

THE MM & K HEDGE FUND PAY SURVEY - 2007

Summary

In 2007 MM & K will be conducting its fourth study of pay and incentive practice in the UK Hedge Fund industry. MM & K produced pay and incentive compensation surveys of the UK Hedge Fund industry in 2002, 2003 and 2004. The last of these studies was published in December 2004, just over two years ago. Over these three years MM & K analysed data from 16 different hedge fund management operations, analysing data on over 100 hedge fund management employees. Since 2004 MM & K has advised a number of hedge fund operations on their incentive compensation structures. We believe that our experience of advising in this alternative asset class as well as our history of successful surveys covering this sensitive topic places us in a unique position to conduct our fourth hedge fund survey this year.

The survey analyses compensation levels and structures for each of the following main hedge fund industry job families

- Direct Investing
- Fund of Funds
- Sales
- Finance and Back Office

Easy to read and analyse reports enable participating companies to see their position against their peers. The survey also includes an Executive Commentary which considers the state of the hedge fund industry in the UK, trends in compensation levels across the sub-sectors and issues currently facing the market and their impact on pay structures and levels.

Information Collected

The survey covers all aspects of pay and incentive practice in the UK hedge fund industry, analysing in detail levels of:

- short-term basic cash compensation (base salary and benefits);
- short term incentive remuneration (cash bonus, share of management fees, share of performance fees, profit share, bonus deferral)
- long-term incentive compensation (co-investment plans, stock options, restricted stock), and
- ownership / equity participation (dividends and profit share).

The survey also covers in detail:

- the design and structure of annual bonus plans, including KPIs, fee sharing arrangements, discretion v contractual, which pot does the employer's NI come out of, as well as co-investment plans and other long term incentives;
- key corporate and fund information including levels and timing of management fees and performance fees across different funds and across different hedge fund strategies.

Job Families

The survey will cover at least 15 positions as follows:

- Senior Management (including CEO, Head of Hedge/Alternatives)
- Chief Investment Officer
- Fund Management (including Lead Fund Manager, Fund Manager, Assistant Fund Manager/Analyst)

- Fund of Fund Management (including Lead Fund of Funds Manager and Fund of Funds Manager)
- Sales Functions (including Head of Sales and Sales/Marketing Manager)
- Legal, Compliance & Risk Management (including Compliance & Risk Manager)
- Finance (Chief Finance Officer and Financial Controller)
- Administration & Support (including Head of Back Office, Back Office Manager and Fund Administrator).

Timetable and Cost - 2007

We will be marketing the survey in September and October 2007. During this process we will seek to identify other job roles to cover in the survey. We will also seek to identify specific areas that participants wish to see covered. Results will be published in late October 2007. The cost of participation is £4,000 (plus VAT).

Confidentiality

Results are only available to participating companies. All information received is treated in the strictest confidence and the results are set out in such a way so as to make it impossible to identify individual companies.

Contacts

If you wish to discuss participation or have any questions please contact:

andrew.manktellow@mm-k.com

nigel.mills@mm-k.com



INVESTOR IN PEOPLE

MM & K is authorised and regulated by the Financial Services Authority