

HEDGE FUND MANAGEMENT

ADVICE AND SUPPORT WITH COMPENSATION AND HR ISSUES

The Need

Fund management businesses are increasingly recognising the significance of hedge funds as an important asset class. In particular they are conscious of the need to provide their institutional and individual clients with this investment opportunity. However, successful hedge fund management businesses require a quite different approach to remuneration than the management of traditional long only funds.

There have been many examples of entrepreneurially-minded fund managers leaving their institutional employers to establish their own or join an existing “boutique” hedge fund operation. We believe that this trend is set to continue. These entities that want to establish or develop their own independent presence on the hedge fund market need to:

- *develop an overall strategy to facilitate achievement of the business goals and create an organisation that will realise them,*
- *develop an effective framework of compliant employment literature and documentation to enable resourcing, recruitment and retention of appropriately qualified and skilled staff,*
- *design competitive compensation and HR policies and practices that will continue to attract the best talent, encourage them to stay and incentivise the highest levels of performance,*
- *ensure that performance is measure and recognised*
- *identify and build on effective management behaviours to ensure continued growth and success in the hedge fund environment*

The Solution

- **Advice:** we offer specialist and comprehensive advice on compensation policy and practice specifically designed for hedge fund operations that:
 - *is consistent with the hedge fund business strategy,*
 - *is integrated with the compensation policy and practice for executives concentrating on other asset classes (if relevant) and*
 - *addresses the potential conflicts that might arise where the individual managers are running both hedge funds as well as long only funds*
- **Performance Management Techniques:** we recommend and implement performance management techniques that enable the company to identify key performers and to ensure a constant link between business and compensation strategies
- **Plan Design and Implementation:** we design and implement compensation plans which identify and quantify appropriate and relevant cost / benefit ratios for the business and their individual hedge fund managers. We always model the outcomes of plans on a number of “what if” scenarios. We also take account of the motivational employee relations issues associated with compensation and incentive plans.

- **Research:** we conduct comprehensive research on compensation practices in the hedge fund sector. We produce a regular survey of pay and incentive practice in the UK hedge fund industry.
- **HR Support:** we provide a professional HR support service to facilitate the establishment, growth and ongoing operation of fund management businesses based on business goals, compliance, best practice and relevance. This includes advice on and development of employment documentation, recruitment, HR policies and performance management as well as communication of corporate culture and values.

Capabilities

MM & K is an independent company, which has been in business since 1973. We are the leading strategic compensation consultancy in the UK asset management and private equity sectors. We focus on the links between business objectives and the compensation strategies needed to achieve them. Performance management is a core speciality.

We have detailed knowledge of the independent and intuitional hedge fund sectors.

The combination of MM & K's sector knowledge and strategic business approach together with our expertise regarding all the HR and compensation issues in fund management firms provides a uniquely well-positioned human resource and compensation consultancy business to service the growing hedge funds industry.

Benefits to Clients

- An integrated approach to employment and compensation for hedge fund management operations.
- Compensation strategies and plans directly linked to where the business is going and to market practice.
- A rationale for incentive compensation payments for hedge fund managers.
- A methodology for monitoring performance which helps to identify and retain key hedge fund managers.
- On hand HR support without a need for a dedicated in-house HR function.

These benefits will help establish your business and develop your hedge funds operations on a well balanced and economically sound basis.

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