

**HEIDRICK & STRUGGLES**  
PRIVATE EQUITY PRACTICE

# Asia Pacific Private Capital Compensation Survey

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2017–18









# Introduction

We are pleased to present our *Asia Pacific Private Capital Compensation Survey: 2017–18*, which was conducted in the first quarter of 2018. This is the fifth annual edition of the survey, and we received more than 170 responses from private capital professionals working in global and regional platforms across Asia.

This survey examines the following topics:

- How has compensation developed over the past three years?
- How does compensation compare across professional levels?
- How does compensation compare across fund sizes?
- How does compensation compare across strategies?
- How does compensation vary across geographic locations?

Should you wish to discuss the survey in greater detail, please do not hesitate to contact us.

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## On confidentiality

The survey was conducted on an anonymous basis for both individuals and their employers. Heidrick & Struggles has kept the data related to names and firms separate from reported compensation.

# Methodology

All data collected is self-reported by private capital professionals and has been aggregated to evaluate trends in compensation packages, including base salary, bonus, and carried interest. In an online survey, we requested participants to provide data from 2017, 2016, and 2015 as well as their expectations for compensation development in 2018. In addition to overall compensation data, we also segregated responses by global versus regional funds and strategy across buyout and growth capital.

Carried interest is calculated using “carry dollars at work”—the expected return on total carry participation across all vehicles, based on achieving a net 2x return (above hurdle and after fees) in a vehicle charging a 20% performance fee. For example, 7 points (700 bps) of carry (out of a possible 100) in a \$500 million fund with 20% carry would result in \$7 million of carry dollars at work ( $500 \times 0.2 \times 0.07 = 7$ ).

All compensation figures in tables and charts are reported in USD thousands.

## A note on role definitions

While title structures vary according to firm, we have attempted to divide respondents into five groups based on level and responsibility:

**Partner/managing partner:** Most senior level at the firm; typically, although not always, one of the founders.

**Managing director:** Proven investment track record, experienced dealmaker, and board member.

**Principal/director/executive director:** Investment professional with experience originating and leading his or her own investments. Accomplished executor with board experience.

**Vice president/investment manager:** Leads and manages deal execution for the firm, including managing service providers and due diligence.

**Associate/senior associate:** Responsible for analyzing companies and business plans, conducting due diligence, and working with service providers under the direction of the vice president or principal.

# General observations and market backdrop

Compensation appears to be increasing across all levels of private capital investment professionals in the region. This trend is expected to continue into the near future, driven by the growth of funds heading to Asia, expansion of investment platforms across private capital strategies within the region, and a relatively shallow talent pool of investment professionals compared with North America and Europe.

Investment professionals at all levels reported significantly increased compound annual growth rates (CAGRs) in their total cash compensation compared with our previous survey. While associates/senior associates reported the highest CAGR at 15.17%, managing directors reported 11.77%, up from 7.39% in our previous survey. Moreover, while 42% of respondents reported a greater base salary in 2017, 60% of respondents anticipate an increase in 2018.

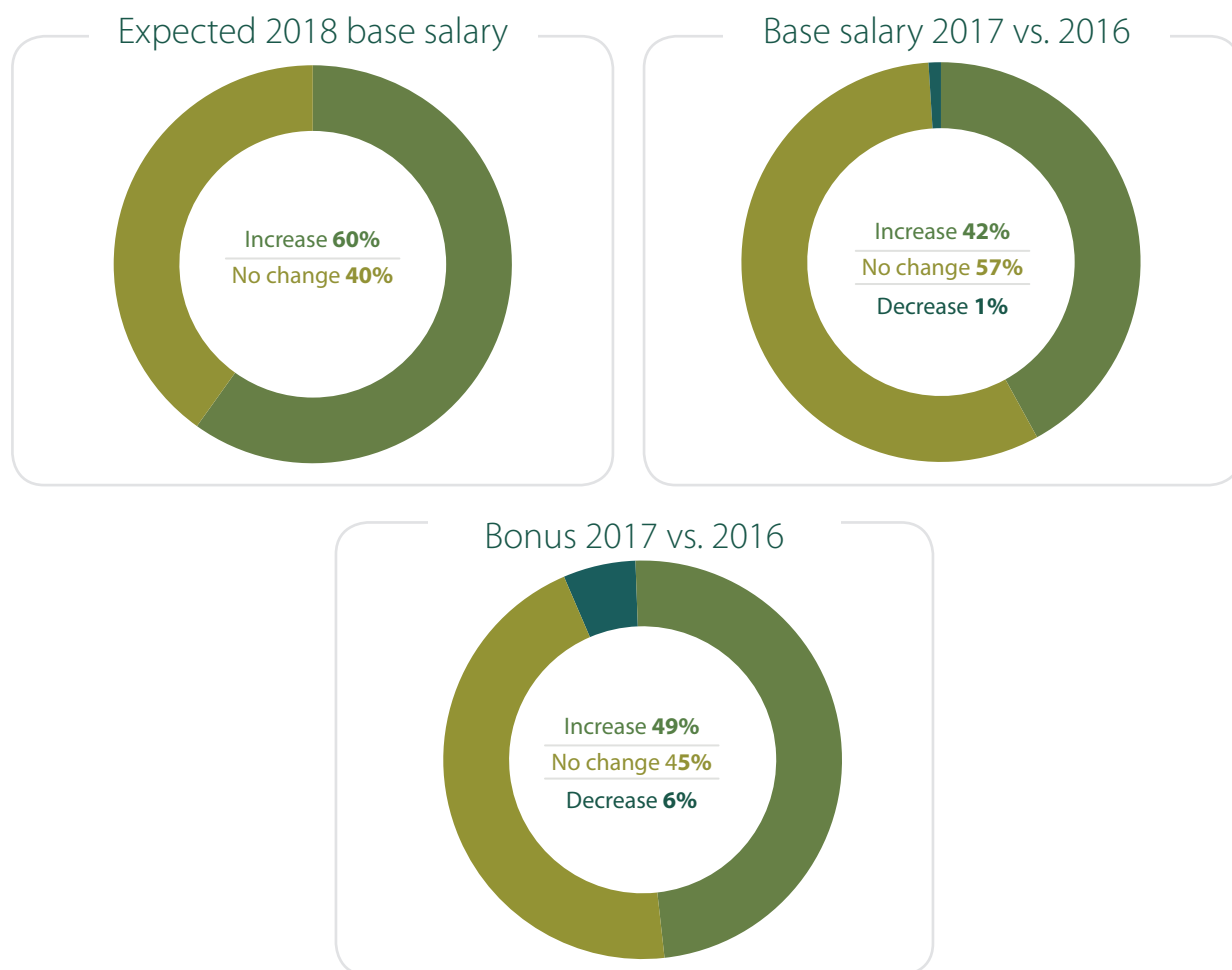
Fundraising for Asia-focused private capital funds topped \$128.5 billion in 2017, up, though not dramatically, from \$120.4 billion in 2016, according to research from *Asia Venture Capital Journal*. However, increased coinvestment by institutional investors (LPs) and expanding direct investment programs in the region by sovereign wealth funds and pension funds magnify the level of capital available in Asia.

Anecdotal evidence from our search and advisory work across the region points toward the trend of increasing compensation continuing into 2019. This is especially true for positions that require in-depth, specific local or industry knowledge and networks. Japan has been a particularly challenging market for platforms seeking to expand at the senior level, including direct investments as well as large-ticket technology investing across the region as a whole. Unsurprisingly, private credit and special situations are becoming increasingly competitive given the \$5 billion commitments across Asia in 2017, up from \$2 billion in the previous year, according to figures from Preqin.

As competition tightens for investors across strategies and geographies in Asia, we are advising clients to not only assess their annual remuneration frameworks but also ensure that carried interest and long-term incentive programs are well communicated and properly aligned.

Regardless of increasing compensation trends, many platforms, particularly smaller groups or pension funds, cannot afford to simply pay more to attract suitable talent. Nor should they. We advise clients to take a thoughtful approach to recruiting, drawing on talent from direct and adjacent areas while assessing individuals not only against today's required experience and expertise but also on cultural fit and potential growth over time.

# Compensation trends



The numbers reflect compensation as self-reported by respondents.

## All investment professionals

(USD, thousands) 2015				2016			2017			
Level	Mean base	Mean bonus	Total comp	Mean base	Mean bonus	Total comp	Mean base	Mean bonus	Total comp	CAGR 2015–17
Associate/senior associate	112.50	96.55	209.05	132.95	119.32	252.27	132.95	144.32	277.27	15.17%
Vice president/ investment manager	154.61	132.21	286.82	167.76	151.92	319.68	183.75	171.23	354.98	11.25%
Principal/director/ executive director	196.94	211.34	408.28	207.07	233.68	440.75	220.11	261.96	482.07	8.66%
Managing director	318.18	342.61	660.79	340.83	434.72	775.55	358.61	466.94	825.55	11.77%
Partner/managing partner	365.13	287.39	652.52	388.16	313.05	701.21	398.03	352.24	750.27	7.23%

# Mean base, bonus, and carry by most recent fund 2017 (investment professionals only)

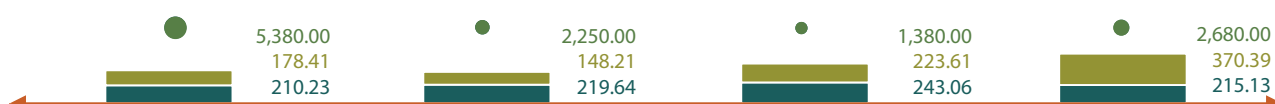
## Partner/managing partner



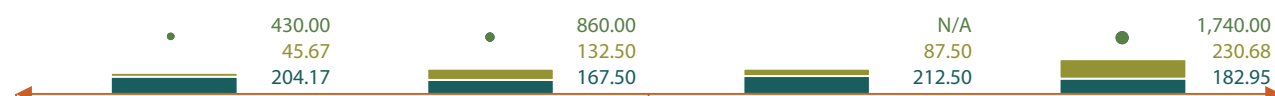
## Managing director



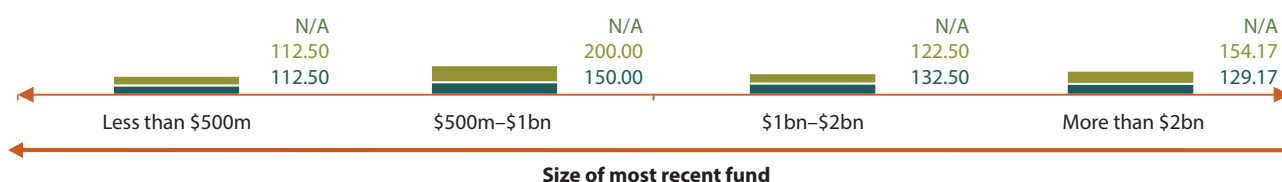
## Principal/director/executive director



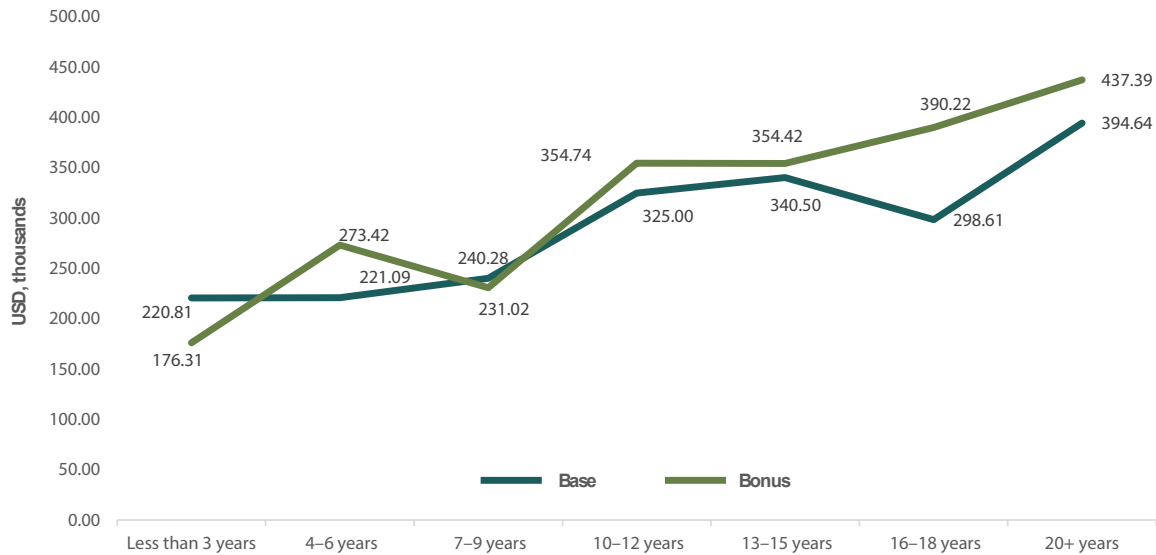
## Vice president/investment managers



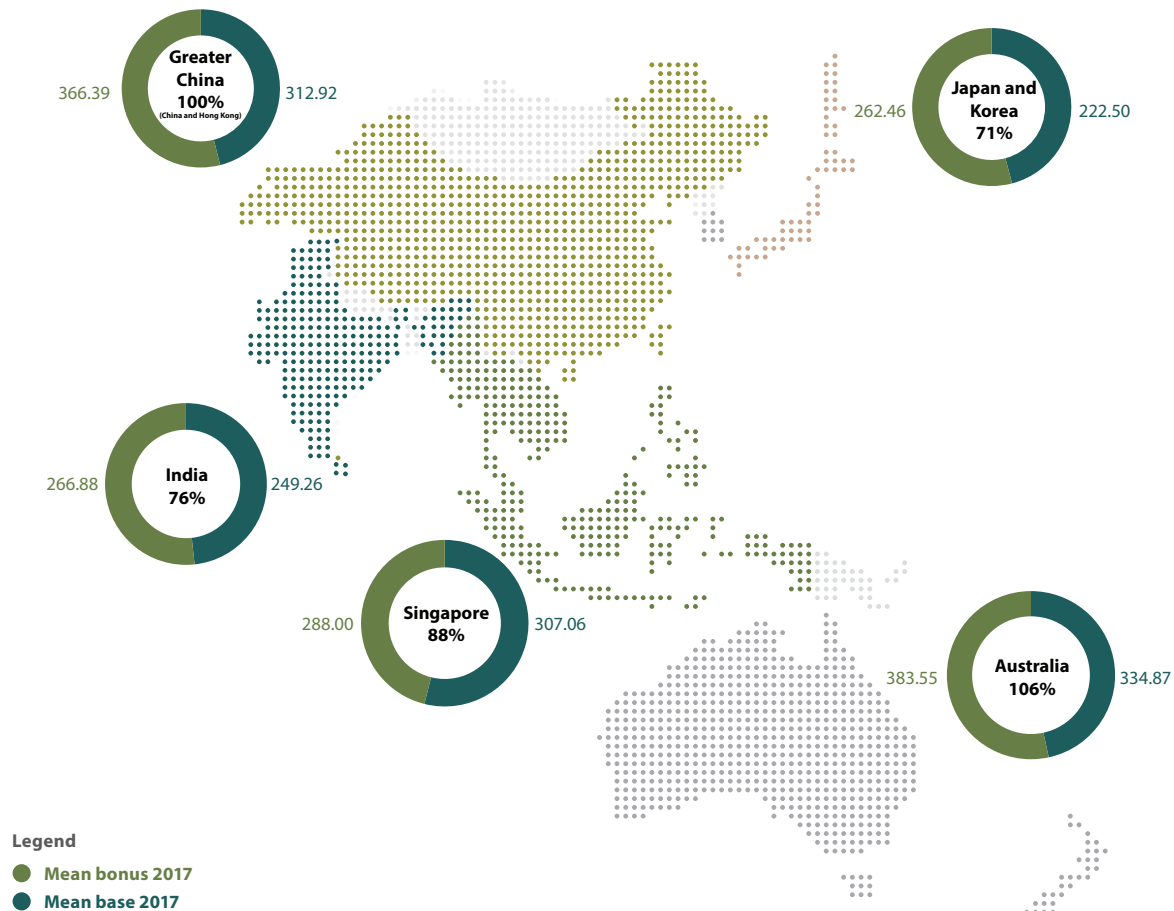
## Associate/senior associate



## Years of PE experience and mean base and bonus 2017



## Comparison of compensation across APAC



The percentages for each region represent the total cash compensation with reference to that of China; i.e., Greater China = 100%.

The compensation for Australia is slightly higher than the compensation for China because most of the responses received are from the managing director level and above.

# Compensation by fund type

## Global funds (2015 vs. 2016 vs. 2017)

(USD, thousands)	Base mean and quartiles 2015					Base mean and quartiles 2016					Base mean and quartiles 2017				
	Mean	Lower Quartile	Median	Upper Quartile	High	Mean	Lower Quartile	Median	Upper Quartile	High	Mean	Lower Quartile	Median	Upper Quartile	High
Associate/senior associate	112.50	91.13	113.00	134.88	150.00	117.50	91.13	129.67	140.08	150.00	132.50	106.75	138.00	159.88	175.00
Vice president/investment manager	160.23	115.08	163.00	185.92	300.00	169.32	115.08	178.00	191.75	350.00	187.50	138.00	185.50	200.50	375.00
Principal/director/executive director	188.89	138.00	175.50	234.88	375.00	198.61	154.67	188.00	234.88	375.00	208.33	171.33	200.50	238.00	375.00
Managing director	317.05	244.25	283.83	388.00	600.00	340.76	265.08	322.38	410.92	600.00	351.63	290.08	338.00	416.13	600.00
Partner/managing partner	340.63	225.50	313.00	350.50	575.00	375.00	300.50	325.50	450.50	600.00	384.38	313.00	338.00	475.50	600.00

(USD, thousands)	Bonus mean and quartiles 2015					Bonus mean and quartiles 2016					Bonus mean and quartiles 2017				
	Mean	Lower Quartile	Median	Upper Quartile	High	Mean	Lower Quartile	Median	Upper Quartile	High	Mean	Lower Quartile	Median	Upper Quartile	High
Associate/senior associate	82.50	53.63	69.25	119.25	150.00	87.50	53.63	69.25	134.88	150.00	122.50	66.13	88.00	169.25	250.00
Vice president/investment manager	146.59	69.25	138.00	228.63	300.00	171.55	109.88	179.67	256.75	350.00	189.58	75.50	150.50	275.50	375.00
Principal/director/executive director	212.47	127.58	184.88	222.38	625.00	245.81	156.75	213.00	281.75	650.00	265.28	163.00	225.50	331.75	650.00
Managing director	298.86	121.33	250.50	388.00	1,200.00	363.59	172.38	269.25	456.75	1,200.00	404.89	198.42	272.38	506.75	1,200.00
Partner/managing partner	606.19	225.50	525.50	825.50	1,275.00	643.71	100.50	625.50	875.50	1,325.00	587.44	200.50	525.50	800.50	1,325.00

Number of responses

Associate/senior associate	Vice president/investment manager	Principal/director/executive director	Managing director	Partner/managing partner
5	12	18	23	8

## Regional funds (2015 vs. 2016 vs. 2017)

(USD, thousands)	Base mean and quartiles 2015					Base mean and quartiles 2016					Base mean and quartiles 2017				
	Mean	Lower Quartile	Median	Upper Quartile	High	Mean	Lower Quartile	Median	Upper Quartile	High	Mean	Lower Quartile	Median	Upper Quartile	High
Associate/senior associate	118.75	108.83	117.17	125.50	150.00	162.50	113.00	125.50	150.50	300.00	131.25	125.50	133.83	142.17	150.00
Vice president/investment manager	156.25	125.50	150.50	175.50	225.00	175.00	150.50	175.50	200.50	225.00	175.00	150.50	175.50	200.50	225.00
Principal/director/executive director	205.50	181.75	213.00	244.25	350.00	215.38	178.63	219.25	248.42	350.00	230.77	194.25	232.64	263.00	350.00
Managing director	300.74	227.58	263.00	394.25	500.00	165.44	114.56	154.67	219.25	300.00	346.32	291.13	318.00	419.25	600.00
Partner/managing partner	378.80	290.08	369.25	441.13	625.00	396.20	290.08	394.25	481.75	625.00	404.89	297.38	404.67	491.13	700.00

(USD, thousands)	Bonus mean and quartiles 2015					Bonus mean and quartiles 2016					Bonus mean and quartiles 2017				
	Mean	Lower Quartile	Median	Upper Quartile	High	Mean	Lower Quartile	Median	Upper Quartile	High	Mean	Lower Quartile	Median	Upper Quartile	High
Associate/senior associate	93.63	25.50	38.00	50.50	300.00	150.00	75.50	113.00	125.50	325.00	162.50	75.50	125.50	150.50	350.00
Vice president/investment manager	137.50	88.00	100.50	150.50	250.00	150.00	100.50	125.50	175.50	250.00	162.50	100.50	150.50	175.50	275.00
Principal/director/executive director	216.48	69.25	179.67	323.42	650.00	237.50	88.00	188.00	338.00	750.00	273.08	106.75	200.50	369.25	850.00
Managing director	210.97	81.75	188.00	344.25	500.00	440.44	166.13	363.00	494.25	1,500.00	513.97	206.75	381.75	494.25	2,000.00
Partner/managing partner	228.30	38.00	188.00	313.00	1,000.00	264.64	23.33	200.50	488.00	1,025.00	337.39	81.75	200.50	588.00	1,075.00

Number of responses

Associate/senior associate	Vice president/investment manager	Principal/director/executive director	Managing director	Partner/managing partner
4	4	26	17	23

# Compensation by firm strategy

## Buyout (2015 vs. 2016 vs. 2017)

(USD, thousands)	Base mean and quartiles 2015					Base mean and quartiles 2016					Base mean and quartiles 2017				
	Mean	Lower Quartile	Median	Upper Quartile	High	Mean	Lower Quartile	Median	Upper Quartile	High	Mean	Lower Quartile	Median	Upper Quartile	High
Associate/senior associate	115.28	102.06	116.13	131.75	150.00	137.50	103.63	128.63	142.69	300.00	131.94	116.13	134.88	148.94	175.00
Vice president/investment manager	142.05	109.25	123.00	156.75	300.00	155.68	111.44	138.00	178.63	350.00	173.86	134.88	163.00	185.92	375.00
Principal/director/executive director	198.08	156.75	200.50	241.57	350.00	206.94	161.44	204.67	243.21	350.00	223.61	181.75	227.29	252.58	350.00
Managing director	333.75	240.50	269.25	425.50	675.00	351.25	256.75	292.17	438.00	750.00	370.00	292.17	320.50	438.00	750.00
Partner/managing partner	378.29	294.25	323.00	441.13	825.00	388.82	294.25	338.00	466.13	825.00	395.39	297.38	363.00	469.25	825.00

(USD, thousands)	Bonus mean and quartiles 2015					Bonus mean and quartiles 2016					Bonus mean and quartiles 2017				
	Mean	Lower Quartile	Median	Upper Quartile	High	Mean	Lower Quartile	Median	Upper Quartile	High	Mean	Lower Quartile	Median	Upper Quartile	High
Associate/senior associate	79.11	33.31	47.38	72.38	300.00	104.17	52.58	71.33	122.38	325.00	118.06	60.92	88.00	144.25	350.00
Vice president/investment manager	167.05	111.44	138.00	235.92	300.00	196.59	131.75	181.75	256.75	350.00	223.86	156.75	188.00	306.75	375.00
Principal/director/executive director	262.50	163.00	200.50	388.00	650.00	288.43	169.25	231.75	381.75	750.00	327.31	186.44	306.75	527.58	850.00
Managing director	377.50	188.00	306.75	417.17	1,300.00	406.25	200.50	313.00	425.50	1,500.00	450.00	233.83	317.17	425.50	2,000.00
Partner/managing partner	297.92	44.25	213.00	406.75	1,025.00	211.18	99.25	181.75	306.75	450.00	372.92	69.25	238.00	728.63	1,075.00

Number of responses

Associate/senior associate	Vice president/investment manager	Principal/director/executive director	Managing director	Partner/managing partner
9	11	27	20	19

## Growth capital (2015 vs. 2016 vs. 2017)

(USD, thousands)	Base mean and quartiles 2015					Base mean and quartiles 2016					Base mean and quartiles 2017				
	Mean	Lower Quartile	Median	Upper Quartile	High	Mean	Lower Quartile	Median	Upper Quartile	High	Mean	Lower Quartile	Median	Upper Quartile	High
Associate/senior associate	112.50	106.75	113.00	119.25	125.00	125.00	113.00	125.50	138.00	150.00	137.50	113.00	125.50	163.00	175.00
Vice president/investment manager	193.75	158.83	167.17	175.50	300.00	225.00	183.83	192.17	200.50	350.00	232.50	185.92	196.33	244.25	375.00
Principal/director/executive director	200.96	131.75	213.00	240.08	350.00	212.50	144.25	221.33	242.69	350.00	229.81	156.75	241.13	265.08	350.00
Managing director	314.29	234.88	275.50	388.00	600.00	341.07	278.63	300.50	431.75	600.00	355.36	302.58	317.17	431.75	600.00
Partner/managing partner	277.50	209.88	279.67	316.13	500.00	304.17	244.25	291.13	378.63	500.00	315.83	244.25	297.38	381.75	500.00

(USD, thousands)	Bonus mean and quartiles 2015					Bonus mean and quartiles 2016					Bonus mean and quartiles 2017				
	Mean	Lower Quartile	Median	Upper Quartile	High	Mean	Lower Quartile	Median	Upper Quartile	High	Mean	Lower Quartile	Median	Upper Quartile	High
Associate/senior associate	137.50	38.00	50.50	238.00	250.00	175.00	113.00	125.50	238.00	250.00	200.00	113.00	125.50	288.00	300.00
Vice president/investment manager	193.75	150.50	175.50	200.50	300.00	218.75	175.50	188.00	200.50	350.00	207.50	156.75	188.00	269.25	375.00
Principal/director/executive director	199.04	106.75	188.00	244.25	450.00	200.96	103.63	181.75	269.25	475.00	237.50	106.75	194.25	334.88	550.00
Managing director	280.36	113.00	200.50	313.00	1,200.00	308.93	138.00	250.50	363.00	1,200.00	314.29	138.00	250.00	388.00	1,200.00
Partner/managing partner	104.00	19.00	69.25	191.13	325.00	105.63	15.75	63.00	206.75	350.00	110.63	15.75	81.75	191.13	350.00

Number of responses

Associate/senior associate	Vice president/investment manager	Principal/director/executive director	Managing director	Partner/managing partner
2	5	13	14	15

# Private Equity Practice

Heidrick & Struggles' global Private Equity Practice combines a deep understanding of private equity markets with world-class expertise across all major industries and functions to provide a broad range of value-adding services.

We pride ourselves on finding top private equity management talent by recruiting investment professionals, operating partners, and other essential senior managers who support financial growth. Additionally, we work with private equity-backed portfolio companies to bring innovative services designed to meet today's challenges while securing the leadership needed to deliver on tomorrow's strategies.

Our expertise includes due-diligence support, pre- and post-acquisition executive search, leadership assessment, proactive introductions, and the construction of advisory boards for both private equity firms and their portfolio companies. With more than 80 consultants in 50 offices around the world, our team includes functional experts in areas such as technology and operations, finance, human resources, marketing, compliance, risk, and legal infrastructure. Our blend of search and consulting services enables us to develop long-term strategic partnerships that build winning leadership teams and create substantial value.

## Leaders of Heidrick & Struggles' Private Equity Practice

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