

2016 | 2017 Global Buyside
Overview and Compensation Report

COMPENSATION DATA ANALYSIS METHODOLOGY

Total compensation is defined as base salary plus cash and non-cash bonuses awarded for 2016, **excluding carried interest and management fees**. Figures in this report are total compensation, unless otherwise noted, and are compensation forecasts for professionals whose bonuses are paid on a discretionary basis. Figures in this report are in US dollars.

Compensation and hiring activity for the buy-side are closely linked to specific firm performance, and do not typically follow a trend. While regulatory changes and investor sentiments can be generalized into annual trends, their impact varies from firm to firm. Therefore, compensation benchmarks and ranges in this report are intended to provide general guidelines based on composite performance of strategies and competition for talent.

Forecasts incorporate general market conditions from January 1, 2016 to October 31, 2016. This report provides an in-depth analysis of data gathered through our discussions with candidates, consultants, and clients, and offers forward-looking compensation projections. Percentage changes in compensation are based on employees' expectations and Options Group's perspectives on current compensation and hiring trends.

The *Options Group 2016/2017 Global Buy-side Overview and Compensation Report* is the culmination of 12 months of work by over 175 global consultants and research professionals. It is intended to help our clients make informed compensation decisions for 2016, and develop their human resource management plans and policies for 2017. OGiQ captured information on global business performance, key talent moves, recruitment trends, and compensation practices through its extensive global database of over 600,000 industry professionals, interviews with senior executives across the industry, and various other data sources.

Options Group is able to provide thorough assessments of expected compensation for 2016 by both strategy and role. As the year draws to an end and institutions begin the process of allocating bonus pools and 2017 budgets, hiring managers and business unit heads may use these forecasts as a guide to employee compensation expectations.

DISCLAIMER

This compensation report is intended for reference purposes only. All compensation tables include estimated total pay levels for 2016 and include both base salary and bonus. We believe that the information contained in this publication is dependable, having been procured from primary and secondary sources through October 31, 2016. Options Group does not guarantee its accuracy or completeness, and nothing in this report may be construed as a representation of such a guarantee. In the event that market conditions change dramatically subsequent to this date, Options Group claims no responsibility for the accuracy of this information. This report is a single source of data in the overall analysis of compensation structures and the opinions presented herein are subject to change without notice. Options Group does not accept any responsibility for liabilities arising from the use of this document or any of its content. Any reproduction, sale, or distribution is strictly prohibited.

ABOUT OPTIONS GROUP

Founded in 1992, Options Group is a leading global executive search and strategic consulting firm for the financial services industry. We maintain offices on five continents and have placed thousands of mid- to senior-level professionals in all areas of the financial services industry at a range of institutions. With over 175 professional consultants and market intelligence analysts worldwide, Options Group has a thorough knowledge of key competencies in the financial industry and is at the cutting edge of global hiring services and compensation trends for securities, investment banking, hedge funds, asset management, and information technology.

ABOUT OGIQ

OGiQ is the consulting division of Options Group. Its primary role is to provide unique, valuable advice, products, and human talent management solutions to our clients. OGiQ is responsible for developing the firm's intellectual capital, proprietary products, advanced analytical tools, and the databases used to provide these solutions. Our mission is to enable clients to make more informed decisions by creating global research products that seamlessly combine the firm's proprietary tools, information, and research capabilities.

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UNDERSTANDING COMPENSATION TABLES BY ROLES IN THIS REPORT

Compensation ranges in this report are intended to provide general guidelines based on composite performance of strategies and competition for talent. Figures provided in the Select Roles section are for professionals who are paid on a discretionary basis and assume firm performance and assets under management are stable.

INFORMATION TECHNOLOGY				
MIDDLE OFFICE/OPERATIONS				
MANAGING DIRECTOR				
	BANKS	HEDGE FUNDS	ASSET MGMT	TECHNOLOGY FIRMS
Top 10%	\$850K - \$1,100K	\$900K - \$1,400K	\$640K - \$960K	\$560K - \$880K
Average	\$660K - \$740K	\$600K - \$720K	\$520K - \$580K	\$400K - \$480K
Bottom 25%	\$430K - \$520K	\$400K - \$460K	\$350K - \$400K	\$280K - \$360K

Top 10% - The highest top 10% compensation ranges, not the compensation paid at the top firms

Average - The average of all compensation for a particular title and firm type

Bottom 25% - **Do not represent the bottom 25% of individual performers.** Compensation ranges represent pay levels at smaller firms.

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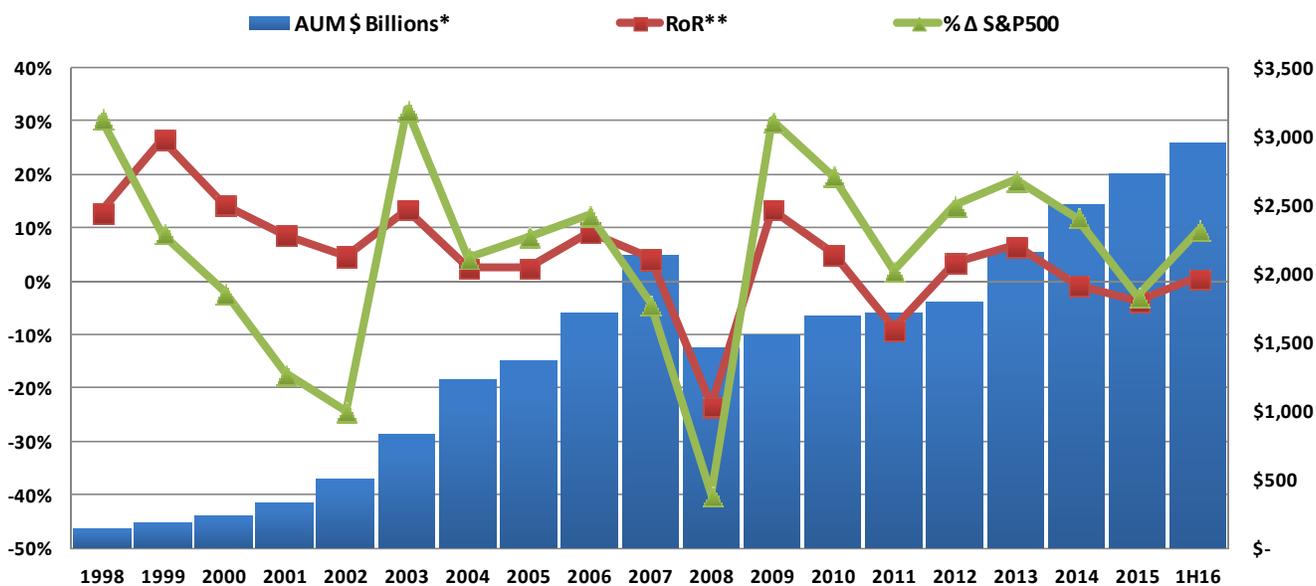
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OVERVIEW

The hedge fund industry has reached an important inflection point. Since its earliest days, the number of hedge funds and their assets under management have grown exponentially. Some estimate that by mid-2016, there were over 15,000 hedge funds globally, compared to 4,800 in 2000. Aside from issues like rising operational costs and regulatory concerns, some of the difficulties experienced this year may be the result of the industry's size. The chart below is total global hedge fund assets under management, HFR's Global Hedge Fund Index (GHFI) rate of return (RoR), and the year-over-year change in the S&P 500 from 1998 to the first half of 2016. Since 2009, GHFI's RoR was consistently below the change in the S&P 500. Despite this, the industry's assets under management continued to rise.

Global Hedge Fund AUM ,Global Hedge Fund Index RoR, & % Δ S&P500, 1998 to 1H16



Source: *BarclayHedge, **HFR

Based on this year's level of hiring activity, which has been robust, many hedge funds are seeking less crowded strategies using quantitative methods. A Goldman Sachs report on the industry noted that quant and relative value strategies are seeing increased interest from investors, and 20% of US investors stated that they were looking at investing in systematic strategies this year, up from 13% in 2015.¹ As they struggle in the current environment, traditional discretionary hedge funds are hiring quantitative talent to strengthen their portfolio management process and to identify trade ideas.² At the same time, firms are hiring quant portfolio managers to develop purely systematic strategies which are either alpha diversifiers or are being incubated internally and launched as separate products. Family offices have also expanded their presence in quant investing during the year, increasing the competition for talent.

¹ <http://www.businessinsider.com/quant-investing-is-the-biggest-new-trend-for-hedge-funds-2016-8>

² <http://www.bloomberg.com/news/articles/2016-08-03/paul-tudor-jones-calls-on-quants-to-revamp-firm-hurt-by-losses>; <http://www.wallstreetandtech.com/asset-management/quant-hiring-grows-on-buy-side-trading-desks/d/d-id/1268781>

COMPENSATION BY STRATEGY

Options Group defines “poor performance” as funds that have lost at least 20% of AUM in 2016, and/or have returned 100 basis points below the average benchmark within their respective strategies. “Good performance” is defined as funds that have maintained a consistent level or increased AUM in 2016, and/or have returned at least 100 basis points above the average benchmark within their respective strategies. Compensation figures below represent professionals whose bonus is determined on a **discretionary basis only**.

AUM > \$5B	MULTI STRATEGY				GLOBAL MACRO			
	Poor Performance		Good Performance		Poor Performance		Good Performance	
	Low	High	Low	High	Low	High	Low	High
Portfolio Manager								
Head of Research								
Senior Research Analyst								
Junior Research Analyst								
Senior Trader								
Junior Trader								
Senior Investor Relations								
Junior Investor Relations								
Senior Marketer								
Junior Marketer								

\$1B - \$5B AUM	MULTI STRATEGY				GLOBAL MACRO			
	Poor Performance		Good Performance		Poor Performance		Good Performance	
	Low	High	Low	High	Low	High	Low	High
Portfolio Manager								
Head of Research								
Senior Research Analyst								
Junior Research Analyst								
Senior Trader								
Junior Trader								
Senior Investor Relations								
Junior Investor Relations								
Senior Marketer								
Junior Marketer								

BASE SALARY ASSUMPTIONS	MULTI STRATEGY				GLOBAL MACRO			
	AUM < \$5B		AUM > \$5B		AUM < \$5B		AUM > \$5B	
	Low	High	Low	High	Low	High	Low	High
Portfolio Manager								
Head of Research								
Senior Research Analyst								
Junior Research Analyst								
Senior Trader								
Junior Trader								
Senior Investor Relations								
Junior Investor Relations								
Senior Marketer								
Junior Marketer								

Examples of Portfolio Manager Compensation Structures

Primary Strategy/Firm Type	AUM (USD, billions)	Base Salary	PM Payout Formula	Bonus Deferrals	Expenses and Charges
Proprietary Desk at a Bank*	N/A				
Systematic Hedge Fund	Start-Up				
Proprietary Trading Firm*	Under \$1B				
L/S Equity Fund	Under \$1B				
Global Macro Hedge Fund	\$2B to \$3B				
Credit Hedge Fund	\$2B to \$3B				
Derivatives Multi Strategy Hedge Fund	\$2B to \$3B				
Hedge Fund within a Bank	\$4B to \$7B				
CTA Hedge Fund	\$4B to \$7B				
L/S Equity Fund within a Bank	\$4B to \$7B				
Merger Arbitrage Hedge Fund	\$4B to \$7B				
Merger Arbitrage Hedge Fund	\$4B to \$7B				
Multi-Strategy Family Office*	\$8B to \$10B				
Fixed Income Hedge Fund	\$8B to \$10B				
Multi-Strategy Hedge Fund	\$8B to \$10B				
Multi Strategy Macro Hedge Fund	\$8B to \$10B				
Multi Strategy Macro Hedge Fund	\$11B to \$19B				
Multi Strategy Macro Hedge Fund*	\$11B to \$19B				
Single Family Office*	\$11B to \$19B				
Global Investment Management Firm	\$20B+				
Fixed Income Hedge Fund*	\$20B+				
Credit/Equity Hedge Fund	\$20B+				
Multi-Strategy Hedge Fund	\$20B+				
Multi-Strategy Hedge Fund*	\$20B+				
Multi-Strategy Hedge Fund	\$20B+				
Investment Manager with a Hedge Fund Product	\$20B+				
Multi Strategy Hedge Fund*	\$20B+				
Global Macro & L/S Equity Hedge Fund	\$20B+				

* These funds' fee structures are not 2/20.

SELECT DISTRIBUTION PEOPLE MOVES: JANUARY 1 – OCTOBER 21, 2016

NAME	TITLE	NEW FIRM	PREVIOUS FIRM
	Chief Marketing Officer		
	Head of Investor Relations		
	Head of Client Relations & Business Development		
	Global Head of Business Dev. & Investor Relations		
	Head of Marketing, EM		
	Partner, Distribution & Business Development		
	Investor Relations		
	VP, Investor Relations		
	Chief Business Dev. Officer/Chief Marketing Officer		
	Director of Investor Relations		
	Head of M&A and Investor Relations		
	Head of Investor Development		
	Marketing, Investor Relations		
	Co-Head of Marketing & Investor Relations		
	Head of Marketing & Investor Relations		
	SVP, Head of Investor Relations		
	Director of Consultant Relations		
	Investor Relations, APAC		
	Head of Marketing & Investor Relations		
	Director of Business Development		
	Head of Pan European Distribution		
	MD, Head of Business Development		
	Head of Client Services		
	Director, Business Development		
	Head of Consultant Relations - EMEA		
	Head of Business Development & Investor Relations		
	Risk Manager - UK & Ireland Intermediaries		
	Head of Investor Relations		
	Investor Relations		
	Investor Relations & Fundraising		
	VP, Business Development		
	Managing Director, Investor Relations		
	Head of Investor Relations		
	Partner, Head Marketing & Investor Relations		
	Partner, Investor Relations & Administration		
	Partner - Head of Business Development		
	Head of Marketing & Investor Relations		
	Business Development for South of England		
	Head of Client Trading & Sales		
	Director of Marketing		
	Senior Sales Executive		
	Chief Marketing Officer		
	Director, Global Consultant Relations		
	Global Head of Distribution		
	Head of Investor Relations & Marketing		
	Head of Investor Relations		
	Chief Distribution Officer		
	Director of Business Development		
	Director of Business Development & Investor Relations		
	Head of Client Solutions		
	Global Head of Marketing		

Figures in this table are total compensation for professionals whose bonuses are paid on a discretionary basis and **exclude the value of receiving carried interest and management fees.**

Top 10% - The highest top 10% compensation ranges, not the compensation paid at the top firms

Average – The average of all compensation for a particular title and firm type

Bottom 25% - **Do not represent the bottom 25% of individual performers.** Compensation ranges represent pay levels at smaller firms.

QUANTITATIVE RESEARCH & ANALYTICS			
Total compensation figures assume average performance and no significant change in AUM.			
Group Head			
	FUNDAMENTAL FUNDS	QUANTITATIVE FUNDS	LONG ONLY
Top 10%			
Average			
Bottom 25%			
Senior Quantitative Analyst (7+ Years Experience)			
	FUNDAMENTAL FUNDS	QUANTITATIVE FUNDS	LONG ONLY
Top 10%			
Average			
Bottom 25%			
Mid-Level Quantitative Analyst (4 to 6 Years Experience)			
	FUNDAMENTAL FUNDS	QUANTITATIVE FUNDS	LONG ONLY
Top 10%			
Average			
Bottom 25%			
Junior Quantitative Analyst (1 to 3 Years Experience)			
	FUNDAMENTAL FUNDS	QUANTITATIVE FUNDS	LONG ONLY
Top 10%			
Average			
Bottom 25%			

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