

Operations & Compensation Metrics & Best Practices

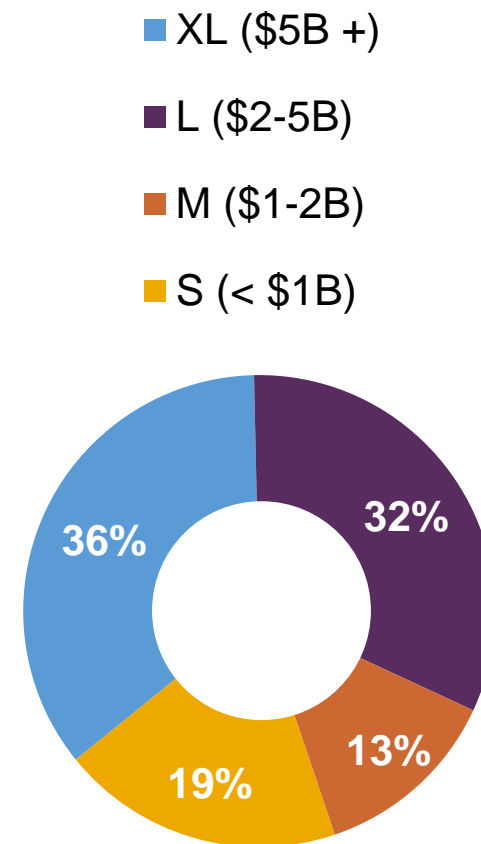
*Preliminary Highlights
from the 2018 Survey*



The Survey

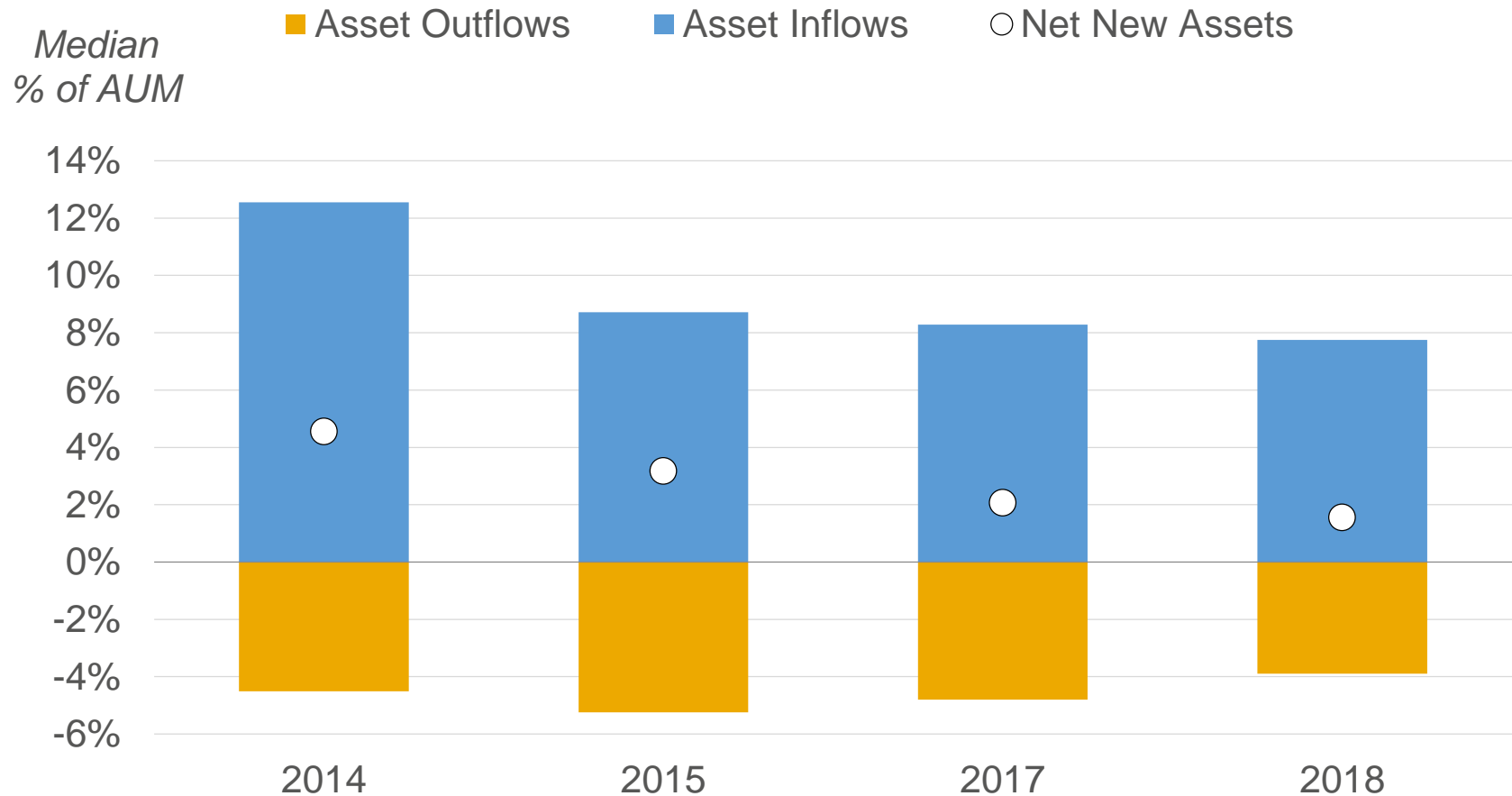
- Conducted by AUG, The Exchange with analysis by ANZU, an independent research firm
- Underwritten in part by SS&C Advent and the IAA
- One of the industry's most comprehensive surveys of operational and compensation practices
- Results are free to survey participants

AUM Cohorts (% of Total)



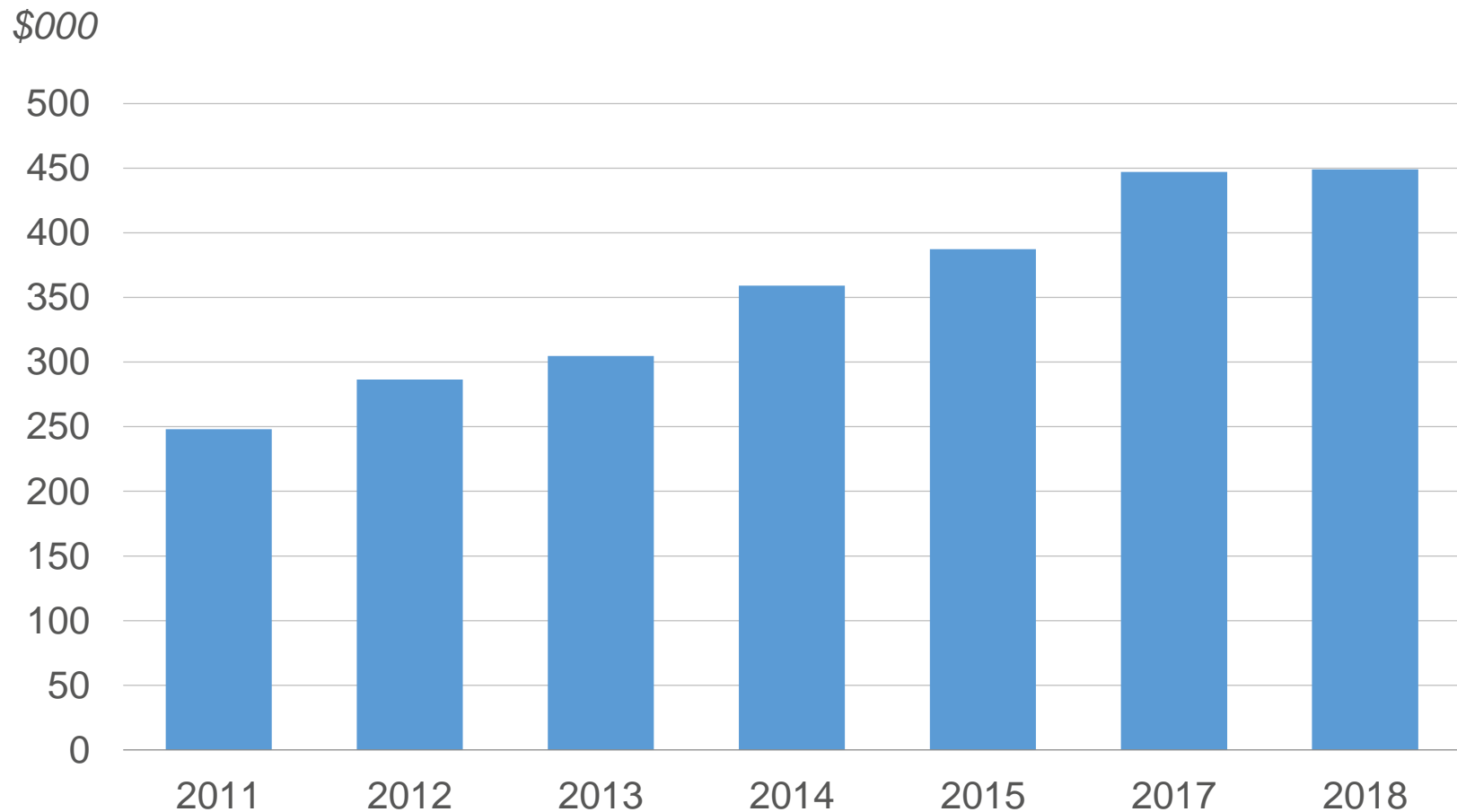
Asset Flows

Asset Flows (Median % of AUM)



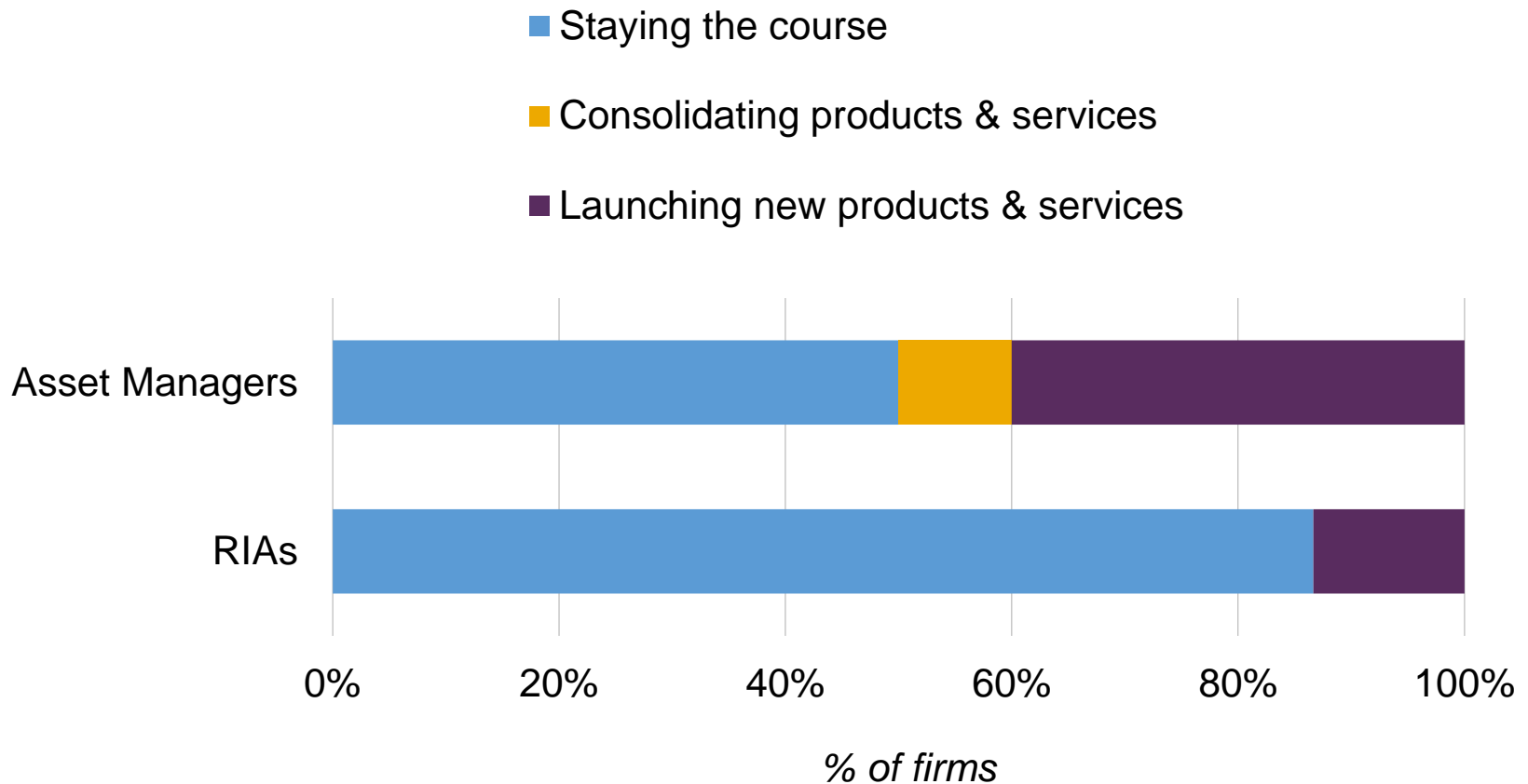
Scale Efficiencies

Median Revenue Per Employee



Products & Services

Does your firm plan to refocus its offering in the coming year?



Employee Hiring & Turnover

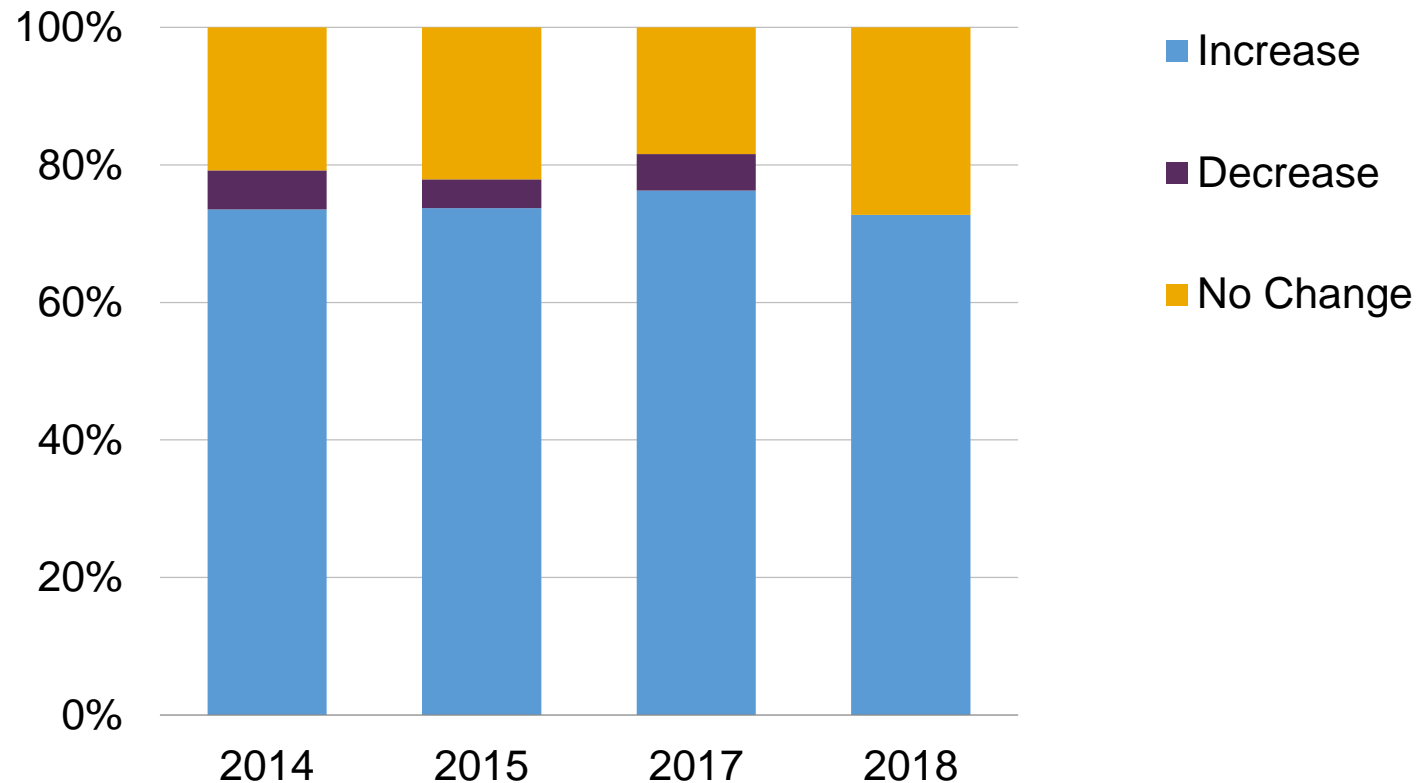
Average Employee Turnover as % of Total Headcount

	ALL	XL	L	M	S
Employees Joining	10.9	16.0	7.8	7.2	9.1
Employees Leaving	9.0	14.2	6.8	10.5	1.6
Net Change in Employees	1.8	1.8	1.0	(3.4)	7.5

Spending on Investment Operations

Planned Changes to Spending on Investment Operations

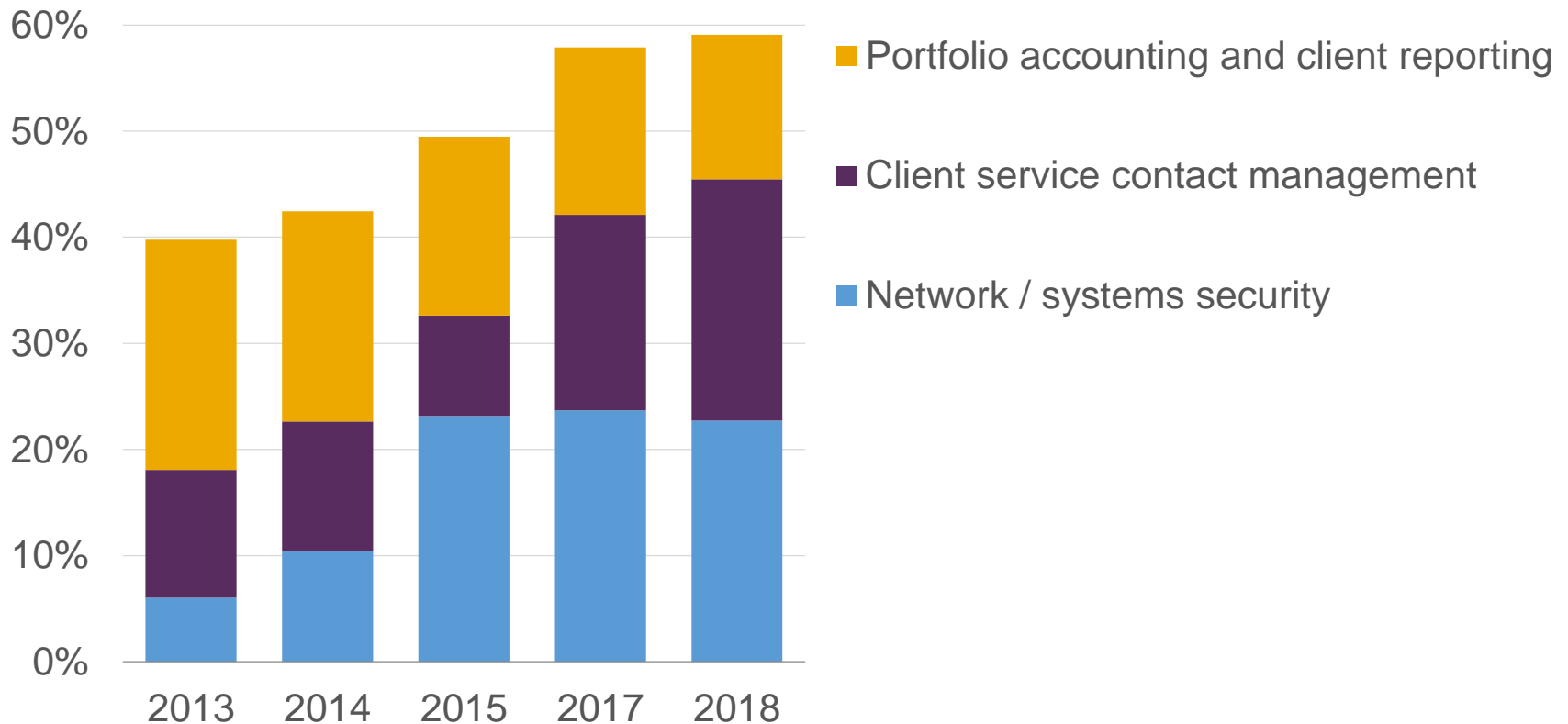
% of firms



Technology Priorities

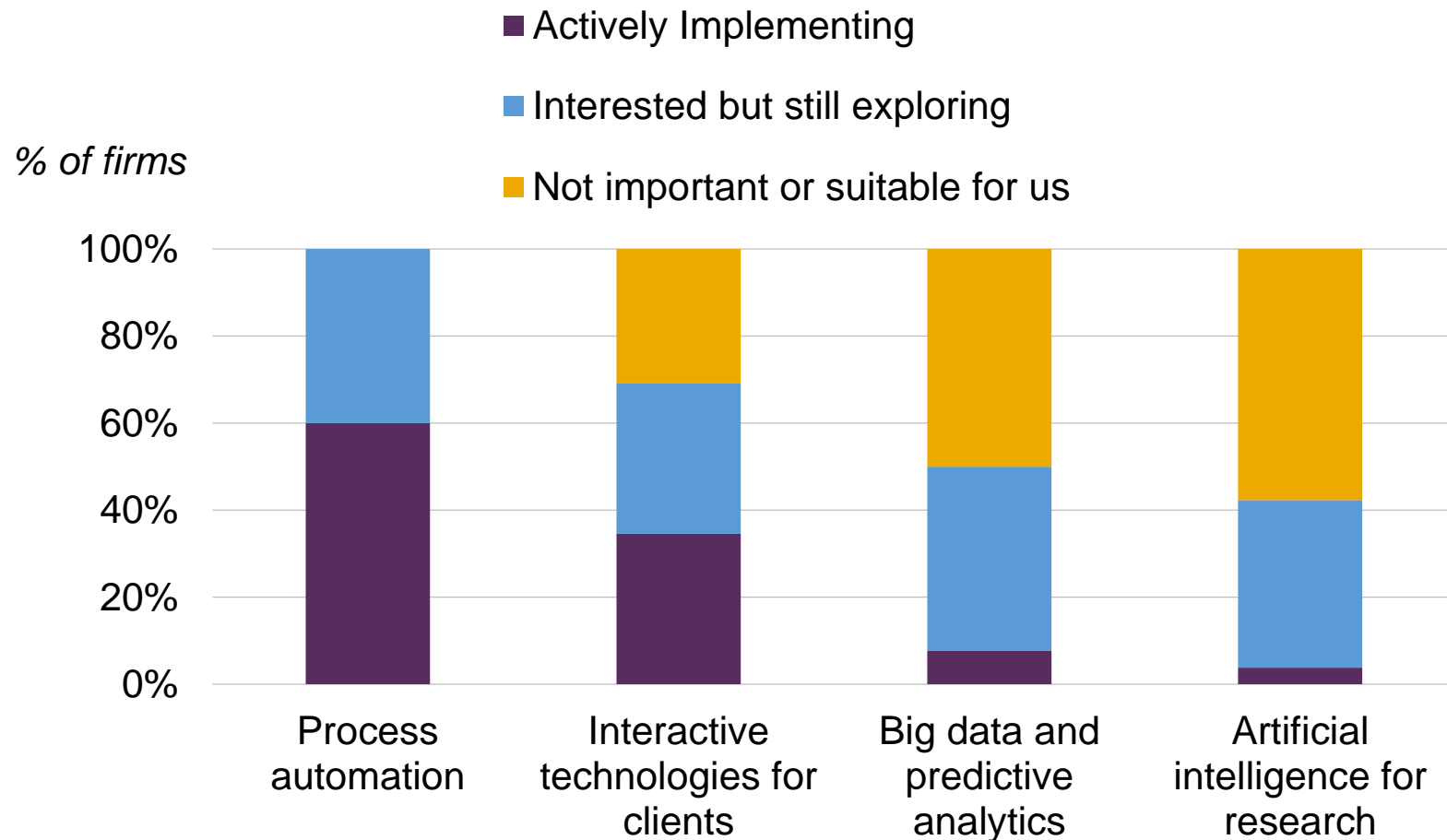
Top IT Initiatives in Coming Year (Top 3 Only)

% of firms



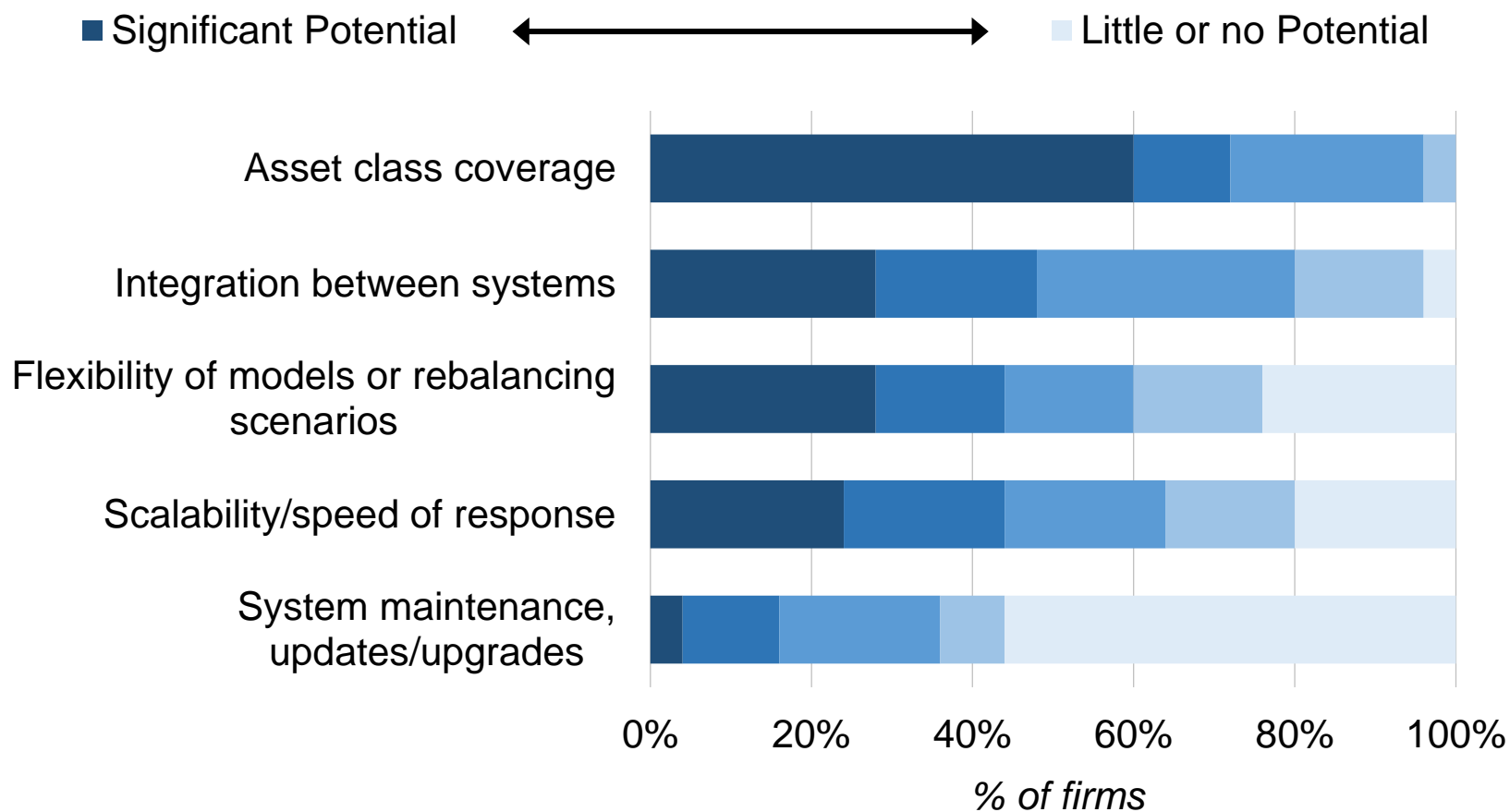
New Technology

Rate your firm's view on each of the following technology initiatives



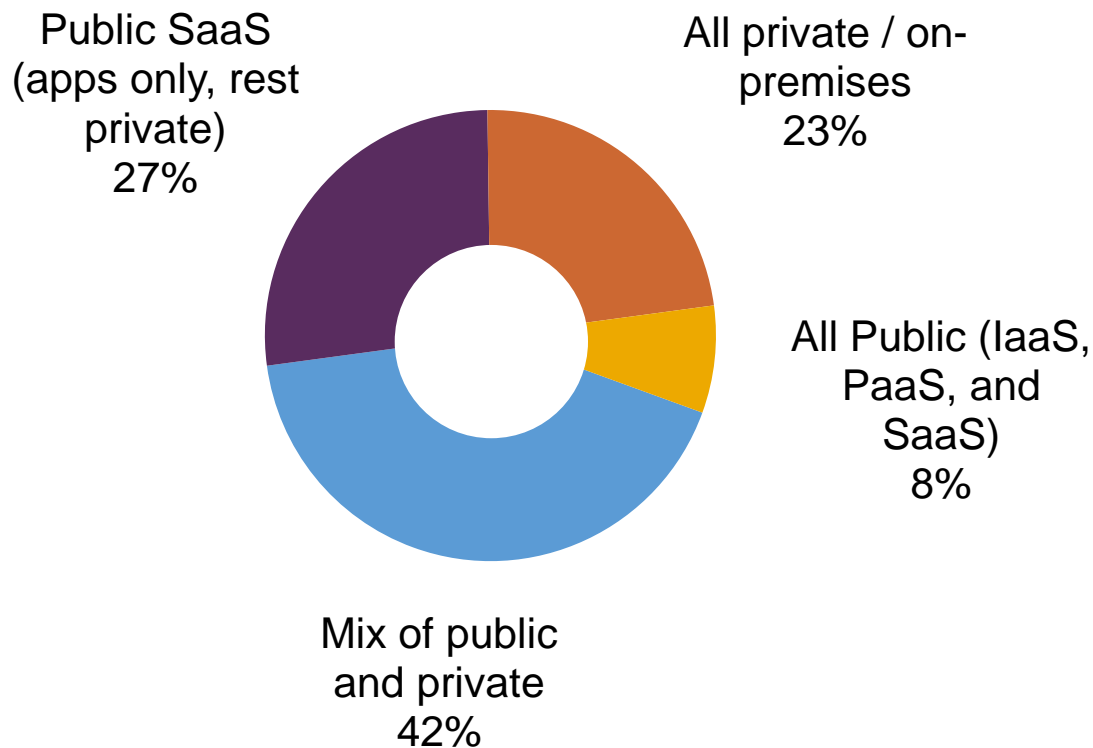
Workflow Optimization

Rate each factor for potential to improve trading & compliance workflow



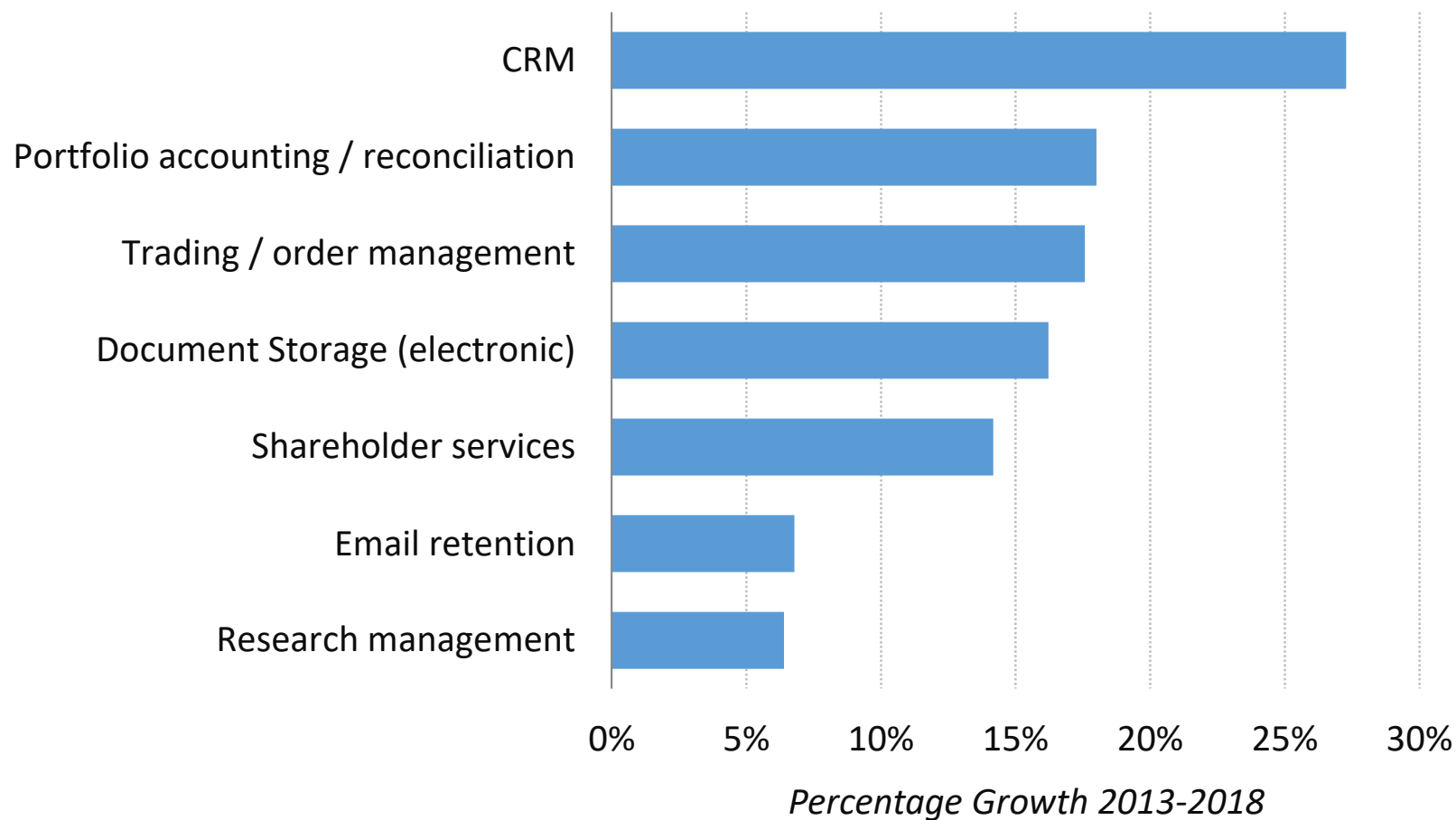
Cloud Computing

Which best describes your cloud strategy?



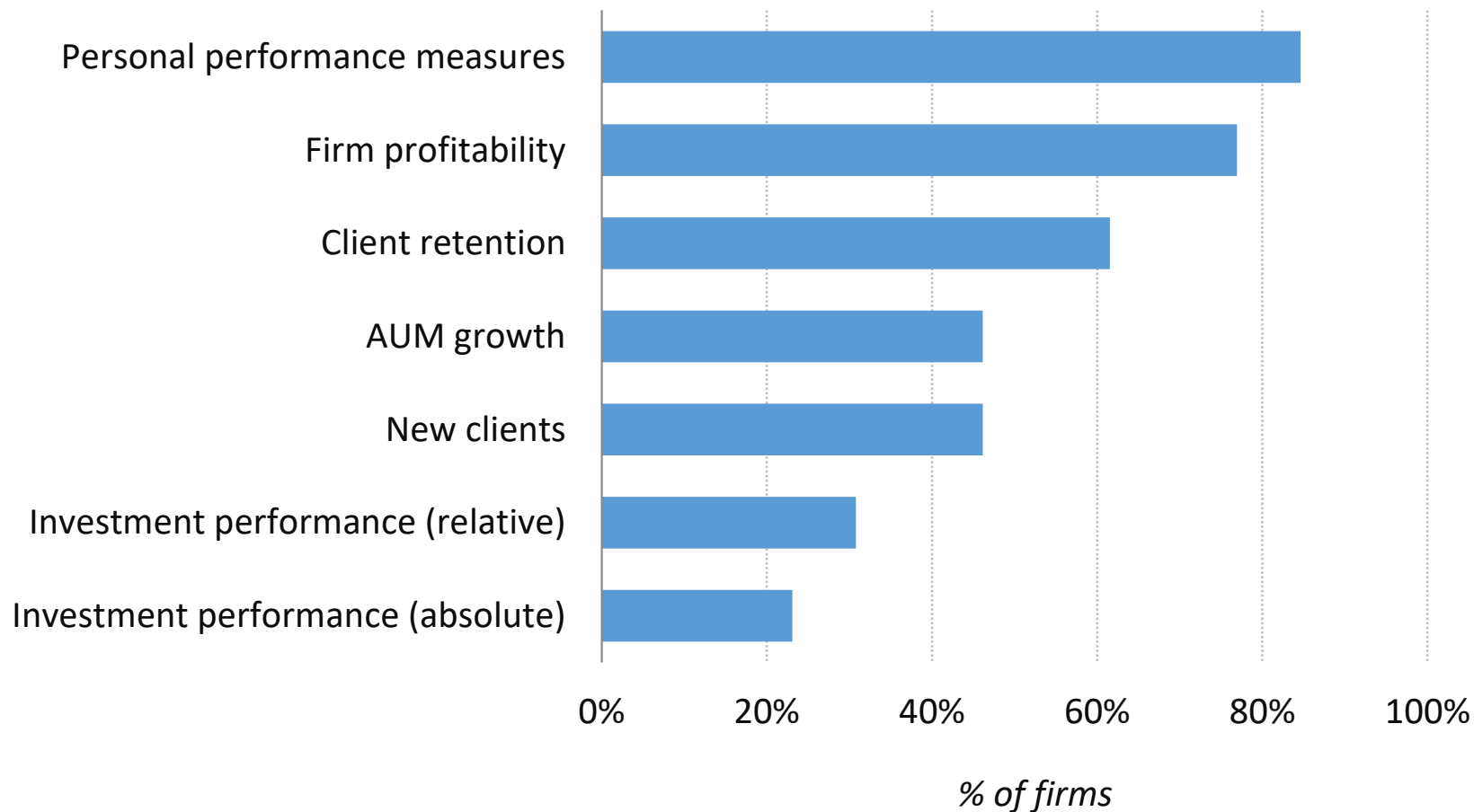
Outsourcing

Growth in Percentage of Firms Outsourcing Over Past 5 Years



Performance Metrics

Determinants of Incentive Compensation



Firm-Wide Compensation Data

SENIOR EXECUTIVES

- President, CEO, Managing Partner
- Chief Investment Officer
- Chief Operating Officer
- Chief Financial Officer
- Chief Compliance / Legal Officer

INVESTMENTS

- Senior Portfolio Manager
- Senior Research Analyst
- Senior Trader
- Portfolio Manager
- Research Analyst
- Trader
- Other Investment Specialist

COMPLIANCE

- Senior Compliance Professional
- Compliance Professional
- Compliance Support

MARKETING

- Head of Marketing
- Senior Marketing Professional
- Marketing Professional
- Marketing Support

SALES

- Head of Sales
- Senior Sales Professional
- Sales Professional
- Sales Support

CLIENT SERVICE / RM

- Head of Client Service / RM
- Senior Client Service / RM Professional
- Client Service / RM Professional
- Client Service / RM Support

TECHNOLOGY

- Chief Technology / Information Officer
- Network Administrator, IT Support

OPERATIONS

- Head of Portfolio Accounting and Admin.
- Operations Manager
- Senior Portfolio Administrator / Accountant
- Portfolio Administrator / Accountant
- Performance Analyst
- Other Operations

ADMIN AND SUPPORT

- Head of Human Resources
- Office Manager / Administrator
- Administrative Assistant
- Internal Accountant / Bookkeeper
- Receptionist

Preliminary Takeaways

1. Net asset flows are slowing down
2. Lack of scale proves challenging
3. Asset managers expanding products & services
4. Hiring continues, but only to replace lost headcount
5. Spending on IT and operations keeps rising
6. Client service technology is being prioritized
7. Processes are being automated where possible
8. Interactive technologies are being rolled out
9. Cloud is being used in a variety of ways
10. Performance metrics emphasize client retention