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2024 Hiring/Compensation Trends Update

November 2024

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2024 Industry Hiring Slows Amid The Search for New Sources of Growth

Industry hiring in 2024 has largely slowed, continuing a theme that was in place during the second half of 2023 where a number of firms initiated hiring freezes or minor headcount reductions. Where hiring activity has occurred this year, it has been centered on replacing key personnel departures or backfills of prioritized roles. New headcount additions have been scarce with the exception of private equity/credit firms as most traditional asset managers have experienced declining margins resulting from a combination of continued fee pressures and client drawdowns related to out-of-favor products or underperforming investment strategies. Through discussions we held with dozens of investment firms to get their input for this piece, a majority of the group indicated that they have either continued existing hiring freezes or plan to maintain headcount at current levels. Nearly 25% of the group surveyed had either undertaken headcount reductions over the past 12 months or were planning such cuts in 2025. These reductions are meant to get operating margins back in line and generally comprise less than 5% of the employee base.

With many managers under persistent fee pressures despite supportive financial markets, management teams have been forced to revisit their business strategy by exiting unprofitable channels, markets, and products. Most notable within our survey were the challenges faced by nearly all firms within the institutional channel, experiencing a one-two punch of sorts. Institutional allocators are making fewer allocations of their portfolios' public US and global equities exposures to active asset managers, leading to i) reallocations of existing mandates to what are viewed as "less risky" passive index or exchange-traded fund (ETF) strategies, and ii) fewer new opportunities to replace existing client accounts that have been lost. At the same time, investment firms have frequently noted challenges of penetrating investment consulting firms due to what could be described as generational turnover among key decision-makers at leading firms and a general lack of appetite to consider adding new investment managers to their platforms. For those firms that are highly leveraged to the institutional market, without exceptional investment performance (and even with it to a certain extent), client drawdowns have resulted, leaving managers to reconsider their resources dedicated to the channel and some de-emphasizing or exiting it altogether.

Another challenge frequently cited by firms and candidates alike is a lack of product vehicle types currently available within their firm. Certain industry platforms and client segments require having some combination of mutual funds, separately managed accounts (SMAs), ETFs, or other vehicles available to their clients. This creates a challenge for more traditional investment managers that only offer 1940 Act mutual funds or SMAs in getting new shelf space. Industry distribution experts have routinely named this as one of the greatest risks to their firm's livelihood. Not only has it caused fewer opportunities to gain traction on platforms viewed as promising growth channels, but it has also become a potential retention issue by causing some business development professionals to re-assess remaining at their current firm.

What are the long-term implications of these developments? First, it's imperative that firms rethink their product mix and future growth strategies if they will be successful. Not only will it become an increasing challenge on the client front but also on the employee retention and recruiting fronts if a company is unable to demonstrate growth of compensation and a viable, long-term growth strategy for itself. In our view, this challenge makes it increasingly likely that industry consolidation will accelerate in the coming years as some traditional firms struggle to innovate or extend their brand into new client channels. To that end, we have seen an uptick in interest in 2024 from some boutiques willing to explore potential partnerships with other firms who either have differentiated investment strategies within the alternatives space or those with a similar product mix or shared investment philosophy looking to develop greater scale and realize possible cost synergies.

Despite some of these broader industry headwinds, we see some encouraging signs for hiring activity as we look ahead to the first half of 2025. First, with the 2024 election cycle now behind us and a definitive outcome determined, the underpinnings could be in place for extended stability in financial markets. So long as markets remain supportive, our expectation is that hiring could pick up as companies make investments in new talent to position themselves for new sources of growth, seek to incorporate efficiency improvements, or gradually unwind hiring freezes which have, to some degree, suppressed hiring demand. With that said, if inflation ticks up again or financial markets overheat, any improvement in hiring could be short-lived.

Where has the hiring occurred?
A consistent theme across 2024 industry hiring has been firms looking to get more technically savvy within each business unit whether investment decision-making, business operations, analyzing client/marketing trends, or exploring new ways to incorporate AI. Candidates who possess strong analytical backgrounds, coding depth, and demonstrated success leading project initiatives to modernize processes will remain in high demand going forward. This has kept pace with the traditional mantra of “doing more with less”.

At the top of the list as far as client search engagements and candidate interest are hires within the private investments space. Though some firms we spoke with acknowledged a slowdown in deal volumes, a majority of others spoke to the growth in allocations to private equities and private credit made by both retail and institutional investors. Firms that specialize in those asset classes have experienced considerable growth in commitments and headcount as a result. On the hiring front, resource additions have been broad-based, including new personnel on the deals side as far as investments staff sourcing/diligencing new potential investments and overseeing existing portfolio companies. On the fundraising side, resources that have established relationships within the family office, RIA, and private banking channels have been in high demand as well.

Upward-Trending Roles ▲

Client Relations (all levels)	Multi-channel BD Managers	Marketing KPIs/Analytics
Compliance (all levels)	External Wholesalers	Technology Research Analyst
PE/Credit Fundraisers	Investment Analytics	Tax Manager/Associate

Downward-Trending Roles ▼

ESG (all levels)	RFP Manager	
Institutional Sales	Human Resources	
Consultant Relations	Senior Operations Staff	

The seemingly never-ending growth of the compliance function continued in 2024, looking primed for further growth in 2025 as well. With increased regulatory developments and a need for resources to address items such as the amended adviser marketing rule, compliance resources at all levels have been in strong demand. As evidence of this demand, our firm has completed five Chief Compliance Officer (CCO) hires this year and numerous Compliance Manager and Senior Compliance Associate positions as well. A key compliance topic that is top-of-mind at many investment firms is the potential outsourcing of the compliance function to third-party compliance consulting firms, with investment managers developing a cost-benefit analysis to weigh the options. The challenge that managers are consistently finding based on anecdotal feedback is that third-party compliance firms have found themselves stretched thin due to i) a high level of employee turnover as resources are poached by investment firms, and ii) remaining employees being asked to take on a larger client load than what they typically handle. This has raised a concern about the adequacy of such solutions and potential risks of things “falling through the cracks”. Candidates currently employed by third-party compliance firms have echoed these same concerns, stating that they are overworked and have unsustainable work volumes. With that in mind, some managers are weighing the in-housing of their compliance function to reduce risk and supplementing that function with the use of existing outside counsel for any areas where additional regulatory knowledge is required.

Another highly sought-after resource within investment management today is client relations professionals, spanning all levels of experience. Hiring for such resources has been broad, spanning both wealth managers and institutional shops. Within the wealth management segment, firms have seen steady growth of clients and assets this year and have needed to make team additions to maintain enough resources to handle the operational/administrative aspects and a “white glove” service standard. On the institutional side, it’s been somewhat of a different story as managers who have experienced client drawdowns or underperformance have looked to replace revenue generators on the distribution side with those focused on asset retention in a bid to preserve existing client relationships and establish a more frequent regular cadence with clients. Although institutionally-facing distribution teams have seen a downsizing of sorts industry-wide this year, business development talent that calls on other channels including RIAs, family offices, banks, TAMPs, etc. has continued to see new job opportunities at public and private investment managers.

Hybrid work structures remain a top-of-mind hiring consideration

Return-to-office plans that work for companies and candidates alike have continued to prove somewhat elusive. Within our recruiting engagements, this is a topic that has routinely caused hesitation on the part of many candidates to move forward from an initial discussion about a new job opportunity or even consider exploring new roles altogether. Given the industry’s hiring binge over the course of the pandemic and increased comfort using hybrid work structures, most candidates we interview are relatively happy in their current roles, making a decent salary, and enjoying a relatively good work/life balance. They are feeling comfortable and don’t want to rock the boat. This backdrop combined with numerous industry firms announcing headcount reductions and a general uneasiness about the broader macroeconomic picture have left candidates risk-averse to a large extent.

As recruiters, we see it from both sides when recruiting candidates from their current role and when placing candidates into new roles, in-office policies are a big factor. When a candidate is working remotely or has a flexible “hybrid” schedule they are tentative to look at new roles because they feel that they have created a life around this schedule. Accepting a new role will bring on uncertainties that they don’t want to take on. Questions arise such as “Is the company moving toward a more rigid in-office schedule?” When candidates are asked to consider moving into a firm/role where more in-office days are required, the conversation quickly turns to a discussion about increased commuting challenges, less work-life balance and family time, and greater stress generally. Many candidates do not perceive enough of a benefit in making a job change if it requires moving into the office more often, opting to stay put in their role despite the lure of higher compensation and a new title.

One segment of the candidate population that has been a bit of an exception to that dynamic is less-experienced candidates with less than five years of industry experience. Eager to be mentored and form relationships with their colleagues which were largely absent throughout the pandemic, they are actively seeking out greater connectivity and team-building which makes them somewhat more open to making a leap back into the office. The path of being regarded as a dependable, in-office colleague is also seen by less-experienced candidates as a potential opportunity to accelerate their career progression faster than peers.

What is the optimal hybrid mix? The most frequent structure we continue to see is three days per week in-office and two days remote. Some firms have transitioned to four days in-office for certain groups such as investments staff and internal sales teams, feeling that their in-person collaboration is imperative to delivering consistent client interactions and generating solid investment performance execution. Four days a week in-office is generally seen by the majority of candidates as a feasible structure, however moving to a full five days per week in-office remains a significant challenge for both attracting new talent and retaining existing employees. As such, we have counseled our clients to think long and hard about opting for such a structure as industry competitors may be recruiting similar talent with less of an in-office requirement.

Compensation increases have gradually subsided

Throughout 2024, industry compensation levels have continued to exhibit a leveling off following the pronounced move higher that occurred during the pandemic years. We attribute this to a few factors. First, an industry backdrop of less hiring activity broadly has resulted in less of a need for firms to “chase” candidates as they did previously. Companies have, in turn, become more methodical and selective about their hiring process, operating on the belief that there are more candidates available in the market given recent headlines of marginal headcount reductions at many traditional managers. A second factor at play is that not as many existing roles have been slated for replacement/backfill hires, a development that has influenced our prediction that the number of industry seats will likely continue to decline over the coming years as further consolidation occurs. Exacerbating this issue further is that employees have become increasingly apprehensive about making moves because of industry uncertainty but also many remain fairly content with their current pay and hybrid work structures as noted earlier in this piece.

With that said, there are some bright spots in compensation, particularly when looking at private equity/credit firms. With growth having accelerated, the pay dispersions between these firms and traditional asset managers have become more magnified. This is most true within the investments function as private investments firms’ deal teams have received outsized incentive compensation payouts relative to some of their fundraising colleagues. Each firm uses its own combination of metrics whether quality of deals, IRR, deployment of capital, or others which can be less formulaic.

As for carry, our understanding is that many firms have opted to reduce its use as an incentive tool except for some of the most senior investment team members. Outside of the investments function, fewer firms are offering it to senior fundraising personnel, and even when offered it is typically 5% or less (where investment personnel might receive 5-15% depending on the fund). In place of carry, firms have moved towards using other alternatives such as a profits interest at the firm level instead, meant to simulate equity and tie individuals to overall firm results.

To provide a sense of current market compensation levels, we’ve developed a summary of cash compensation expectations ranges for selected industry roles on the following page. The summary outlines candidates’ self-reported compensation expectations data sourced during related searches that Concentriq has performed over the past twelve months. The data is broken out into ranges for base salary, cash incentives, and total cash expectations along with a simple average taken across all candidates for total cash expectations. It does not include equity incentives or carry. The data is sourced nationally principally from firms with AUM $5 billion to $100 billion and attempts to take into account all size metropolitan areas, with the largest cities such as New York, Boston, and San Francisco representing the upper end of the range and others typically falling in the bottom half of the range.

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2024 Compensation Expectations Ranges for Selected Roles

Position/Title	Experience Level	Base Salary Expectations Range 2024	Incentives Expectations Range 2024	Total Cash Expectations Range 2024	Total Cash Expectations Average 2024
Investments					
Head of Investments-Wealth Only	15 years+	300-400k	200-700k	500-1,100k	650k
Investment Manager-Wealth Only	12-20 years	200-250k	150-200k	350-425k	400k
Public Equity Co-Portfolio Manager	12 years+	200-250k	250-750k	500-1,000k	740k
Public Fixed Income IG/HY Research Analyst	5-9 years	145-200k	50-200k	195-400k	280k
Public Equity Research Analyst	7-15 years	200-250k	150-500k	350-750k	505k
Private Equity/Credit Vice President	9-15 years	200-300k	250-1,000k	450-1,300k	672k
Private Equity/Credit Senior Associate	5-9 years	200-220k	150-250k	350-450k	400k
Investment Analytics Manager	6-12 years	125-200k	25-100k	150-275k	208k
Distribution					
Private Equity Managing Director Fundraising	8-20 years	200-275k	200-500k	400-775k	583k
VP Business Development-All Firms	8-20 years	200-250k	150-550k	400-800k	535k
VP Business Development-Wealth Only	8-20 years	175-210k	50-200k	250-400k	295k
External Wholesaler	8-25 years	100-250k	200-575k	350-750k	472k
Internal Wholesaler	2-5 years	75-110k	30-75k	105-150k	135k
Client Relations					
Director of Client Relations-All Firms	7-15 years	150-200k	35-120k	185-300k	233k
Director of Client Relations-Wealth Only	7-15 years	140-175k	35-80k	175-250k	209k
Client Service Associate-All Channels	2-5 years	75-125k	15-35k	90-160k	117k
Client Service Associate-Wealth Only	2-5 years	75-110k	15-22k	90-132k	107k
Marketing/Performance					
Director of Marketing-Wealth Only	8-19 years	140-200k	40-75k	200-275k	227k
Marketing Analytics/KPIs Manager	7-15 years	110-200k	30-100k	150-300k	220k
Senior Investment Writer/Editor	12-25 years	150-220k	25-85k	188-255k	216k
Performance Manager	10-23 years	160-210k	40-100k	200-300k	238k
Performance Associate-Wealth Only	3-8 years	85-110k	20-28k	106-138k	121k
Legal/Compliance					
General Counsel/CCO	14 years+	275-400k	225-850k	500-1,200k	746k
Chief Compliance Officer	14 years+	200-300k	200-500k	400-800k	567k
Senior Compliance Associate	4-8 years	100-150k	15-30k	125-175k	149k
Legal Counsel	7-15 years	200-250k	100-175k	300-425k	340k
Finance					
Chief Financial Officer	12 years+	200-300k	150-500k	400-800k	560k
Controller	10-25 years	200-275k	50-200k	250-475k	311k
Tax Manager-All Firms	7-15 years	100-180k	24-70k	125-250k	172k
Tax Manager-Wealth Only	7-15 years	100-130k	24-30k	125-155k	142k
Tax Associate	1-3 years	75-100k	10-20k	90-110	101k
Human Resources					
HR Business Partner	7-13 years	170-240k	50-120k	220-300k	268k
Benefits Manager	7-18 years	135-180k	30-60k	165-220k	199k
Trading/Operations					
Trader-Fixed Income	7-17 years	130-200k	50-200k	190-400k	290k
Trader-Equities	7-17 years	135-250k	40-200k	200-400k	298k
Trader-Wealth	6-14 years	100-150k	20-50k	120-200k	146k
Quantitative Trader/Analyst	6-16 years	150-200k	50-200k	200-400k	260k
Operations Manager	7-17 years	140-200k	40-60k	180-250k	213k
Sr Associate Hedge Fund Operations	4-10 years	100-150k	15-30k	120-180k	138k

Source: Concentriq candidate-reported data

2024 Bonus Expectations: A Tale of Two Firms

As we are each year, we've been asked by many clients to provide our best estimates of how 2024 year-end bonus pools are tracking relative to 2023. Based on feedback from dozens of investment managers that we spoke to for this publication, the diverging answers provided could best be described as a tale of two firms. Taking into account the challenging flows and margins backdrop described by traditional asset managers who are more institutionally oriented or those who have underperformed relative to their peers or benchmarks, the general expectation is that those firms will likely see 2024 bonus pools held flat or up only modestly versus 2023. A second group of managers which we'll define generally as higher margin/outperformers includes those firms who i) specialize in or have considerable exposure to private equity/private credit investments or alternatives, ii) those with exceptional investment performance and differentiated investment strategies, and iii) wealth management firms. For this second group, 2024 bonus pools are expected to increase by 10-15% relative to last year.

An important consideration relating to bonus pools for each of these groups will be how to retain key personnel going forward in 2025. With private investment firms and wealth managers actively recruiting high-caliber resources from all areas including traditional asset managers, and candidates seeing those spaces as more attractive, higher-margin businesses over the long term, employee retention feels more important than ever. To address this issue, we've suggested that clients consider setting aside long-term deferred incentive awards to recognize key employees who are viewed as future contributors to the business. The awards should pay out over a period of 3-5 years (either ratably or under a cliff vest) and the magnitude of those awards must be substantial enough to have the retentive effect they are designed for. While financial rewards are strong signals to all employees, almost equally important is the need to continually revisit topics such as career progression, skills development, and responsibilities expansion to ensure individuals' career aspirations are being met and increase the likelihood of greater longevity of tenure.