

# Hedge Fund Salary Report

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## **Hedge Fund Salary Report**

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## **Introduction**

Are you being paid what you are worth?

This is a simple question, but very difficult to answer.

We have gathered hard data on the base salaries being paid by hedge funds and have summarized our findings in this report.

Keep in mind this data covers base salaries only, not total compensation which would include bonuses and other compensation.

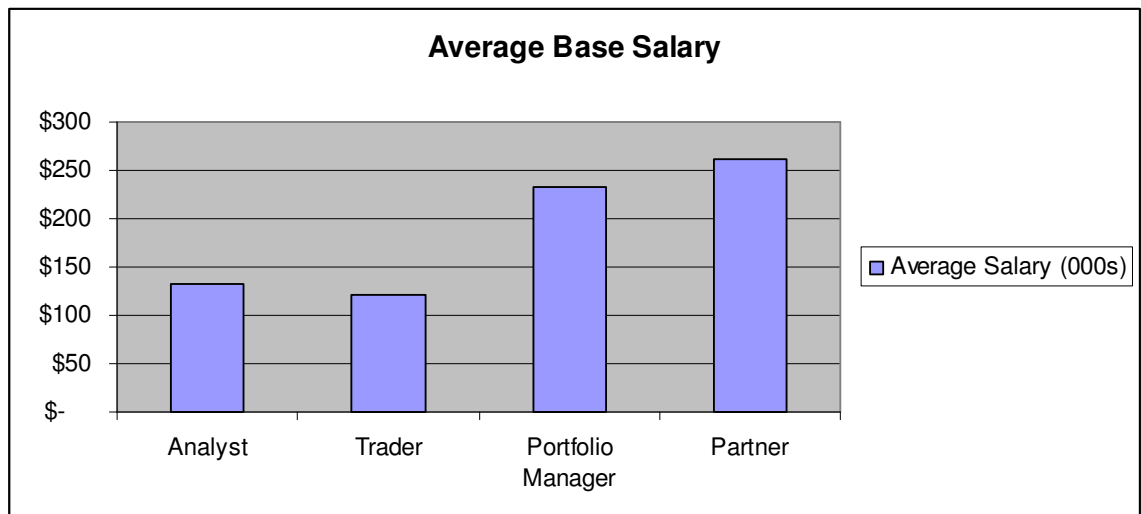
As we all know, bonuses are quite mercurial from year to year. If your fund has a great year, you will be riding high on the hog, but in a bad year, you might get nothing.

Thus, the real measure of comparison is base salary, which is what we present here in this report.

So without any further ado, let's start digging into the numbers.

## Average Base Salary

Of all the possible professions out there, being involved with a hedge fund tends to pay quite well.

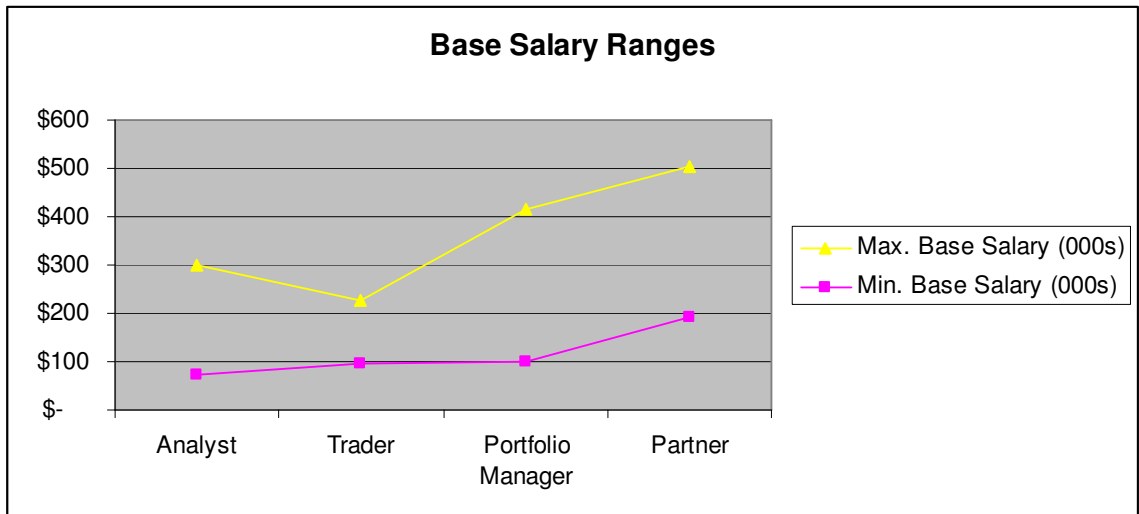


As you can see, the average base salary of a trader is lower than that of an analyst. But in general traders are better compensated than analysts, however more of their pay is bonus driven.

Portfolio managers of course fare quite well and partners better still. Keep in mind that the number of data points for partners is much lower than that of portfolio managers as most firms like to keep partner compensation private. So this data probably skews more than a little to the low side.

## Base Salary Ranges

Compared to other industries, base salaries in the hedge fund industry have a wide dispersion.

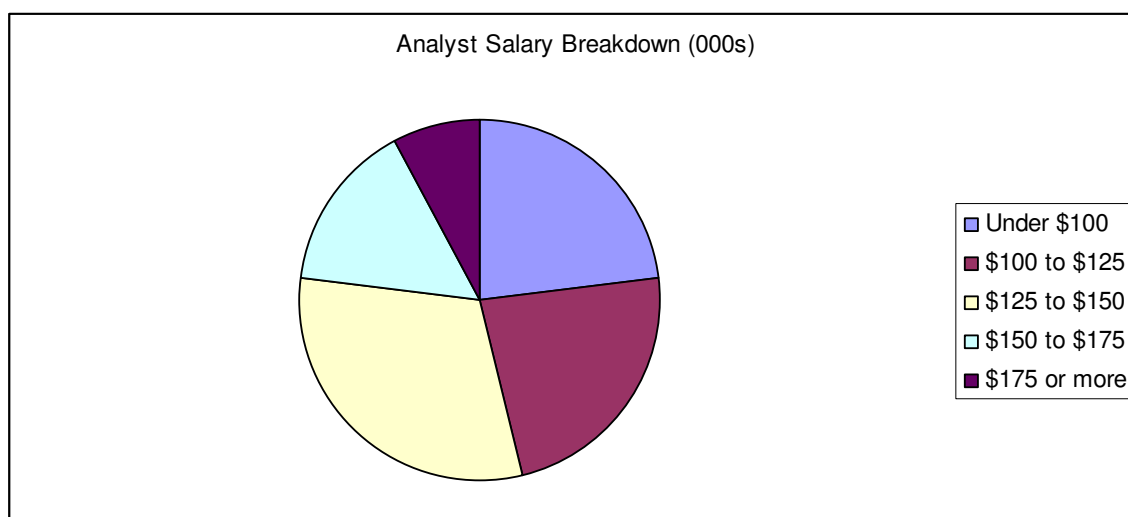


The dispersion in salaries can be especially dramatic in portfolio manager positions.

A big portion of this dispersion is due to assets under management of the firm. Larger firms tend to pay much higher base salaries than smaller firms.

## Analyst Salary Breakdown

The role of an analyst can vary dramatically from firm to firm and this is why base salaries can differ so dramatically.



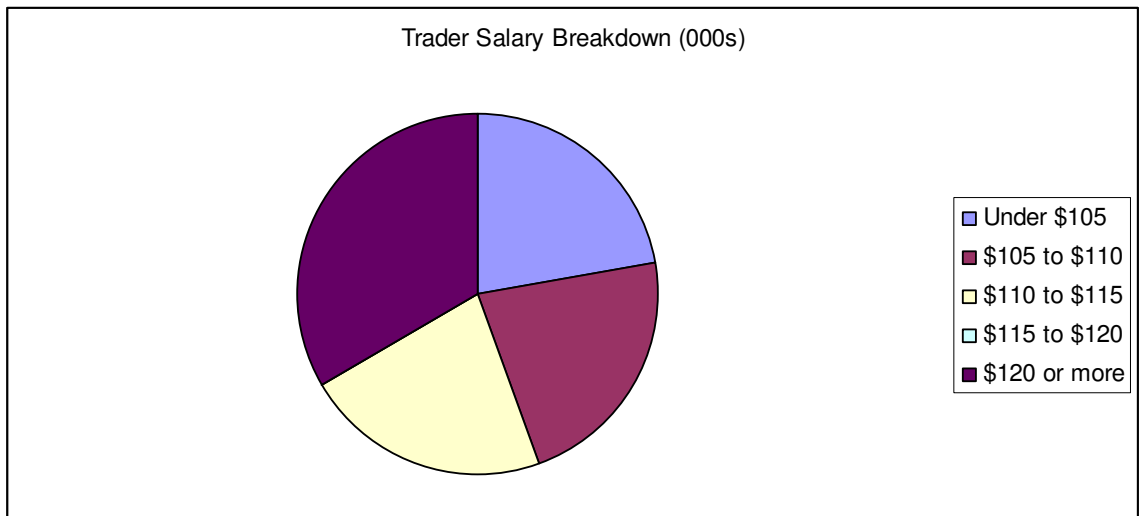
An interesting observation is that the biggest, best, brand-name firms tend to pay the lowest base salaries.

There is a lot of competition for jobs at the most prestigious funds, because the main objective of analysts there is to spend a few years making peanuts and then really cash in on the reputation of their former firm, when they launch their own fund.

And as any first year economics student can tell you, high supply of applicants for jobs at the brand name firms drives salaries down.

## Trader Salary Breakdown

Trader salaries are lower than analyst salaries and they tend to have a much lower level of dispersion.



Most firms tend to pay a lower base that is roughly in line with industry averages. They know that traders have an eat what you kill mentality and are more driven by performance bonuses rather than base salary.

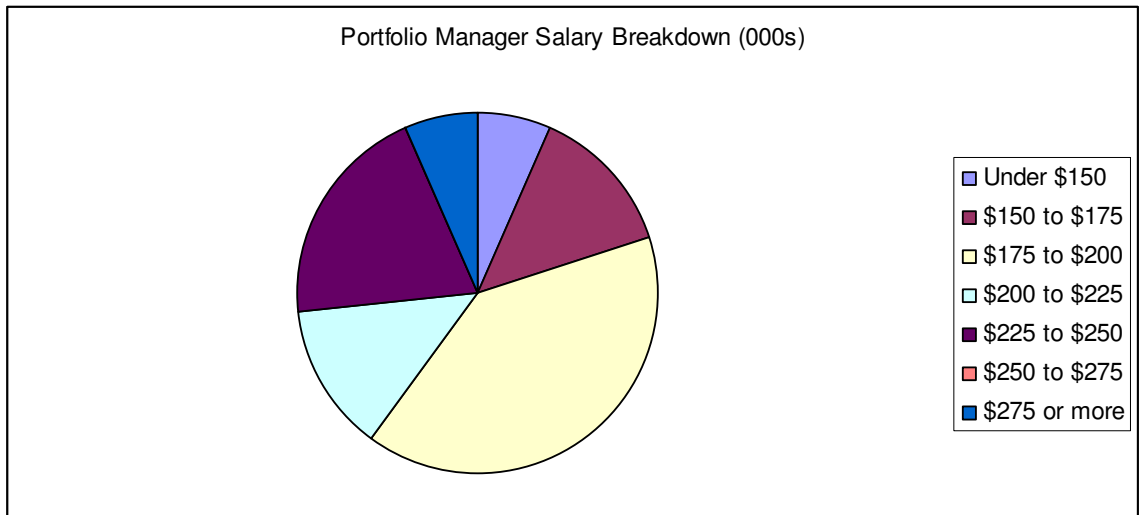
This is why there is so little variation in base salary.

But as we all know, there is tremendous variation in the total compensation of traders, since the vast majority of their pay is based upon performance.



## Portfolio Manager Salary Breakdown

Portfolio managers are really well paid. Obviously there is a Darwinian struggle that drives salaries higher for the best portfolio managers.



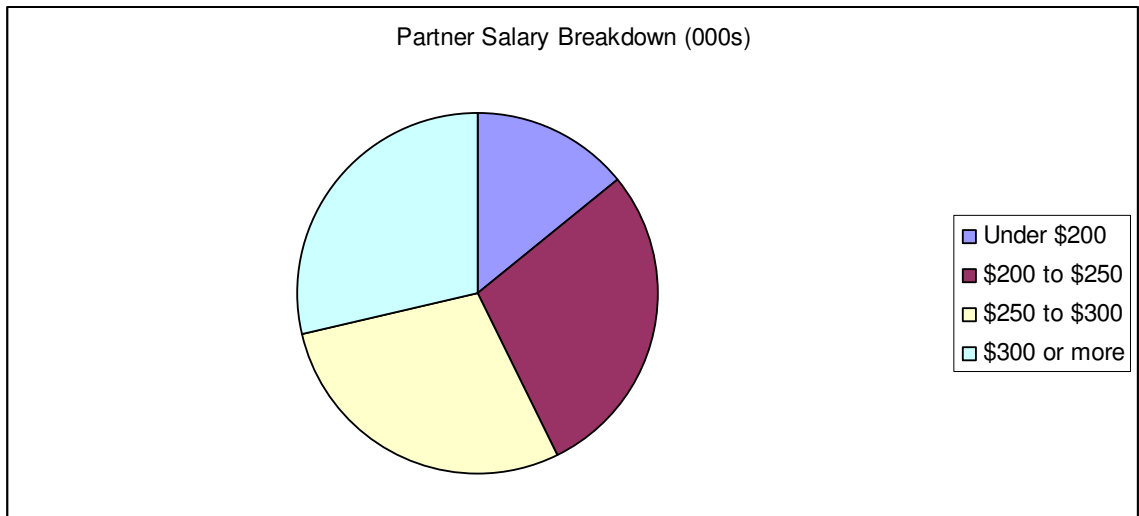
Looking at the numbers, there is tremendous variation in portfolio manager salaries.

They vary enormously by the size of the fund and by the strategy employed by the fund.

Bigger funds pay more. And funds employing the most complex strategies also pay much more.

## Partner Salary Breakdown

Data on partner salaries is very minimal as many funds are highly secretive about what partners are paid. Furthermore many partners draw relatively minimal salaries and receive the bulk of their pay in performance bonuses.



As you can see partners do quite well when it comes to base salaries.

But the real kicker is their performance bonuses, which tend to stretch into the multi-millions in good years.

## **Conclusion**

Despite its ups and downs, the hedge fund industry continues to pay some of the highest base salaries of all the industries out there.

Succeeding in this industry is difficult as the competition is extremely intense and only the best of the best will truly succeed.

But the rewards that go to the successful are exceptionally high. So, if you are one of the select few, we hope that this data enables you to make sure that you are being properly compensated for what you bring to the table.

For more hard hitting reports on the hedge fund industry, be sure to visit:

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