

*The results are in, compensation in the Asia (ex-Japan) Private Equity industry in 2010 have shown a marked rebound from year-ago levels.*

Hunt Partner's **5<sup>th</sup> annual Asia PE Compensation Survey** that was conducted in the April to June 2010 period was bigger and better than previous years. This year there were **14 participating GPs** in the region that participated in the survey as well as various individual submissions. In addition to the GP survey this year, Hunt Partners, completed a separate **PE fund-of-funds survey** in Asia for the second year running, which saw an additional 8 participating firms.

Mike Raytek, Managing Partner and head of Hunt Partner's "Alternatives Investment Practice" in Asia summarized the GP results as "an improvement from 2009 in terms of total cash compensation although we have yet to return to the levels we saw before the financial crisis".

---

### **GP Survey**

---

Hunt Partner's GP survey shows that for 2010 cash compensation, defined as annual salary plus bonus plus any guaranteed expenses, were up year-on-year from 5.74% to 34.91% 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.

According to Mr. Raytek, there was only a slim increase in base pay of less than 2% on average across all job titles, "however, bonuses were markedly up. On average we saw a gain of 82% across the various levels on bonus after the large cuts we witnessed in 2009. The result is that total cash compensation was up 18% year-on-year".

---

### **Carry**

---

Carried interest in the GP survey shows an annual increase as well although Mr. Raytek notes that this is a result of improved portfolio positions over the past year, "the carry pie shows only small changes to the way it is sliced. However the whole pie is worth more this year than last year so that the way we calculate carry on a dollars-at-work basis, reflects higher investment valuations". Using "dollars-at-work", Hunt Partners GP survey shows carry to average US\$630,000 at an Analyst level and rises through the ranks where it tops out at US\$20.8 million at the CEO/Founder level.

---

### **Fund of Funds**

---

Results of the PE Fund-of-Funds survey also reflect an increase in compensation levels over the previous year. However, Mr. Raytek cautions that as the sample size was only 5 firms in 2009, there are variances due to small sample sizes when comparing each job level across the survey. Bonuses in the fund-of-funds survey topped out at slightly more than 60% of annual salary (MD/Partner as well as CFO) whereas the highest percentage of bonus for GPs was 106% of salary (Director level).

---

### **Investment Banking**

---

Regarding the financial markets compensation schemes over the past year, Mike Raytek comments "we have seen investment banking comp levels rise quite strongly over the past year with top tier banks paying well in excess of US\$1 million to Directors and upwards of \$4 or \$5 million to top MDs. In the PE industry the survey shows that total annual cash comp peaks at just under \$1 million at the CEO/Founder level for the large sized funds and the smaller funds provide lower cash comp levels. It is through carried interest that PE professionals in Asia expect to make up the difference with their investment banking counterparts". He went on to note that one of the 14 GP participants implemented a bonus scheme this year that is deferred over 3 years, much like the changes that have occurred in the investment banking world.