

ARKESDEN COMPENSATION REPORT

2020 / 2021

Welcome to the Arkesden Annual Compensation Report



It has certainly been a year like no other for the Alternative Investment Industry. Opportunistic investing strategies have presented themselves, event driven investing as markets have bounced back from the pandemic shock have also been in play. A lot of initial nervousness from an Asset Management perspective has seen mixed fortunes for portfolio businesses sector by sector. And fund raising which, despite the global social and commercial changes, has remained very resilient in 2020 and early 2021.

But it is a largely unseen change in 2020 and early 2021 that we feel is going to provide a medium-term conundrum to the Alternative Investment industry in the coming years.

The challenge is coming in sourcing the very best Investment Bankers on to the buy-side over the coming decade. Our data and anecdotal conversations with many Banks are that the war for talent is about to heat up quite dramatically and compensation will be on the front line of this.

As you will see in the report, Bank of America is the second Bulge Bracket bank to raise its fixed compensation significantly this year after Morgan Stanley went first last year. This is in response to changes in the U.S. compensation structures in New York to combat extreme erosion of the banks in the junior ranks on to the buy-side and the Fintech sector. It is also a reaction to asking young people who value life and work in a more balanced way to stay in banking despite the long hours.

Why does this effect the Alternative Investment industry? Because Bankers with two and a half years of experience can now command over £100K base salary as they move into their Associate class in London. And the trend for ever increasing fixed compensation in the banks is likely to continue. Therefore, junior bankers considering a career on the buy-side will need to take ever greater steps down in their fixed compensation to join funds, because the investment industry is not yet rising to bridge this widening fixed compensation gap.

The counter argument today is that this does not matter, bankers are queuing up in their droves to move to Private Equity and this is true. But the bleeding edge trend we are starting to see is Bankers wincing at the bigger step downs they are having to take on their base and their bonus and therefore their overall compensation year on year to move to the buy-side. The argument remains too that the carry compensation structure can ultimately be far greater over the medium term. But for a junior banker servicing a mortgage and their life based on their high fixed salary and ever-increasing compensation, their focus on short term economics will be higher too.

If we are right, and the banks do continue to move compensation up and up, this is an issue the Alternative Investment industry will need to react to in some way in the coming years to secure top talent from its historically largest intake market.

For now, we hope you enjoy this years compensation report.

The Arkesden Team



In an interesting move, we are hearing that BAML have announced an increase in their fixed compensation for Analyst through to VP levels. For example VP's are now paid a flat £165K base salary up from £150K base last year. Senior Associates are now up to £135K on fixed compensation from £120K. BAML are the second bank to follow Morgan Stanley with this model in increasing fixed compensation. There is a lot of discussion around whether the other banks will follow this trend. Given what has happened in New York where this is the case, it may be that we see some big uplifts in basic salaries in the coming year.

Despite a lot of anecdotal information around bonus pools being lower, Arkeden found that the average bonus pool was up slightly this year in most banks for Associates and VP' by on average 3%.

We did note that there were far fewer one-off top bonuses paid and also had a lot more news of near or zero bonuses in some instances. However, those results seemed to be outliers as the data points to a bunching trend between each ranking, therefore allowing the mean result to increase slightly.

Our data tells us that Morgan Stanley topped the market in the last year at the VP level for compensation coming out ahead of JPM, Goldman and Citi. BAML was strongest at the Associate class continuing its strong showing over the last five years.

The bounce back story from 2019 is that Deutsche Bank have returned to more normal service and that can be seen in all their mean figures rising to parity with their competitors. Not a surprising result given they changed their bonus pool and pay structure so considerably in 2019.

The gap between the European and US banks has widened a little this year reversing the trend of the last two years. UBS came out on top for the European houses as the best payer. Barclays had a well-publicised tougher year in terms of bonuses. Like Deutsche last year however this would seem to be a likely one off event as the bank continues to trade really well in the opening half of 2021.

There does seem to be an increasing trend for using deferred stock a little bit more at the Associate level compared to 2019. This mechanism was used to bolster top performers overall compensation for the year whilst not overpaying on upfront cash. Deferred stock at the VP level is more usual but not so much at the Associate level. One to keep an eye on in 2021.

Analyst, Associate & Vice President – Fixed Compensation 2020 Onwards



LEVEL	Analyst 1		Analyst 2		Analyst 3		Associate 1/2		Associate 2/3		Associate 3/4		VP 1		VP 2		VP 3	
	BANK	19-20	20-21	19-20	20-21	19-20	20-21	19-20	20-21	19-20	20-21	19-20	20-21	19-20	20-21	19-20	20-21	19-20
JP Morgan*	£50K	£50K	£55K	£55K	£60K	£60k	£90K	£90K	£105K	£105K	£120K	£120K	£145K	£145K	£155K	£155K	£160K	£160K
Goldman Sachs*	£50K	£50K	£60K	£60K	N/A	N/A	£91K	£91K	£106K	£106K	£122K	£122K	£150K	£150K	£150K	£150K	£150K	£150K
Morgan Stanley	£50K	£50K	£55K	£55K	N/A	N/A	£98K	£98K	£123	£123	£123K	£123K	£170K	£170K	£170K	£170K	£170K	£170K
BAML	£50K	£62.5K	£60K	£65.5K	N/A	N/A	£90K	£105K	£105K	£120K	£120K	£135K	£150K	£165K	£150K	£165K	£150K	£165K
CITI	£50K	£50K	£55K	£55K	£60K	£60k	£90K	£90K	£105K	£105K	£120K	£120K	£135K	£135K	£150K	£150K	£150K	£150K
Deutsche Bank	£50K	£50K	£55k*	£55K	N/A	N/A	£90K	£90K	£105K	£105K	£110/120K	£120K	£140K	£140K	£155K	£155K	£155K	£155K
Barclays	£50K	£50K	£55K	£55K	£60K	£60k	£90K	£90K	£105K	£105K	£120K	£120K	£140K	£140K	£145K	£145K	£155K	£155K
Credit Suisse	£50K	£50K	£55K	£55K	£60K	£60k	£90K	£90K	£105K	£105K	£120K	£120K	£150K	£150K	£150K	£150K	£150K	£150K
UBS	£50K	£50K	£58K	£58K	£62K	£60k	£95K	£95K	£110K	£110K	£122K	£122K	£150K	£150K	£150K	£150K	£150K	£150K

* Each VP level's base salary at these institutions can vary by £0 to £15,000, depending on performance

Changes to Analyst and Associate Promotion Cycles 2020 Onwards

BANK	Bonus Cycle	Analyst 1	Analyst 2	Analyst 3	Associate 0	Associate 1	Associate 2	Associate 3	Associate 4	Total Years to VP
JP Morgan	Summer	1 year	1 year	1 year	6 months	1 year	1 year	1 year	N/A	6.5 years
Goldman Sachs	Summer	1 year	1 year	N/A	6 months	1 year	1 year	1 year	1 year	6.5 years
Morgan Stanley	Summer	1 year	1 year	N/A	1 year	6 months	1 year	1 year	1 year	6.5 years
BAML	Summer	1 year	1 year	N/A	6 months	1 year	1 year	1 year	N/A	5.5 years
CITI	Summer	1 year	1 year	1 year	6 months	1 year	1 year	1 year	N/A	6.5 years
Deutsche Bank	Summer	1 year	1 year	N/A	6 months	1 year	1 year	1 year	1 year	6.5 years
Barclays	Winter	6 months	1 year	1 year	N/A	1 year	1 year	1 year	N/A	5.5 years
Credit Suisse	Winter	1 year	1 year	1 year	6 months	1 year	1 year	1 year	N/A	6.5 years
UBS	Winter	6 months	1 year	1 year	N/A	1 year	1 year	1 year	N/A	5.5 years

Associate 1/2 - 2017 Starters



BANK	2019/2020 Fixed	2020/2021 Fixed	2019/2020 Upper Bonus	2020/2021 Upper Bonus	2019/2020 Mean Bonus	2020/2021 Mean Bonus	2019/2020 Mean Total Comp	2020/2021 Mean Total Comp
JP Morgan	£90,000	£90,000	£100,000	£95,000	£72,000	£74,000	£162,000	£174,000
Goldman Sachs	£91,000	£91,000	£105,000	£105,000	£73,000	£79,000	£164,000	£170,000
Morgan Stanley	£98,000	£98,000	£90,000	£94,000	£63,000	£73,000	£161,000	£171,000
BAML	£90,000	£105,000	£125,000	£98,000	£79,000	£80,000	£169,000	£170,000
CITI	£90,000	£90,000	£105,000	£97,000	£68,000	£75,000	£158,000	£165,000
Deutsche Bank	£105,000*	£90,000*	£85,000	£88,000	£52,000	£68,000	£157,000	£158,000
Barclays	£90,000	£90,000	£85,000	£87,000	£62,000	£61,000	£152,000	£151,000
Credit Suisse	£90,000	£90,000	£90,000	£85,000	£63,000	£60,000	£153,000	£150,000
UBS	£95,000	£95,000	£95,000	£95,000	£65,000	£65,000	£160,000	£160,000

* Deutsche Bank realigned to the street base number after an anomolie year in 2019

Associate 2/3 - 2016 Starters



BANK	2019/2020 Fixed	2020/2021 Fixed	2019/2020 Upper Bonus	2020/2021 Upper Bonus	2019/2020 Mean Bonus	2020/2021 Mean Bonus	2019/2020 Mean Total Comp	2020/2021 Mean Total Comp
JP Morgan	£105,000	£105,000	£120,000	£105,000	£82,000	£90,000	£187,000	£195,000
Goldman Sachs	£106,000	£106,000	£124,000	£120,000	£81,000	£92,000	£187,000	£198,000
Morgan Stanley	£123,000	£123,000	£126,000	£105,000	£71,000	£89,000	£194,000	£212,000
BAML	£105,000	£120,000	£130,000	£136,000	£84,000	£90,000*	£189,000	£213,000*
CITI	£105,000	£105,000	£130,000	£125,000	£77,000	£98,000	£182,000	£203,000
Deutsche Bank	£110,000	£110,000	£100,000	£95,000	£67,000	£78,000	£177,000	£188,000
Barclays	£105,000	£105,000	£95,000	£100,000	£68,000	£70,000	£173,000	£175,000
Credit Suisse	£105,000	£105,000	£129,000	£105,000	£75,000	£75,000	£180,000	£180,000
UBS	£110,000	£110,000	£118,000	£110,000	£72,000	£79,000	£182,000	£189,000

* We understand that BAML have raised their bonus but paid up to 25% in deferred stock

Associate 3/4 - 2015 Starters

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BANK	2019/2020 Fixed	2020/2021 Fixed	2019/2020 Upper Bonus	2020/2021 Upper Bonus	2019/2020 Mean Bonus	2020/2021 Mean Bonus	2019/2020 Mean Total Comp	2020/2021 Mean Total Comp
JP Morgan	£120,000	£120,000	£140,000	£160,000	£97,000	£112,000	£217,000	£232,000
Goldman Sachs	£123,000	£123,000	£160,000	£165,000	£96,000	£110,000	£219,000	£233,000
Morgan Stanley	£123,000	£123,000	£164,000	£170,000	£92,000	£116,000	£215,000	£239,000
BAML	£120,000	£135,000	£167,000	£150,000	£104,000	£108,000	£224,000	£228,000
CITI	£120,000	£120,000	£156,000	£162,000	£94,000	£106,000	£214,000	£226,000
Deutsche Bank	£120,000	£120,000	£120,000	£162,000	£82,000	£105,000	£202,000	£225,000
Barclays	£120,000	£120,000	£115,000	£100,000	£75,000	£82,000	£195,000	£202,000
Credit Suisse	£120,000	£120,000	£150,000	£145,000	£95,000	£98,000	£215,000	£218,000
UBS	£123,000	£123,000	£120,000	£150,000	£86,000	£95,000	£209,000	£218,000

VP 1 - 2020 Promotes



BANK	2019/2020 Fixed	2020/2021 Fixed	2019/2020 Upper Bonus	2020/2021 Upper Bonus	2019/2020 Mean Bonus	2020/2021 Mean Bonus	2019/2020 Mean Total Comp	2020/2021 Mean Total Comp
JP Morgan*	£145,000	£145,000	£170,000	£175,000	£121,000	£125,000	£266,000	£270,000
Goldman Sachs*	£128,000	£128,000	£195,000	£205,000	£119,000	£120,000	£247,000	£248,000
Morgan Stanley	£170,000	£170,000	£185,000	£190,000	£95,000	£127,000	£265,000	£297,000
BAML	£150,000	£165,000	£200,000	£190,000	£120,000	£120,000	£270,000	£270,000
CITI	£135,000	£135,000	£205,000	£185,000	£117,000	£121,000	£252,000	£256,000
Deutsche Bank	£140,000	£140,000	£140,000	£165,000	£104,000	£114,000	£244,000	£254,000
Barclays	£140,000	£140,000	£142,500	£135,000	£98,000	£102,000	£238,000	£242,000
Credit Suisse	£150,000	£150,000	£175,000	£170,000	£114,000	£112,000	£264,000	£262,000
UBS	£150,000	£150,000	£155,000	£160,000	£112,000	£116,000	£262,000	£266,000

* Base salaries at these institutions vary by £0 - £15,000 based on performance

VP 2 - 2019 Promotes



BANK	2019/2020 Fixed	2020/2021 Fixed	2019/2020 Upper Bonus	2020/2021 Upper Bonus	2019/2020 Mean Bonus	2020/2021 Mean Bonus	2019/2020 Mean Total Comp	2020/2021 Mean Total Comp
JP Morgan*	£155,000	£155,000	£200,000	£215,000	£145,000	£149,000	£300,000	£304,000
Goldman Sachs*	£150,000	£150,000	£215,000	£220,000	£143,000	£145,000	£277,000	£295,000
Morgan Stanley	£170,000	£170,000	£218,000	£215,000	£130,000	£144,000	£300,000	£314,000
BAML	£150,000	£165,000	£220,000	£200,000	£142,000	£139,000	£292,000	£289,000
CITI	£150,000	£150,000	£220,000	£225,000	£137,000	£141,000	£287,000	£291,000
Deutsche Bank	£155,000	£155,000	£195,000	£200,000	£112,000	£138,000	£267,000	£293,000
Barclays	£145,000	£145,000	£160,000	£180,000	£114,000	£115,000	£259,000	£269,000
Credit Suisse	£150,000	£150,000	£205,000	£225,000	£138,000	£137,000	£288,000	£287,000
UBS	£150,000	£150,000	£160,000	£190,000	£129,000	£132,000	£279,000	£282,000

* Base salaries at these institutions vary by £0 - £15,000 based on performance.

VP 3 - 2018 Promotes



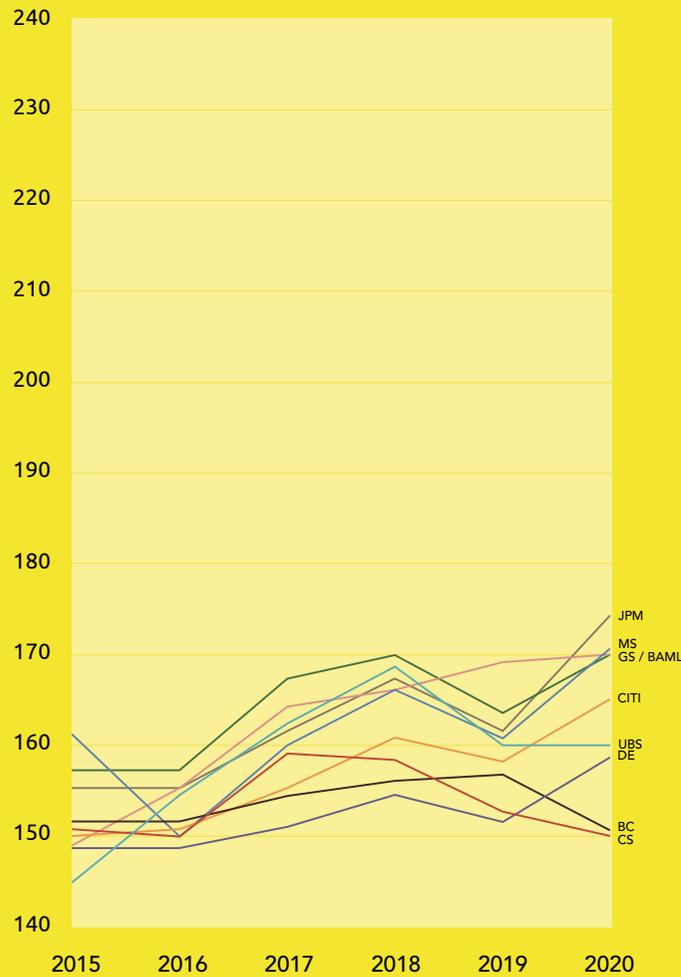
Bank	2019/2020 Fixed	2020/2021 Fixed	2019/2020 Upper Bonus	2020/2021 Upper Bonus	2019/2020 Mean Bonus	2020/2021 Mean Bonus	2019/2020 Mean Total Comp	2020/2021 Mean Total Comp
JP Morgan*	£160,000	£160,000	£260,000	£240,000	£169,000	£172,000	£329,000	£332,000
Goldman Sachs*	£150,000	£150,000	£270,000	£260,000	£159,000	£165,000	£309,000	£315,000
Morgan Stanley	£170,000	£170,000	£275,000	£272,000	£161,000	£172,000	£331,000	£342,000
BAML	£150,000	£165,000	£285,000	£266,000	£174,000	£170,000	£324,000	£320,000
CITI	£150,000	£150,000	£270,000	£260,000	£172,000	£166,000	£312,000	£316,000
Deutsche Bank	£155,000	£155,000	£200,000	£245,000	£145,000	£154,000	£300,000	£309,000
Barclays	£155,000	£155,000	£217,000	£195,000	£137,000	£132,000	£292,000	£287,000
Credit Suisse	£150,000	£150,000	£235,000	£240,000	£150,000	£156,000	£310,000	£306,000
UBS	£150,000	£150,000	£210,000	£235,000	£164,000	£158,000	£304,000	£308,000

* Base salaries at these institutions vary by £0 - £15,000 based on performance

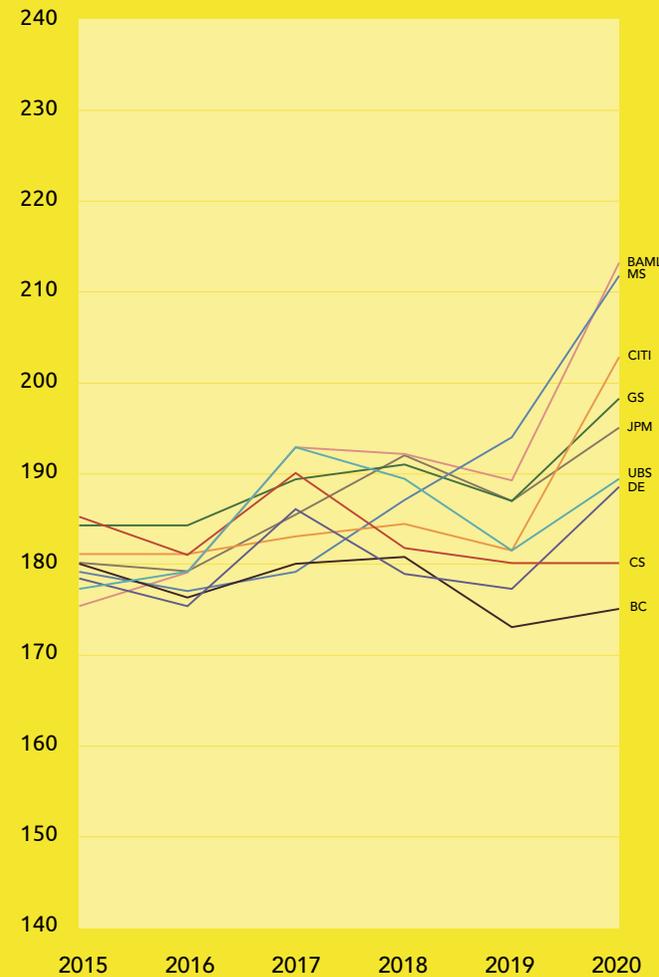
Associate Average Total Compensation 2015 - 2020



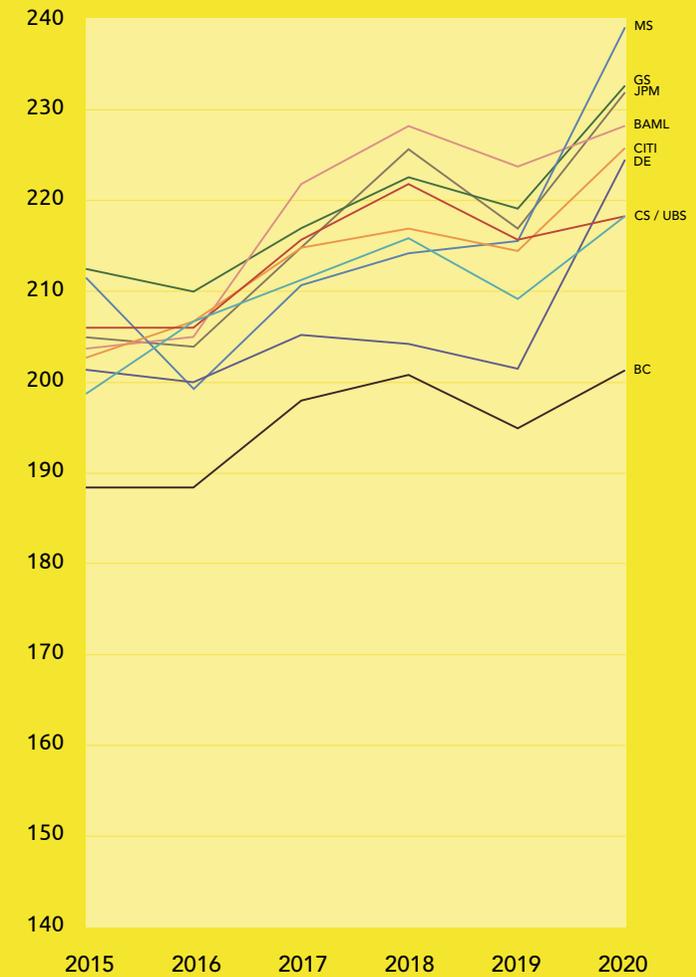
Associate 1
£ 1000s



Associate 2
£ 1000s



Associate 3
£ 1000s

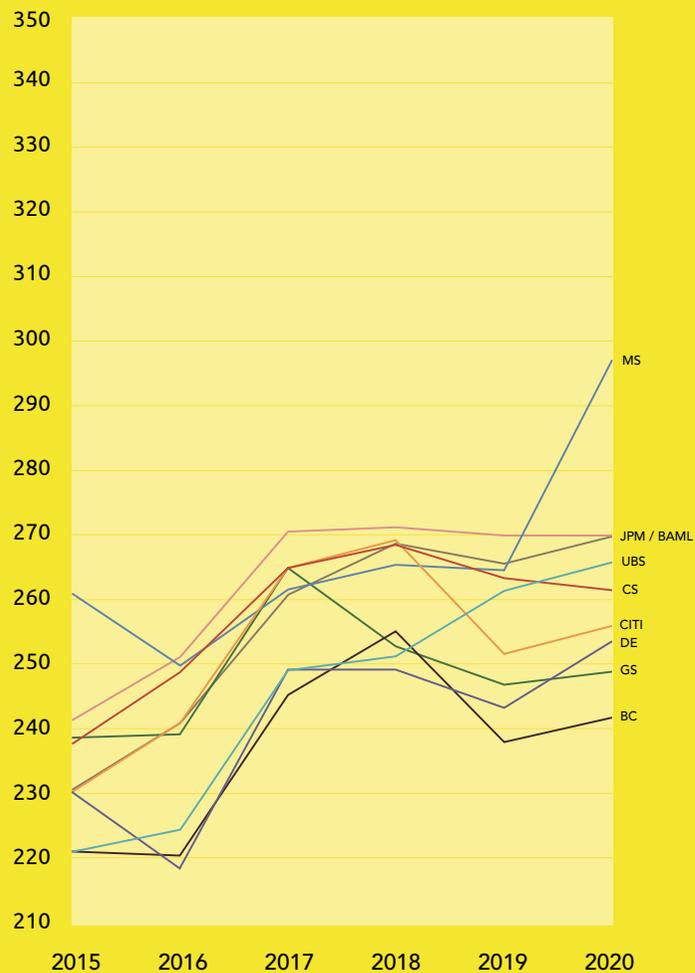


- JP Morgan (JPM)
- Goldman Sachs (GS)
- Morgan Stanley (MS)
- BAML
- CITI
- Barclays (BC)
- Deutsche (DE)
- Credit Suisse (CS)
- UBS

VP Average Total Compensation 2015 - 2020



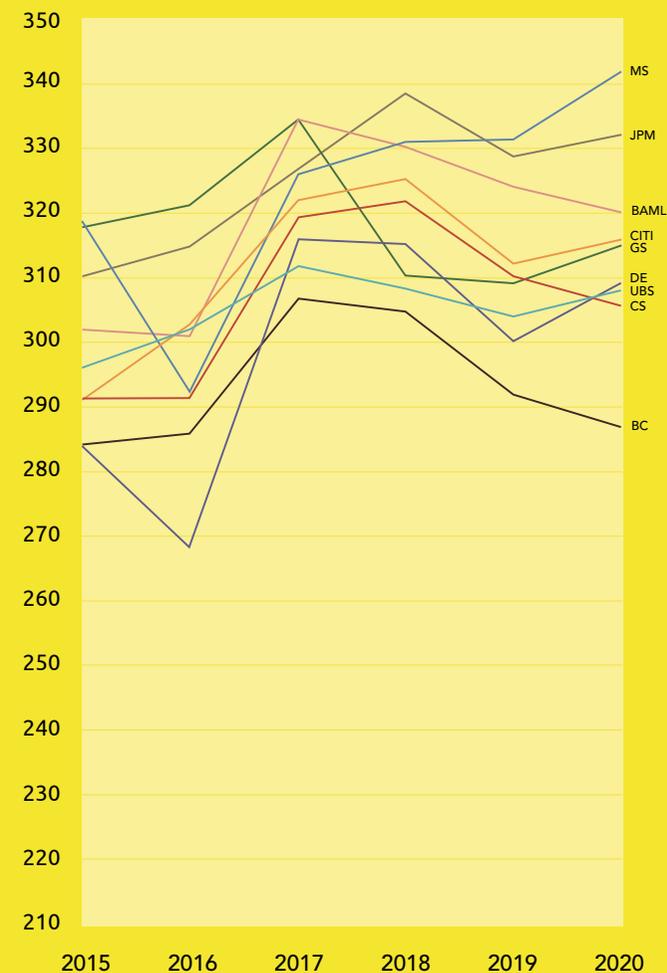
Vice President 1
£ 1000s



Vice President 2
£ 1000s



Vice President 3
£ 1000s



- JP Morgan (JPM)
- Goldman Sachs (GS)
- Morgan Stanley (MS)
- BAML
- CITI
- Barclays (BC)
- Deutsche (DE)
- Credit Suisse (CS)
- UBS



Arkeden Energy

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- Infrastructure
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During our ten year history we have built a very wide ranging network of professionals within our five core markets. This has been built from real belief and understanding of the importance many people place on their careers. We always aim to offer sound medium term career advice. This approach has led us to be recommended many times to other professionals and clients alike to build fresh relationships.

Contact us

To find out more about Arkeden Energy and the work we do please contact us.

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