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The Frenzied Pursuit of Wall Street's Low-Profile All-Stars

Elite hedge funds are in a pitched battle for the world's top traders. The price tag for a young stock picker can now top $100 million.

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Billionaire Steve Cohen doesn't like losing out on superstars.

In December, the New York Mets owner made headlines for paying $765 million to sign phenom outfielder Juan Soto, beating out the New York Yankees and the Boston Red Sox.

Around the same time, Cohen and his investment firm Point72 were facing off against rival hedge-fund giants to poach a young stock picker who had become one of Wall Street's hottest free agents.
The price tag to land Kevin Liu escalated so quickly that one person familiar with the process likened it to an art auction at Christie's or Sotheby's. Citadel, Millennium Management and Balyasny Asset Management all tried to hire Liu away from Marshall Wace, where he had posted big gains trading tech stocks. With a five-year deal worth tens of millions of dollars, Cohen won out.

The world's most influential hedge funds are in a battle for recruits and they are fighting with escalating volleys of money. Elite portfolio managers at hedge-fund firms can command pay packages of more than $100 million over several years, putting them in league with some of Wall Street's best-paid executives despite being relatively unknown even within the industry.

Capital has flooded into "multimanager" hedge funds, sprawling enterprises made up of semiautonomous teams that each deploy huge amounts of money. Perhaps the firms' biggest challenge is finding enough traders with the skills to deploy it all. If profitably running a $1 billion book was table stakes a few years ago, top talent might now be asked to run $5 billion while raking in nine-figure investment profits.

Big-name fund founders get involved to help close deals with sought-after new hires. Dmitry Balyasny, for instance, has been known to take candidates that his eponymous firm is courting on mountain-bike rides or to Central Park to play pickleball.

At Point72, Cohen had dinner with Liu, who is in his early 30s, and offered to mentor him personally.

Cohen traditionally prioritized developing prospects in house over splurging on stars. But he was willing to pay up for Liu, who signed with Point72 early this year.

There are "a lot of firms competing for great talent, no different than baseball," Cohen said at a January investment conference in Miami Beach, Fla., around the time Point72 signed Liu. "Great talent gets paid a big price."

Photo: Al Bello/Getty Images

The cost of those giant packages aren't coming out of Cohen's or Balyasny's pockets. Compensation costs at multimanager firms are usually passed down to clients through fees, along with other operational costs. Last year, total "pass-through" fees amounted to up to 8% of top funds' assets, according to Barclays. That's way more than the 2% management fee that hedge funds traditionally charged, and doesn't include the roughly 20% cut of gains that multimanager firms take as a performance fee.


Photo: SALT Venture Group, LLC.

It's an open question whether the portfolio managers receiving these offers, increasingly at multiples of what they were previously paid, can put up the kind of investment gains to justify their pay packages, said Ilana Weinstein, chief executive of the IDW Group, a hedge-fund recruiting firm. If not, "these deals will ultimately drive down returns and are unlikely to be a sustainable business model."

For now, clients including pension funds and endowments have put up with the swelling salaries because of solid performance. Over the three years ending in 2024, Citadel's flagship fund and Millennium generated annualized returns of about 22% and about 13%, respectively, while adding tens of billions of dollars in assets.

“Everyone brings up the fees, but all I care about are net returns,” or returns after all the fees, says Clinton Huff, a senior investment officer at Texas Tech University System, an investor in all the big multimanager funds.

Earlier this year, though, Millennium and other multimanager firms suffered uncharacteristic losses for a time in a market rout that big hedge funds helped spread. Should performance slip for a sustained period, investors will likely lose patience with the cost of the big-ticket pay packages.

This story is based on conversations with over a dozen people close to the firms.

A NEW BREED OF STOCK PICKERS

The job demands on stock pickers like Liu at multimanager funds—sometimes called “pod shops”—are unlike anything else in investing.

$250 million

The approximate investment profit generated by portfolio manager Stephen Schurr and his team last year

Traditional hedge funds make bets that certain stocks will appreciate, and partially hedge those with bets that other stocks will fall. Big wins often come from white-knuckling through market swoons without trading out of positions.

Those practices wouldn’t cut it at multimanager firms. Portfolio managers at these firms hold stock positions for just a few weeks or months and are expected to deliver consistent returns with little room for error. Even better are those that can do that while overseeing teams of traders that also run big books. An ideal candidate for these firms might look a lot like Stephen Schurr, a 54-year-old investor who ran one of the largest and best-performing books at Balyasny.

Schurr, a former reporter and editor at The Wall Street Journal and the Financial Times, is known for mining overlooked sources of research, such as podcast transcripts or data on cigarette sales in states that cracked down on illicit vapes. He also recruited analysts with unorthodox backgrounds. (One of them, Zac Bissonnette, published a mystery novel while working at Balyasny about Hollywood memorabilia dealers.) Schurr’s team generated about $250 million in investment profits in 2024. That was up from about $150 million the prior year.

Results like that made Schurr a prime target for poaching. In April, Millennium swooped in and lured Schurr away with a multiyear offer that guaranteed him tens of millions of dollars, with the potential for tens of millions more based on performance.

Such deals have many moving parts. An upfront, guaranteed component helps cover any deferred pay people give up by jumping ship, as well as forgone earnings while they serve out any noncompete agreement. Another piece entitles them to a percentage of the investment gains they produce, often in the 20% to 25% range and sometimes higher for a limited period.

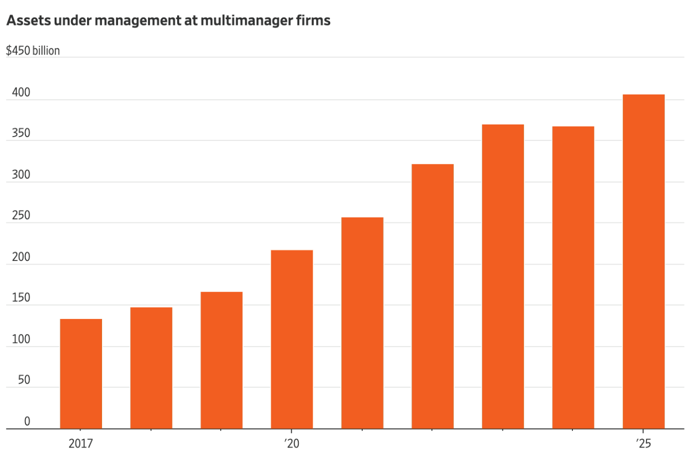
Budgets to hire a team also factor into many big packages.

-7.5%

The decline that will typically result in a portfolio manager leaving Millennium Management

In exchange for the rich pay packages, portfolio managers are expected to perform. Punishment can be swift if they don't. Stock pickers at Millennium, for instance, are typically shown the door if they are down 7.5%, a reason turnover among its investment staff runs at about 15% to 20% annually.

"The talent wars will continue because so few people can do what the pod shops need: produce consistent short-term returns with massive amounts of capital," said David Morehead, Baylor University's investment chief.



Note: Data as of June 30 for each yea, except 2025 which is through March 31. Source: Goldman Sachs

To achieve their returns, multimanager firms spread investments across decentralized teams of portfolio managers. At Point72, for instance, the hedge fund's roughly $38 billion in assets under management are amplified with borrowed money and divided up across more than 200 teams. Much of the investment profits among stock pickers at the firms come from predicting corporate earnings results and market reaction to them. That means pressure mounts in the lead-up to quarterly announcements, when portfolio managers and their teams are known for logging days of 14 hours or more and sleeping with cellphones under their pillows.

The goal is to deliver regular returns while taking a lot of idiosyncratic—or "idio"—risk that isn't tied to factors that drive broad baskets of stocks.

A MERRY-GO-ROUND OF STARS

The need to put massive amounts of money to work means multimanager firms are constantly on the hunt for talent. Millennium, for one, conducts 3,000 interviews for portfolio manager and senior portfolio manager jobs each year.

With only so many traders with the proven record for having the right skill sets, stints at two or three of the big multimanager firms aren't unusual.

An X post last month from an account popular with Wall Streeters showed the LinkedIn profile of Justin Dodd, who has worked as portfolio manager at Millennium, Citadel and Balyasny and was an analyst at SAC Capital, the predecessor to Point72.

"Almost the quad fecta as PM," one user replied. "Rarified air."

In another case, Millennium in 2023 picked off Citadel's Brian Palans, an associate portfolio manager who traded commodities. Then, during

Palans' mandatory sit-out period between jobs, Balyasny executives pressed him to consider joining them instead.

In April, Palans started at Balyasny without ever working at Millennium.


Photo: David Dee Delgado/Reuters

Many prized recruits might otherwise have launched their own funds. Multimanager firms lure them with the promise that the firm can handle the ancillary aspects of the hedge-fund business, from raising money to interacting with clients. That lets the investors they hire focus almost solely on investing.

In some cases, star recruits might want more.

Balyasny's splashiest hire last year was Peter Goodwin, a 40-year-old who spent eight years at Point72 betting on and against healthcare companies. In addition to paying him tens of millions of dollars, the deal gave him an unparalleled degree of autonomy.

Goodwin serves as chief investment officer of his own mini-multimanager firm, named Longaeva Partners after a species of pine tree that can live for thousands of years. Its offices are in Manhattan's Hudson Yards neighborhood, across town from Balyasny's headquarters.

All of the money Longaeva invests comes from Balyasny, where Goodwin will sit on the firm's investment committee for stocks. Once he is fully ramped up, Longaeva will have a market footprint of up to $15 billion including borrowed money, a scale that dwarfs what upstart hedge funds can deploy.