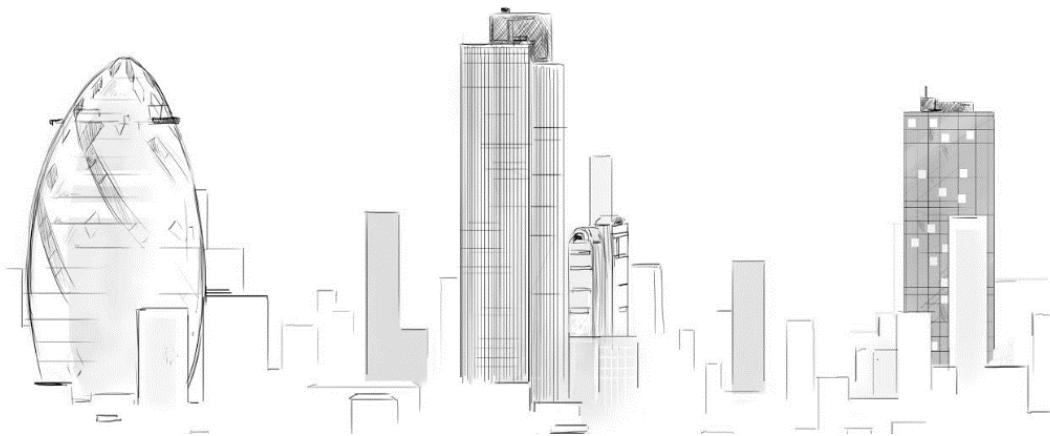




Forster Chase
EXECUTIVE SEARCH

Forster Chase In-house Pension Investment Survey 2021

Prepared by Leo Meggitt of Forster Chase



Contents

1. Introduction
2. Overview of Participating Schemes
3. Category A: Private sector schemes managing assets fully, or mostly, via external managers:
 - *Team Composition*
 - *Compensation Analysis*
 - *CIO Reporting Structure*
4. Category B: Schemes who manage at least 75% of assets internally
 - *Team Composition*
 - *Compensation Analysis*
5. Category C: Local government pools
 - *Team Composition*
 - *Compensation Analysis*
6. Consultant Spend (all schemes)
7. Team Expansion Plans (all schemes)

1. Introduction

Welcome to the 2020/21 Forster Chase in-house investment teams survey for UK pension funds. The aim of the survey is to produce accurate data in this specialist field on the salaries of the lead investment person and all their subordinates. Additional research includes team composition overviews, consultant spend and CIO reporting structures.

Given the variety of methods by which pension funds manage their assets, it has been important to split the report into different categories accordingly. We have only used data where we had at least 60% response rate to any given question in the survey to ensure accuracy. And for the second year running we have given the LGPS pools their own category.

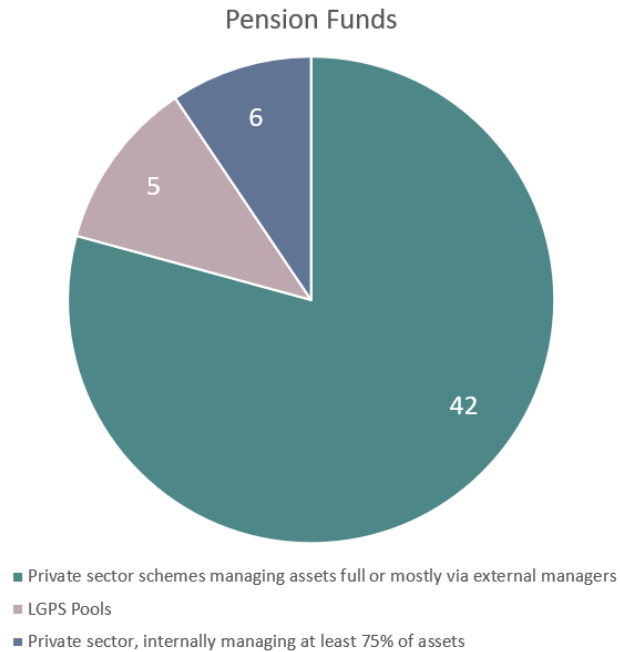
This is the fifth report of this type to be produced and we have included comparison analysis with data from the last report.

***Commentary on Increased Packages in 2021**

You will notice that in each of the 3 categories that salaries and packages have increased, and with the largest average increase in the past 5 years. This could be down to several factors such as increased focus on bringing specialist skills in-house or new schemes entering the survey and pushing the numbers up. As ever with this survey, we are very happy to have a follow up discussion with any pension fund about this data including further info about median figures but also how it may apply to its own investment team and how competitive the salaries are in the context of their structure.

2. Participating Schemes

In total there were 53 pension funds taking part in the survey, broken down as follows:



Last year there were 43 schemes taking part, so it is great to see a significant increase from last year, this will continue to ensure greater accuracy in the data.

3. Category A: Private sector schemes managing assets fully or mostly via external managers

Team Composition Analysis (42 schemes)

	CIO	Deputy/Head of Role	Senior Investment Manager	Investment Manager	Senior Investment Analyst	Investment Analyst
How many in this position?	42	20*	105	67	61	68
Average per scheme	1	0.48	2.5	1.6	1.5	1.6
Total Average Team size (including CIO)	8.7					

*Although this figure is almost half of the total number of schemes, the 20 Deputy CIO/'Head of' roles are spread across just 9 schemes.

Compared with last year, the average team size has increased from 7.1 to 8.7 (and from the previous year from 6.3) in this category so there is a continued focus on team expansion.

Compensation Analysis

The salaries and other data indicated represent an average of the responses given in the survey:

	Chief Investment Officer/Head of Investment	Deputy CIO/Head	Senior Investment Manager	Investment manager	Senior Investment Analyst	Investment Analyst
Basic	£185,290	£144,330	£121,765	£96,522	£72,910	£56,844
Bonus Potential	60%	52%	46%	40%	34%	26%
Bonus Actual	40.1%	35%	33%	31%	24%	15%
Other Cash Elements (Actual)	6.4%	5.3%	4.2%	3.1%	2.5%	1.5%
Total comp. (potential)	£308,323	£227,031	£182,891	£138,123	£99,522	£72,476
Total comp. (Actual)	£271,450	£202,495	£167,062	£129,436	£92,231	£66,223
Years of experience	19.5	16.2	11.3	9.2	6.1	4.3

Here are the 2019/20 figures:

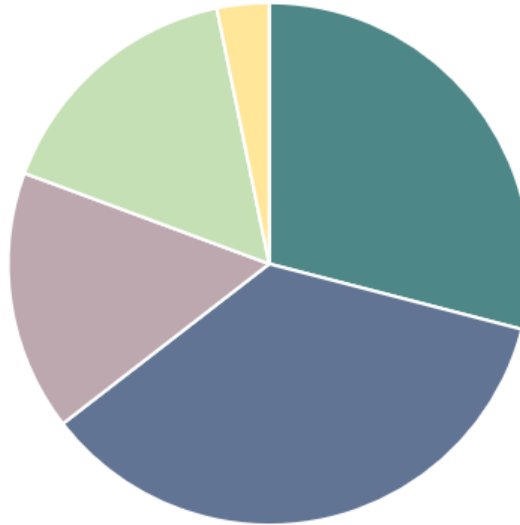
	Chief Investment Officer/Head of Investment	Deputy CIO/Head	Senior Investment Manager	Investment manager	Senior Investment Analyst	Investment Analyst
Basic	£165,238	£133,824	£108,325	£85,855	£65,730	£51,470
Bonus Potential	55%	47.3%	41%	35.2%	28%	19.3%
Bonus Actual	35.1%	31.5%	30.2%	29%	16.3%	12.5%
Other Cash Elements (Actual)	5.8%	5.3%	3.5%	2.9%	2%	1.1%
Total comp. (potential)	£265,703	£204,215	£156,530	£118,566	£85,449	£61,970
Total comp. (Actual)	£232,820	£183,071	£144,831	£113,243	£77,759	£58,470
Years of experience	20.3	16.1	12.4	9.1	6.2	4.5

The difference in basic salary and total compensation potential for the past 2 years (rounded to the nearest 0.1 and positive difference unless stated) is as such:

	Chief Investment Officer/Head of Investment	Deputy CIO/Head	Senior Investment Manager	Investment manager	Senior Investment Analyst	Investment Analyst
Difference in basic this year	12.1%	10.6%	10%	10%	8.7%	10.7
Difference in basic last year	5%	2.5%	0.4%	6.1%	3.8%	5.7%
Difference in Total comp. (potential) this year	16%	11.6%	11.1%	12.8%	13.4%	14.8
Difference in Total comp. (potential) last year	5.1%	3.1%	0.2%	7.4%	6.5%	6.1%

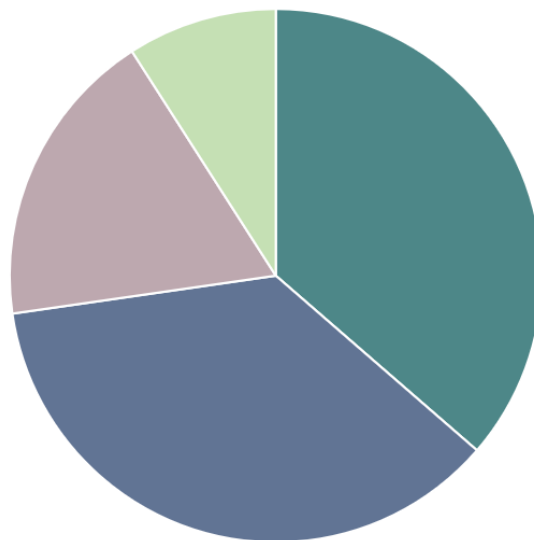


Bonus Award Criteria



- Company/Team performance
- Individual performance
- Scheme's investment performance
- Individual performance (investment KPIs)
- Customer feedback

CIO Reporting Line



- Pensions Director / CEO
- CFO / Finance Director
- Chair of Trustees or Investment Committee
- HR Director

4. Category B – Schemes managing at least 75% of assets internally

Team Composition (6 schemes)

	CIO	Deputy CIO	Head of Desk	Senior Portfolio Manager	Portfolio Manager	Senior Investment Analyst	Investment Analyst
How many in this position?	6	9	34	46	52	43	40
Average per scheme	1	1.5	5.7	7.7	8.7	7.2	6.7
Total Average Team size (including CIO)	38.5						

Last year, the average team size was 35.4

Compensation Analysis

	Chief Investment Officer	Deputy CIO	Head of Desk	Senior Portfolio Manager	Portfolio Manager	Senior Investment Analyst	Investment Analyst
Basic	£276,870	£203,555	£180,238	£145,460	£124,654	£84,330	£68,900
Bonus Potential	152%	138%	120%	100%	96%	75%	52%
Bonus Actual	111%	95%	90%	79%	75%	59%	40%
Other Cash Elements (Actual)	9.6%	7.8%	6.9%	6%	4.9%	3.5%	2%
Total comp. (potential)	£724,292	£500,338	£408,960	£299,648	£250,430	£150,529	£106,106
Total comp. (Actual)	£610,775	£412,810	£354,889	£269,101	£224,253	£137,036	£97,838
Years of experience	26	24	18	13	10	7	4

Here are last year's figures:

	Chief Investment Officer	Deputy CIO	Head of Desk	Senior Portfolio Manager	Portfolio Manager	Senior Investment Analyst	Investment Analyst
Basic	£236,128	£188,420	£156,915	£126,366	£101,455	£75,380	£63,558
Bonus Potential	136%	121%	110%	95%	95%	69%	47%
Bonus Actual	84%	81%	82%	73%	67%	48%	31%
Other Cash Elements (Actual)	9.2%	7.6%	6.6%	5%	4.3%	3%	1.9%
Total comp. (potential)	£578,986	£430,728	£338,936	£252,732	£202,200	£129,654	£94,638
Total comp. (Actual)	£456,199	£355,360	£295,000	£224,931	£173,792	£113,824	£84,469
Years of experience	27	22.2	17.9	14.2	10.2	7	4.2

The difference in basic salary and total compensation potential between last year and this year (rounded to the nearest 0.1) is as such:

	Chief Investment Officer	Deputy CIO	Head of Desk	Senior Portfolio Manager	Portfolio Manager	Senior Investment Analyst	Investment Analyst
Difference in basic this year	17.3%	8%	14.9%	15.1%	22.9%	11.9%	8.4%
Difference in basic last year	4.5%	6.7%	8.6%	6%	3.9%	7.2%	12.5%
Difference in Total comp. (potential) this year	25%	16.2%	20.7%	18.6%	23.9%	16.1%	12.1%
Difference in Total comp. last year	5.3%	7.8%	11.4%	8%	6.7%	10%	14.5%

These are clearly significant increases and very likely to be a result of the additional party joining the survey this year plus increases in the other 5 (or a different mix of schemes). In any case, the more schemes, the more accuracy.

5. Category C – Local Government Pools

Team Composition Analysis (5 schemes)

	CIO	Deputy/Head of Role	Senior Investment Manager	Investment Manager	Senior Investment Analyst	Investment Analyst
How many in this position?	5	15	22	32	39	35
Average per scheme	1	3	4.4	6.4	7.8	7
Total Average Team size (including CIO)	29.6					

Last year, the average team size was 19.4. It is no surprise to see the bigger teams now considering the recruitment drives that most pools have been undertaking for their investment teams.

Compensation Analysis

The salaries and other data indicated represent an average of the responses given in the survey:

	Chief Investment Officer/Head of Investment	Deputy CIO/Head	Senior Investment Manager	Investment manager	Senior Investment Analyst	Investment Analyst
Basic	£206,145	£172,976	£135,350	£92,325	£65,442	£50,830
Bonus Potential	20%	20%	20%	20%	20%	20%
Bonus Actual	15%	14%	15%	10%	10%	10%
Other Cash Elements (Actual)	0	0	0	0	0	0
Total comp. (potential)	£247,374	£207,571	£162,420	£110,790	£78,530	£60,996
Total comp. (Actual)	£237,067	£197,192	£155,653	£101,558	£71,986	£55,913
Years of experience	26	23	14	10	6	4

These are last years' figures:

	Chief Investment Officer/Head of Investment	Deputy CIO/Head	Senior Investment Manager	Investment manager	Senior Investment Analyst	Investment Analyst
Basic	£170,783	£150,139	£108,377	£78,113	£58,360	£41,558
Bonus Potential	10%	4%	4%	4%	4%	4%
Bonus Actual	10%	4%	3.8%	4%	4%	3.8%
Other Cash Elements (Actual)	0	0	0	0	0	0
Total comp. (potential)	£187,861	£156,145	£112,712	£81,238	£60,694	£43,220
Total comp. (Actual)	£187,861	£156,145	£112,495	£81,238	£60,694	£43,137
Years of experience	25	24	15	12	6	5

6. Consultant Spend

Out of 53 schemes across all categories, 35 answered the question on the approximate average annual spend on investment consulting fees in the past 3 years and the figure was:

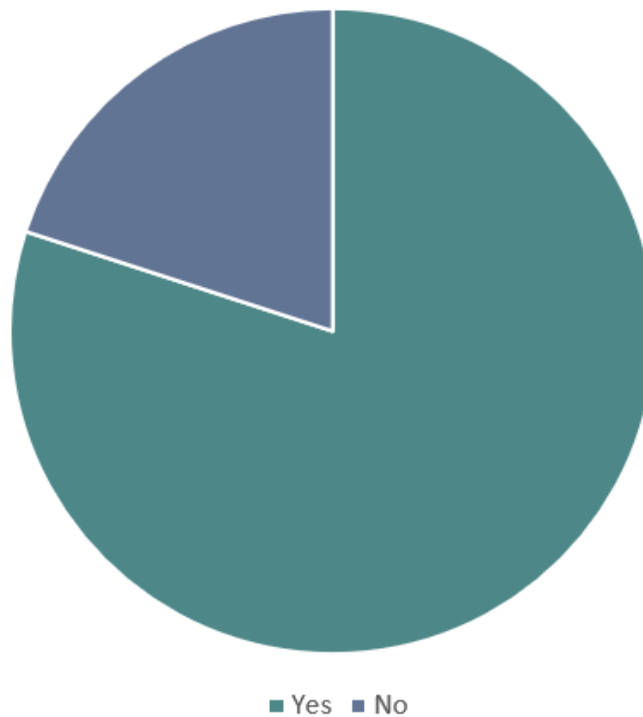
£389,440

This is a significant drop once again in consultant spend compared to last year (£463,270), as the trend towards strong in-house resource continues

7. Team Expansion Plans

A very simple graphic to finish the survey with, concerning investment team expansion plans:

Do you plan to expand your team in the next 12 months?



About the Author

Leo Meggitt is a founding Partner at Forster Chase Executive Search and runs the asset management practice. As part of this, Leo specialises in running searches in-house professionals (including Trustees and Non-executives) for pension funds across private and public sectors, and has been doing so for around 15 years now. Please feel free to contact Leo if you have any questions about this survey:

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