



Asset Management Compensation: Second Choice No More

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Executive Summary:

Asset managers have had another strong year in 2014.

Market appreciation and positive inflows boosted AUM for traditional firms, while hedge fund AUM continued to grow despite mixed results. Across the industry, this performance has pushed up incentive compensation.

These ongoing positive trends are making asset management more appealing as a career choice for financial professionals, relative to a sell side that is still plagued by reduced compensation on results, intense regulation and somewhat diminished social status.

Greenwich Associates and Johnson Associates project incentive compensation at traditional asset management firms to increase 5-10% in 2014, with equity products outpacing fixed income. Incentive compensation among hedge funds will vary much more widely, reflecting performance volatility from strategy to strategy and firm to firm.



www.greenwich.com | ContactUs@greenwich.com

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greenwich.com

ContactUs@greenwich.com

Ph +1203.625.5038