70%

CREDIT MANAGERS WHO AVOID MANDATORY REINVESTMENTS

Notably, execution traders operating at credit managers earn an average yearly salary in excess of $240k contrasted to $142k paid out by different strategies. Similarly those working in risk management functions receive around $220k in comparison to $160k afforded to similar position across the industry.

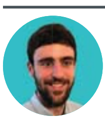
Such a split is perhaps unsurprising given the various underlying risks that accompany credit funds and particularly during such volatile market activity as experienced during 2015.

However positions relating to technology and treasury at credit managers pay 28% and 46% less respectively than the average per annum remunerations given by the rest of the sector.

Another area where credit payments spike above the general hedge fund salary is investor relations. Data shows that credit managers on average paid IR professionals $207k per year compared to $130k at other managers.

Credit managers have also been looking to improve and expand IR departments in recent months.

Asset management recruitment firm Context Jensen Partners offers an insight into what they believe is a notable rise in IR hires by credit firms as part of our analysis along with exclusive figures to accompany their commentary on recent IR hiring trends across the sector.



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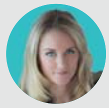
14%

THE USE OF CLAWBACKS AMONG CREDIT MANAGERS



Credit managers make IR marketing push

Sasha Jenson CEO and founder of recruitment firm Context Jensen Partners

In Q1 2016, we continued to see strong fundraising movements within the credit space, across both public and private debt strategies.

There were several factors that contributed to this activity, such as the continued growth in direct lending strategies and opportunistic credit, as well as smaller firms seeking to institutionalise their marketing platforms to expand into new strategies and attract capital. Other credit managers turned to experienced marketers with strong contacts to address performance volatility concerns with investors and mitigate redemption requests.

This increased activity continues a trend we've been tracking since last year, with credit strategies representing some of the largest hiring volumes across alternatives, particularly during the middle of 2015.

As seen in the data below, marketing and investor relations appointments in the US credit space are particularly strong, with 214 appointments made by firms in that sector during 2015.

This uptick has continued through 2016. In the first quarter we saw 42 hires by credit managers, with an additional 32 hires in April and May. One notable example is Guy Clark's recent move from Oaktree, joining Angelo, Gordon as marketing COO in April.

An increasing number of fund managers are seeking to hire more experienced marketing professionals, which has resulted in higher than average movement at the senior level.

A number of factors have contributed to the significant increase in hiring in the credit space compared to other sectors in the industry.

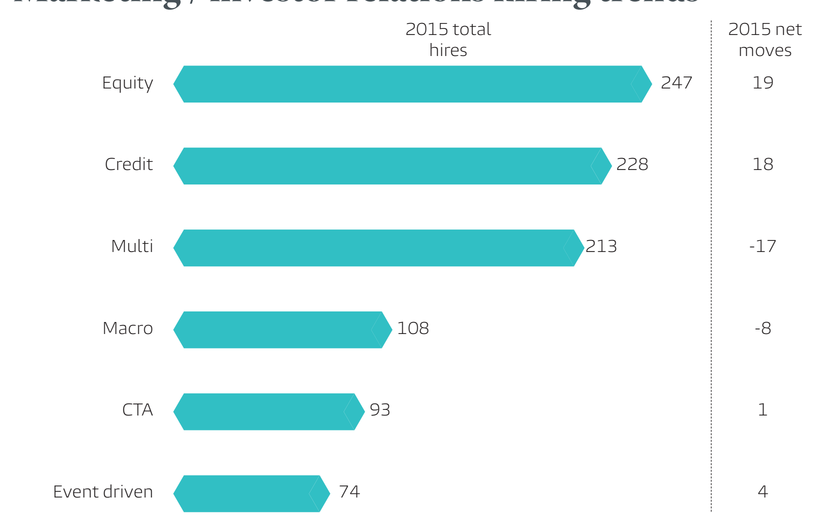
In the past, an emerging manager coming to market with initial capital of $200m, wouldn't necessarily consider marketing one of the crucial components of a successful launch. Given current demand from investors for ever-lower fees and ever increased transparency and communication, it's increasingly critical to formulate a marketing plan and create an institutionalized distribution platform from day one.

The increased demand from investors for direct lending products makes that a strategy to watch right now. From an allocator perspective, direct lending is seen by many as a new strategy which offers diversification in portfolios. In response, we have seen an explosion in both candidate and client demand for hiring in that market.

Broadly, we believe that hedge fund hiring, particularly in marketing, will remain quite buoyant through the end of 2016. Maintaining key client relationships and continuing to fundraise despite market anxiety is critical for both emerging and established managers. Firms are looking critically at their funding timelines, trying to work out where and how to get the next allocation.

Most fund managers we've spoken to expect an uptick in the fundraising cycle towards the end of 2016, further amplifying the importance of getting the right talent with the right relationships on board now.

Marketing / investor relations hiring trends



Source: Context Jensen Partners