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## **Odyssey Search Partners: 2016 Hedge Fund Investment Professional Compensation Report**

We are excited to share the results of Odyssey Search Partners' 2016 Hedge Fund Investment Professional Compensation Report.

This report is a summary of how Investment Professionals in the Hedge Fund industry have been paid over recent years and how they expect to be paid for the 2016 year.

We received responses from over 500 Investment Professionals in Sept/Oct 2016 detailing their 2014 and 2015 compensation and their expectations for 2016. In addition, each respondent, from Junior Analysts to PMs, were asked to detail their experience levels, firm strategy and investment focus.

In this Report, there is also some information detailing geographic and schooling impacts, earning satisfaction and more.

Some of the main questions we answered using the data collected:

- Overall base vs bonus breakdown
- Compensation averages based on years of experience
- Effects on compensation by size and performance of fund
- Differences in pay based on firm strategy
- Single vs multi manager payouts
- Long Only vs Long/Short Equity payouts

We hope you find this information useful and welcome the opportunity to continue the dialogue and further discuss any aspects of this report.

- Odyssey Search Partners  
212.750.5677  
[newsletter@ospsearch.com](mailto:newsletter@ospsearch.com)



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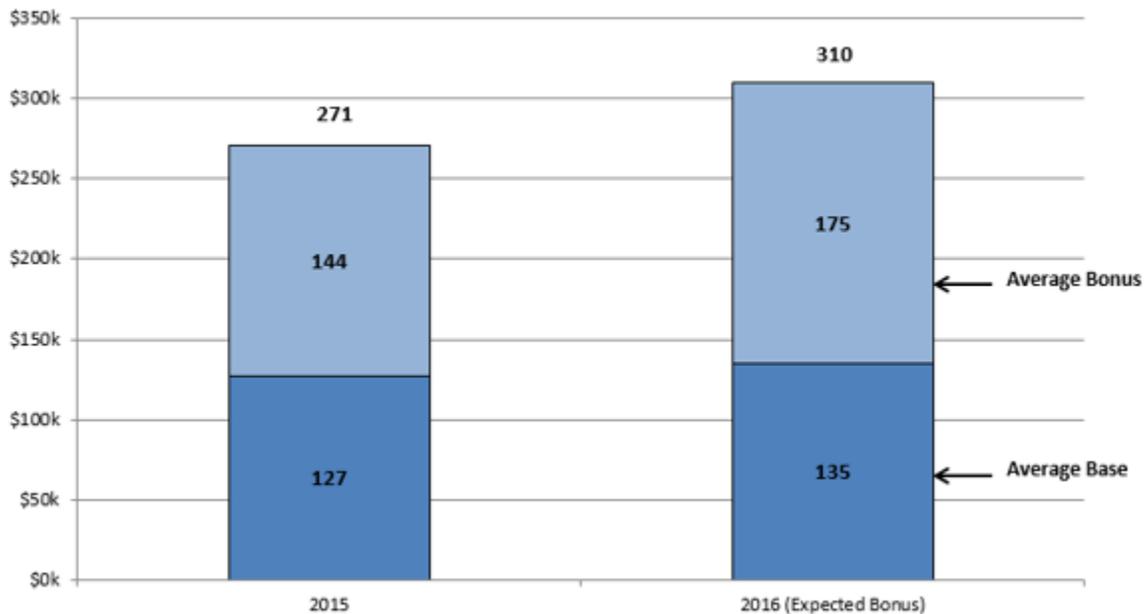
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## Junior Analysts

In this section we look at those participants surveyed who had less than 2 years of buy-side experience investing in publicly traded securities (so typically 3 to 6 years out of undergrad). These folks have typically completed a 2-year banking program, as well as some having been Private Associates (known as 2+2s). This Junior Analyst group is also referred to as “Pre-MBAs”.

On average, Junior Analysts expect their total compensation to rise about 14% from \$271k to \$310k. Although 2016 typically saw relatively poor performance, these Junior Analysts believe that fund managers will want to keep their young talent happy and therefore will continue to pay them generously.

### Junior Analysts (<2 years of public buy-side experience): Total Compensation



An industry source explains their positive outlook: “The young, smart guys have a range of options, including going to private equity and entering the tech world. They’re hard-working, productive, and relatively inexpensive, so it’s no surprise to me that compensation expectations for this group has continued to rise”.



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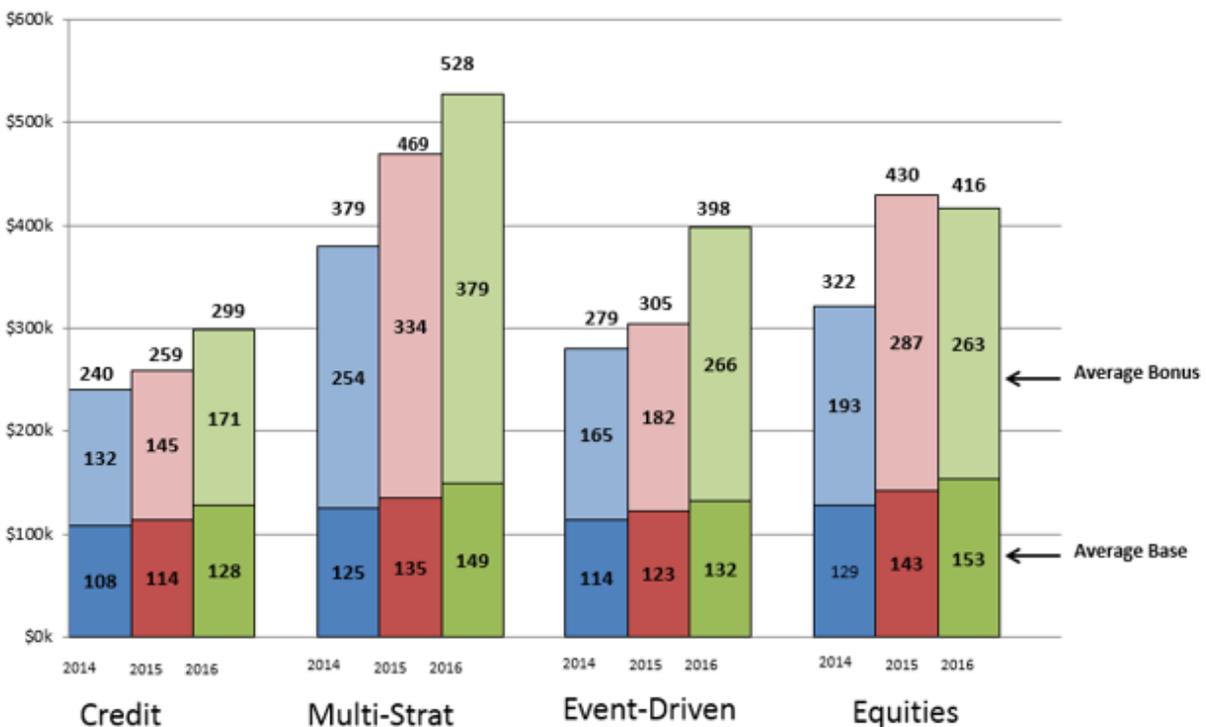
### Effect on Compensation by Investment Strategy

In this section we look at how analysts are compensated relative to their firm’s investment strategy. Participants were asked to choose from one of eight strategies that would describe their firm’s main focus. The categories we report on below are Credit (both Distressed/High Yield Credit and Other Public Credit Strategies), Multi-Strat, Event-Driven and Equities (Long-Only and Long/Short Equity).

We looked at differences by investment strategy for analysts with less than five years public buyside investing experience, and those with five or more years experience.

For the analysts with less than 5 years of public buyside experience, they are expecting to see an increase in total pay from 2015 to 2016 across all strategies, EXCEPT for those in the Equities category (who are expecting an 8% drop in their bonus pay). Analysts at this level who categorized their firms as Multi-Strat shops made the most in 2015, and had the highest expected average total 2016 comp (\$528k) relative to other strategies. Those who work in the Credit space are expecting the lowest average comp of \$299k.

### Effect of Firm Strategy (Analysts with <5 Years of buyside experience)





TO RECEIVE THE FULL REPORT, PLEASE CONTACT:

Anthony Keizner, Partner, Report Editor

[Anthony@ospsearch.com](mailto:Anthony@ospsearch.com); 212.750.5677

Or

Adam Kahn, Managing Partner

[ak@ospsearch.com](mailto:ak@ospsearch.com); 212.750.5677