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Burned-out fund managers show reality of City life's "easy option"

By Sinead Cruise and Tom Bill | LONDON

When Sanjeev Shah quit his job last month, eyebrows were raised. This wasn't another burned-out banker: The 43-year-old was a successful fund manager running 2.8 billion pounds ($4.5 billion) for Fidelity Worldwide Investment, reaping big returns.

His reasons for leaving - "This is a role that demands 110 percent effort, focus and intensity. I don't want that level of intensity" - shed rare light on an industry often dismissed as the easy option in the world of finance.

"Do we have an easy life? If you went back 25 years ago, that may have been the case but people are working significantly longer hours and are rather more professional about what they do now," said one senior fund manager, who asked not to be named because of the sensitivity of the subject.

"There are plenty of people out there who still think we dress in pinstriped suits and sit behind leather desks with cigars all day. I don't know why the stereotypes still exist."

Fund management, so it goes among some City workers, is a '9-to-5' refuge for traders and bankers wanting a quieter life as they approach retirement. But the reality for many of those in the job is entirely different.

In the aftermath of the financial crisis, clients bamboozled by unpredictable markets are increasingly needy, while 24-hour, year-round interaction between global markets and 21st century technology make it impossible to switch off, fund managers say.

Investors' funds are permanently 'on', meaning managers live in fear of political or economic incidents beyond their control wreaking havoc.

"Sanjeev's move really struck a chord with me. When I was about his age, I did a similar thing," said David Lis, head of UK equities at Aviva Investors, who swapped a senior fund manager role in 1991 for a five-year stint in investor relations.

"Whenever you read the papers or watch the news at night, you're always thinking about how whatever is going on in the world might affect how you have chosen to invest," he said.

Burnout among financial professionals is not new, particularly amid a recent backlash against the industry widely seen as responsible for the debt crisis that

But data bears out a trend in which fund managers in particular are looking increasingly unsettled in their careers. A survey by recruitment firm Astbury Marsden in April found some 14.3 percent of investment managers left their jobs in 2012 - despite earning an average pre-bonus salary of 84,716 pounds - compared to 11.8 percent of investment bankers who quit.

UNDER SCRUTINY

New trading strategies have also ramped up the pressure on fund managers. In an age where investments can be cheaply plotted and executed by computer and low-cost investment funds traded on stock exchanges (ETFs), clients paying hefty fees to fund managers are paying closer attention to their results.

Lipper, a ThomsonReuters company supplying fund information and ratings, tracks about 5,400 actively-managed mutual funds and sub-funds in its European equity sectors.

In the nine months to September 30 those funds - managed by investment specialists - returned 13.3 percent and drew in 9.8 billion euros, equivalent to 3.7 percent of assets. By comparison, the 500 index trackers and ETFs in Lipper's European equity sectors returned 13.4 percent and posted net inflows of 5 billion euros, or 7 percent of assets, over the same period.

In this environment, and as the global economy finally starts to get better, there are few places to hide for underperforming fund managers.

"Now that markets are improving, if you underperform the index, I'd imagine that you're going to have a much tougher time justifying your existence," said James Callander, managing director of financial services recruiter Freshminds.

One of the toughest things to cope with, Lis said, was the high number of clients fixated on momentum investing - chasing a certain stock or sector, with little or no reflection on the fundamentals, in search of an annual or month-to-month gain, rather than allowing for longer-term investing.

"When you don't invest on that time horizon, it's almost impossible to meet those expectations," he said. "In the end, I just got tired of starting each January with a blank slate again, regardless of what I had achieved in the years before."

The amount of work has also increased. Pension trustees, keen to reverse years of painful losses during the financial crisis, are funnelling huge sums of money into hedge funds, many of which have struggled to adapt strategies and operations to more conservative risk appetites. Some hedge funds are turning away these clients rather than buckle under the additional regulatory responsibility.

CORROSIVE

Working at this intensity, fund managers typically suffer consistent, prolonged pressure that is corrosive, experts say.

"At this level, stress has become part of the sufferer's identity and is embedded in their psychological profile. He or she is ... far more prone to total burnout," said Martyn Watts, a partner at the North London Stress Management Centre.

While mental health has become less of a taboo topic in financial services, fund management firms are coy about what sort of support they offer their most vulnerable staff.

Eighteen firms contacted by Reuters either declined to discuss their policies or did not respond to our request but some individuals have devised their own ways of avoiding stress.

"I run five times a week and have set days when I won't drink alcohol. I always have my 5 a day. I never drink coffee past 8 in the morning. And, unlike in my junior years, I always take my full holiday entitlement," Tom Becket, chief investment officer of Psigma.

(Additional reporting by Joel Dimmock; Editing by Sophie Walker)