surfaced within the last 24 months is in the alternatives area. Strong distribution professionals with highly competent alternatives product experience have been highly sought after, especially at the mid to senior levels.

- **Investment:**
  Fixed income hires at analyst and portfolio manager levels will continue to be key in 2023. As some asset managers restructure and upgrade their Asian fixed income franchise, we also expect a handful of new entrants seeking to build their fixed income footprints in Asia to seek out key talents at both the research and portfolio manager levels.

- **Environment, social and governance (ESG) managers:**
  There's a continual need for talent in this area – whether at the policy making level, research and investment or advocacy level. This is a critical and strategic function for managers globally. Therefore, the demand for ESG professionals has continued to grow, amid a small supply of talent in that area.

What this means for HR leaders

For Q1, there has been an HR hiring slowdown as organizations are focusing on restructuring and optimization measures. This has come right after a very busy 2022, which saw many moves in the buy-side HR space, specifically with new roles introduced for the first time, such as the HR generalist and other specialist areas.

Naturally, in this type of market, the talent acquisition (TA) area has been one of the more impacted areas, as hiring in general has been more conservative and cautious across the board in 2023 so far. However, this is changing, and as the demand for hires slowly increases in Q2-Q3, we anticipate that TA, and those supporting TA, will be busier.

Currently, the key priorities for the HR leaders in APAC are focusing on employee engagement, retention and professional development. There is a tricky balancing act here, as many teams have seen staff reductions which, of course, impacts morale.

This challenging period offers a uniquely positive opportunity for the HR space to emerge in a stronger position as the market improves.

Successfully navigating a tough working environment can significantly strengthen employee engagement and improve retention for people who will propel the business forward.

Contact our regional asset management team

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