



## Summary of the 2011 Asian (ex-Japan) PE Compensation Survey

Results from the **Hunt Partners 2011 Asian PE Compensation Survey** show that private equity professionals in the region enjoyed a healthy **13.2% increase** in annual compensation year-over-year. It is the 6<sup>th</sup> year that Hunt Partners has conducted the survey, which highlights compensation trends among “PE General Partners (GPs)” in Asia, ex-Japan. Data was collected from participating GPs in Q2 and Q3 of 2011.

### *What firms participated in the survey?*

This year there were 15 participating GPs, one more than in last year’s survey. Data was given across 9 different title ranges from the participating firms, data from individuals outside the participants was not included.

Hunt Partners considered various criteria for inclusion or exclusion to the survey. Early stage venture funds are not included, nor are funds that only do buyouts (majority investing), infrastructure or real estate. Several GPs in the survey use multiple investment strategies although the key theme that runs through all participating firms is that PE minority investing is a substantial strategy.

In the final analysis of deciding upon participants, Hunt Partners deferred to the definition of, “**Private Equity firms that typically compete for the same talent**”. Thus, country specific funds to China, as an example, are not included although funds that *focus* on Greater China are included.

Participating GPs had an average AUM of US\$1.17 Billion and although the concentration of their talent was in Hong Kong and Singapore, deal team members among the firms are also present in Shanghai, Beijing, Seoul, Kuala Lumpur, Bangkok, and Jakarta.

### *Pre-financial crisis levels*

According to Mike Raytek, Managing Partner and head of Hunt Partner’s **Private Investment Practice**, compensation continued to trend higher this year, “in 2009 there was a significant drop in cash compensation in the industry, we then had a strong 18% increase in cash compensation in 2010 and with this year’s 13% increase we are now very close to pre-financial crisis levels, less than 3% below the overall averages across 8 levels we measured in 2008, the peak of the industry in Asia in terms of comp”.

Carried interest levels have remained fairly constant over the past year, as expected. Raytek comments “expressed by dollars-at-work, carry is limited by fund size – it is a limited pie. We likely won’t see much change in carry until AUM increases faster than team size increases, or if there is some sort of shifting the slices of the carry pie among titles within firms...but this did not happen in the past year”.

### *Cash Compensation Increases*

This year’s survey shows that cash compensation, defined as “base plus bonus plus any guaranteed expenses”, was up year-on-year from +5.5% to +22.4% depending on the job title. There were 9 different job titles used in the survey, from Analyst to CEO/Founder and also including CFO as well as COO.



Of note in this year's survey is that the largest percentage increase in cash compensation occurs in the Associate, Senior Associate and VP titles. Conversely the top two levels, CEO/Founder and MD/Partner, show the smallest year-on-year increase in cash comp.

Other data gathered from the survey includes information on expectations of headcount changes, challenges with retaining talent, team co-investments and capital contributions from the team. Over the past two years one of the trends noted among the participants has the GPs implementing or considering a higher base component vis-à-vis annual bonus. This "rebalancing" of the mix of cash to bonus reward is something that has occurred among investment banks since the financial crisis as well.

The following is a summary snapshot of the changes, year-over-year, to cash compensation in the 2011 Asia PE compensation survey:

### **Changes to cash compensation, year-on-year 2011 vs 2010**

**Same contributors only – this includes data only from 13 contributors who participated in both the 2011 and 2010 survey**

<b>Level</b>	<b>Base plus allowances</b>	<b>Bonus</b>	<b>Total</b>
Analyst	+7.9%	+20.5%	+11.3%
Associate	+12.1%	+38.4%	+22.4%
Senior Associate	+17.5%	+19.4%	+18.1%
VP	+10.6%	+32.1%	+19.7%
Director /Principal	+9.2%	+19.7%	+13.6%
MD/Senior Partner	+10.9%	-5.0%	+5.5%
CEO/Founder	+8.2%	+3.9%	+6.4%
CFO	+11.9%	+19.2%	+13.8%
COO	+12.1%	+2.9%	+8.3%
Average across all positions	+11.2%	+16.8%	+13.2%

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