

Executive Summary

Total Compensation for Risk Professionals in Asset Management Dips Below 2004 Levels

After a challenging year in the financial services industry, the **2009 Risk Talent Associates Professional Compensation Survey – Asset Management** reveals that total compensation has declined to an average below 2004 levels. Between 2007 and 2008, average total compensation declined by 14%, and bonuses decreased by 20%, a major departure from the positive growth seen in previous surveys.

Figure 1: Average Total Compensation, Salary and Bonus (Cash and Non-Cash) 2005-2008

Overall Average	2004 ⁽¹⁾	2005 ⁽²⁾	2006 ⁽³⁾	2007 ⁽⁴⁾	2008 ⁽⁴⁾	CAGR 04-08
Total Compensation	\$ 411,000	\$ 430,000	\$ 472,000	\$ 457,000	\$ 393,000	-1%
Salary	\$ 178,000	\$ 175,000	\$ 180,000	\$ 192,000	\$ 182,000	1%
Bonus- Cash	\$ 165,000	\$ 170,000	\$ 180,000	\$ 180,000	\$ 145,000	-3%
Bonus- Non Cash	\$ 68,000	\$ 85,000	\$ 112,000	\$ 85,000	\$ 66,000	-1%

Source: (1) 2005 Risk Talent Associates Salary Survey, (2) 2007 Salary Survey, (3) 2008 Salary Survey, (4) 2009 Salary Survey. All figures in US Dollars rounded to nearest thousand.

For alternative investment firms (hedge funds and fund of funds), for which growth in total compensation was 25% in 2007 over 2006, the decline was -16% in 2008 over 2007. For traditional asset management firms, which previously showed growth of 14% in 2007 over 2006, the decline was -15%. Total compensation for insurance risk professionals fell less steeply, from 10% in 2007 over 2006, to a decline of -7%. These losses are largely driven by declines in bonuses, while salaries reflect either modest growth or some loss, depending on the type of asset management and seniority. The steepest declines in total compensation across all three segments were for the most senior professionals.

Figure 2: Total Compensation, Salary and Bonus by Type of Asset Management (US Dollars)

Segment/ Seniority	Total Comp		Salary		Bonus-Cash		Bonus- Non-Cash	
	2007	2008	2007	2008	2007	2008	2007	2008
Alternative Investments								
Assoc./Analyst/Mgr	\$ 140,000	\$ 136,000	\$ 140,000	\$ 136,000	\$ 102,000	\$ 105,000	**	**
VP/SVP/Director	\$ 422,000	\$ 360,000	\$ 186,000	\$ 200,000	\$ 200,000	\$ 140,000	\$ 36,000	\$ 20,000
MD/Chief Risk Officer	\$ 1,069,000	\$ 981,000	\$ 220,000	\$ 218,000	\$ 630,000	\$ 497,000	\$ 219,000	\$ 266,000
Traditional Asset Management								
Assoc./Analyst/Mgr	\$ 293,000	\$ 215,000	\$ 113,000	\$ 118,000	\$ 72,000	\$ 55,000	\$ 108,000	\$ 42,000
VP/SVP/Director	\$ 357,000	\$ 324,000	\$ 172,000	\$ 164,000	\$ 95,000	\$ 80,000	\$ 90,000	\$ 80,000
MD/Chief Risk Officer	\$ 704,000	\$ 565,000	\$ 326,000	\$ 308,000	\$ 286,000	\$ 201,000	\$ 92,000	\$ 56,000
Insurance								
Assoc./Analyst/Mgr	\$ 265,000	\$ 246,000	\$ 170,000	\$ 165,000	\$ 54,000	\$ 40,000	\$ 41,000	\$ 41,000
VP/SVP/Director	\$ 317,000	\$ 300,000	\$ 165,000	\$ 160,000	\$ 108,000	\$ 96,000	\$ 44,000	\$ 44,000
MD/Chief Risk Officer	\$ 543,000	\$ 454,000	\$ 276,000	\$ 217,000	\$ 162,000	\$ 152,000	\$ 105,000	\$ 85,000

Source: Risk Talent Associates Salary Survey 2009. All figures in US Dollars and rounded to nearest thousand.

Notes: Insufficient data reported as "**". Abbreviations of titles: Associate (Assoc.), Manager (Mgr), Vice President (VP), Senior Vice President (SVP), Managing Director (MD).

Over 170 risk professionals representing asset management participated in this year's Risk Talent Associates salary survey, including executives from traditional asset management (50%), alternative investments including hedge funds and fund of funds (23%) and insurance (27%).

Survey Analysis

Job Change Rate Stays Consistent, Higher Downsizing Expected

Despite turmoil in the financial system, trends in job movement remain similar to those reported in last year's survey. For alternative investment professionals, 29% report changing jobs in the last two years compared to 20% of insurance professionals and 25% of traditional asset managers. These numbers are likely to remain consistent moving forward, with a total of 27% of respondents reporting that they are likely to find a new job in the future.

A total of 64% of survey respondents expect that their risk group will stay the same size during the coming year, compared to 16% who expect a size reduction and 21% who expect growth. The rate of 16% who expect downsizing is more than triple the number of 5% reported in last year's survey.

When finding people to fill risk management positions, internal recruiting remains the most popular choice at 88% usage. Job boards like www.globalriskjobs.com are the next most popular means of filling positions at 61% usage. Fifty-three percent of respondents use retained search firms to fill risk positions, while 38% use contingency search firms. Other sources mentioned include personal networking, campus recruiting, referrals and professional organizations. All of these methods yield positive results for sourcing and hiring top risk talent.

Highest Level Titles Show Sharpest Declines in Total Compensation

Managing Directors and Chief Risk Officers had the sharpest declines in total compensation, at -18% and -14% respectively, yielding total compensation below the \$1 million range seen in year's past. Senior Associates/ Managers also had double-digit declines of -20% versus single-digit declines for all other titles.

In last year's survey, Managing Directors and Chief Risk Officers, were compensated with a bonus worth 71% and 81% of salary respectively, compared to a this year's figures of 62% and 66% of bonus as a percentage of salary. Other titles from Analyst through Director were awarded a 38-44% bonus as a percentage of salary.

Figure 3: Total Compensation, Salary and Bonus by Title (USD)

	% of Total	Total Comp		Salary		Bonus-Cash		Bonus- Non-Cash	
		2007	2008	2007	2008	2007	2008	2007	2008
Analyst/Associate	9%	\$ 235,000	\$ 229,000	\$ 136,000	\$ 136,000	\$ 79,000	\$ 73,000	\$ 20,000	\$ 20,000
Sr Assoc/Manager	10%	\$ 287,000	\$ 228,000	\$ 140,000	\$ 140,000	\$ 62,000	\$ 42,000	\$ 85,000	\$ 46,000
Vice President	23%	\$ 283,000	\$ 262,000	\$ 165,000	\$ 162,000	\$ 80,000	\$ 70,000	\$ 38,000	\$ 30,000
Director	17%	\$ 301,000	\$ 278,000	\$ 151,000	\$ 156,000	\$ 104,000	\$ 85,000	\$ 46,000	\$ 37,000
Senior VP	12%	\$ 558,000	\$ 505,000	\$ 218,000	\$ 194,000	\$ 206,000	\$ 166,000	\$ 134,000	\$ 145,000
Managing Director	6%	\$ 743,000	\$ 609,000	\$ 221,000	\$ 230,000	\$ 377,000	\$ 302,000	\$ 145,000	\$ 77,000
Chief Risk Officer	22%	\$ 900,000	\$ 777,000	\$ 282,000	\$ 263,000	\$ 480,000	\$ 366,000	\$ 138,000	\$ 148,000

Source: Risk Talent Associates Salary Survey 2009. All figures in US Dollars and rounded to nearest thousand.

Notes: Percentage of overall respondents indicated by "% of Total". Insufficient data reported as "***".

Professionals with Highest Years of Experience Highest Losses

This year's survey confirms that total compensation and salary ranges peak for those with more than 16 years of experience, however growth declines are most steep for this segment. Declines in total compensation are -3% for those with 0-6 years of experience, -10% for those with 7-15 years of experience and -25% for those with more than 16 years of experience.

Figure 4: Total Compensation, Salary and Bonus by Years of Experience (USD)

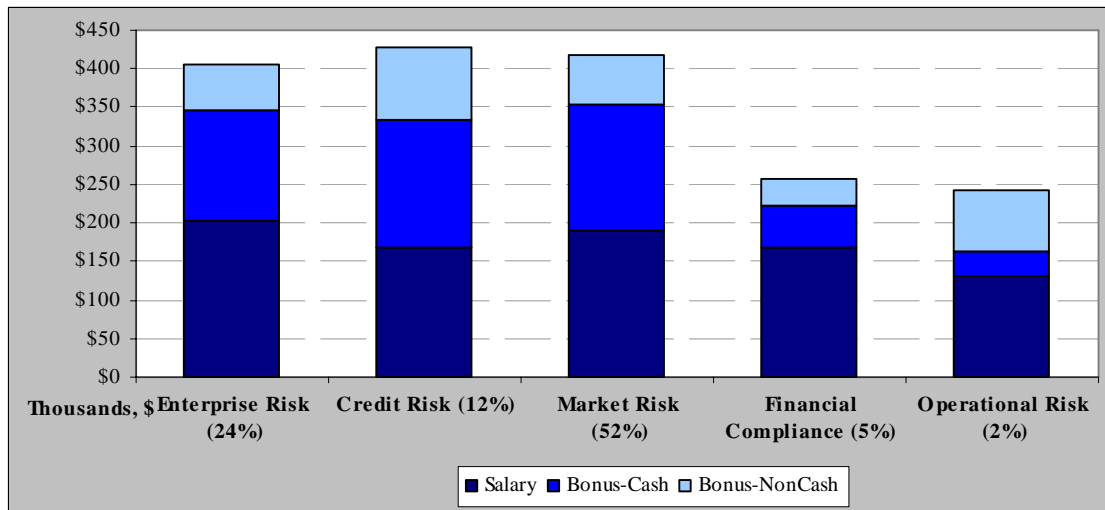
	% of Total	Total Comp		Salary		Bonus-Cash		Bonus- Non-Cash	
		2007	2008	2007	2008	2007	2008	2007	2008
0-6 years	12%	\$ 202,000	\$ 207,000	\$ 129,000	\$ 136,000	\$ 60,000	\$ 60,000	\$ 13,000	\$ 11,000
7-15 years	67%	\$ 448,000	\$ 401,000	\$ 191,000	\$ 185,000	\$ 191,000	\$ 161,000	\$ 66,000	\$ 55,000
16+ years	21%	\$ 627,000	\$ 469,000	\$ 230,000	\$ 218,000	\$ 237,000	\$ 145,000	\$ 160,000	\$ 106,000

Source: Risk Talent Associates Salary Survey 2009. All figures in US Dollars and rounded to nearest thousand.
Notes: Percentage of overall respondents indicated by "% of Total". Insufficient data reported as "***".

Enterprise/Credit/Market Risk Professionals Receive Highest Total Compensation

Market risk professionals make up more than half of survey respondents, and receive total compensation aligned with their colleagues in enterprise risk and credit risk.

Figure 5: 2008 Total Compensation by Risk Type (USD)

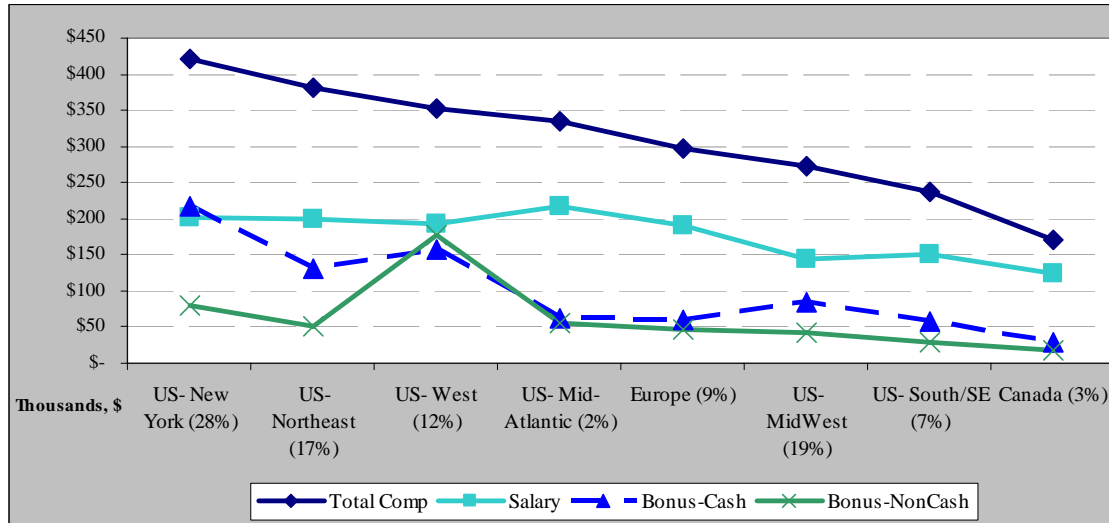


Source: Risk Talent Associates Salary Survey 2009. All figures in US Dollars and rounded to nearest thousand.
Notes: Percentage of overall respondents reported in brackets "(%)".

Professionals Based in New York Continue to Earn Top Compensation

New York remains the place to earn top compensation among risk professionals, followed closely by the northeast United States. As in years past, cash and non-cash bonuses drive differentiation between regions while salaries remain more consistent across geographies.

Figure 6: 2008 Total Compensation, Salary and Bonus by Geography (USD)



Source: Risk Talent Associates Salary Survey 2009. All figures in US Dollars and rounded to nearest thousand.
 Notes: Percentage of overall respondents reported in brackets “(%)”.

Survey Methodology

The **2009 Risk Talent Associates Professional Compensation Survey – Asset Management** was conducted in the spring and summer of 2009 using Survey Monkey software. Responses were received from 175 professionals in the Risk Talent Associates corporate database.

The survey collected information on 2007 and 2008 salary, cash and non-cash compensation (such as stock, options, and other non-cash compensation). Survey respondents identified their segment within asset management, years of experience, title, type of risk focus, and geographic location.

Risk Talent Associates, an executive search firm focused on risk management, is conducting its fifth annual series of risk compensation surveys in 2009 across several market segments: capital markets, asset management, compliance and other fields (software, consulting, energy and corporate).

About Risk Talent Associates

Risk Talent Associates (www.risktalent.com) is the leading international executive search firm focused exclusively on positions in the fields of market, credit and operational risk, as well as financial compliance and risk technology. Risk Talent's expertise, industry knowledge, proprietary network and dedicated focus shorten the recruiting process to deliver senior and mid-level risk managers in the capital markets, asset management, energy, consulting and software industries. Risk Talent has offices in New York, Chicago, Hong Kong and London.

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