

VALENTINE THOMAS

— & PARTNERS —

2020 People Report

June 2021



2020 People Report

2020 was a fascinating year for the asset management industry. Brexit negotiations went right to the wire and the last-minute deal left the UK's asset management sector in the dark. Although largely well prepared for any outcome, the asset management industry expects some damage, but not outright disaster, in the post-Brexit era.

Despite the considerable challenges involved, our clients seem to have adapted to the new remote environment, as indeed have we at Valentine Thomas & Partners. Business has continued throughout the various lockdown periods and we are pleased to report a further successful year completed with new appointments across C-Suite functions as well as several team moves and Portfolio Manager and Distribution hires.

This is the first year we have compiled the VT People Report to analyse data across the market moves over the last 12 months. Whilst there are many areas of focus, we want to highlight some key hot spots we observed from last year:

ESG - Sustainability

2020 saw the wave continue to grow around sustainability and ESG as firms raced to reposition themselves in this area. There were significant hires at the senior level, often driven by regulator and client influence. We observe that ESG/Sustainability offerings are rapidly becoming key differentiators in determining whether firms win/retain assets or fall behind their competition. The demand for talent is at all levels and this will continue to grow and scale and the big challenge is how the talent supply keeps up with the demand given the relative infancy of this area of asset management.

The pleasing trend from our data shows that **51% of the hires in the ESG area** were women which bucks the overall data trends. Our data tells us that women were early adopters in this sector (across both finance and non-finance related fields) and therefore the talent pool has more diversity across entry and leadership roles. Consequently, it also has many more positive role models. The area also provides a different and

diverse lens on financial services and we believe many women see the area as an opportunity where they can have real influence and bring about change and innovation in finance. We expect this trend to continue.

‘The volume of calls I have had about new roles in the past year is unbelievable, ranging from corporate pension funds and local authorities through to global asset managers. The industry finally seems to have woken up to this issue’

Senior ESG Professional

Diversity & Inclusion

An important and well-documented topic, Diversity & Inclusion, continues to gather pace and we observe several firms making real strides in this area; although further work is needed. The agenda is now firmly in the boardroom and importantly now focused on wider diversity initiatives areas; including ethnic diversity and diversity of thought across all levels. There is no magic wand to change this overnight, and we note firms that are successful in this area are laser-focused and hold themselves to account where change can genuinely happen and not try to solve all issues, at all levels, at once. It is pleasing to see initiatives such as #talkaboutblack and 10,000 Black Interns which will really change the game at the entry-level.

‘63% of Valentine Thomas & Partners placements in 2020 were female’

Route to the top

The harsh headwinds of 2020 witnessed significant leadership change, and we noted **54 CEO appointments** across a range of boutiques and large-scale asset managers as firms revamped efforts for both survival and growth. Once the preserve of senior investment leaders, we cut the data further to see what path these CEOs have taken to get there. As expected, the largest proportion at **41%** have a background in investment and it is interesting to see **31%** came through the distribution route and **28%** from other backgrounds.

Whilst investment performance remains paramount, firms that are successful in today's environment are having to play across many more fronts than they did before. CEOs and leadership teams need to understand data and technology, the threats that arise from risk / compliance / cybersecurity, and the changing face of the customer, to name a few. This is clearly reflected in the rise of non-investment leadership starting to populate the CEO seat. In our view, this trend will continue for some time.

‘Given the rapid changes in the asset management sector and the increasing demand placed on the CEO I believe that not only will tenure in the seat get shorter but the path to CEO will continue to evolve.’

Chairman

Alternatives

One just needs to look at the fund flows to see that alternative asset classes continue to scale at pace. In a low yield and low interest rate environment, investors are keen to find growth and income. The alternatives investment space has remained stable as macro events have played out. Several hedge funds performed well last year, and firms that specialise in infrastructure, real estate, and private credit, to name a few, continued to see significant fund flows. We believe the bar continues to rise for individuals working in this area.

‘Significant demand for alternatives talent, especially in client-facing roles. We note 52% of distribution hires have some exposure to alternatives.’

Distribution

The fundraising environment across traditional and alternative asset management remains exceptionally competitive. The convergence of traditional and alternatives coverage continues to play out. There is now an increased sophistication in the wealth channel, and investor expectations regarding fees, transparency, risk and communication only get greater. Where firms have a mandate to hire, they are looking for better and more qualified people to do client-facing roles, often looking to blend sales, client relationship management and product specialism into one. It is no coincidence that many of our clients are now looking for salespeople who have the CFA qualification.

Covid-19 has shown the value of relationships and this has pushed the hiring to a more senior level in the past 6 months. That said many firms are still looking to add bench strength where possible and will continue to do this throughout the year.

Remote working

We could not escape writing something about the ‘new normal’ – and we have taken many data points from conversations with our clients. Our belief is that whilst flexible / remote working will become ingrained in daily life, it will not go as far as some think. The reality is many younger people do not have the luxury of working in the comfort of a big house, nor do they feel they are learning via Zoom. We believe this crisis has shown human interaction is still valued both in society and the industry we operate in!

Firms need to think creatively to find a balance to not only encourage senior people back to the office but also find a way to engage them to help attract and retain the next generation of talent. Our view is we will not do this exclusively sitting in our homes.

Compensation

The pandemic has had an impact on compensation; both short and long term. In recent years Asset Managers have had to start thinking about how to address the issue of compensation in a declining-fee environment. Performance management has been implemented much more efficiently within the ranks of asset managers in recent years, but there is some way to go. There is a clear trend for firms to pay for performance and to also invest in areas that will futureproof the business (technology and alternatives as examples).

‘Managing comp rounds gets more complex each year – we need a magic money tree to keep our top performers and manage the broader workforce whilst doing this in a low growth environment.’

Human Resources Director

2021

2021 has had a busy start; markets continue to look for good news, and as we write, over 20m people have been vaccinated across the UK. What the rest of the year holds remains unclear for the investment management industry, although our crystal ball would tell us the impact of the pandemic will speed up some of the trends that were already underway in the sector. These include:

- Continued split between **scale and specialism**; further M&A activity in the pipe.
- The **ESG journey** will continue for all firms.
- **Diversity and Inclusion** strategy across the firms will remain in the top 3 initiatives for leadership teams.
- Continued **upgrade** of client-facing teams.
- Alternative specialists will continue to scale and increase market share. Many asset managers will continue to **evolve** their businesses to enter this arena.
- Return of **face-to-face interaction** and meeting your colleagues, some for the first time!

**The information in this document has been taken from both public and private data sources and intended as a market snapshot. In no way is it designed to reflect the hiring market in its entirety.*

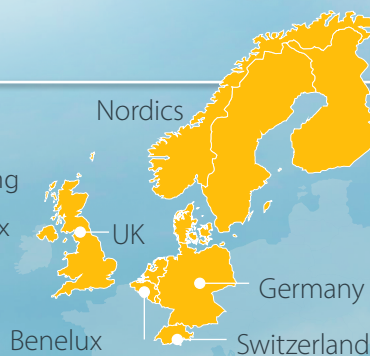
2020 People Report

Over the course of 2020 Valentine Thomas analysed over 1,500 senior people moves in the asset management sector. We looked at key trends and broke this data down further. Some key highlights of our analysis:



Across all hiring the proportion of investment, distribution, and non-investment hires was **54%**, **25%**, and **21%**, respectively.

Whilst London remained the core location for talent, we noticed a strong uptick in activities across the Benelux in particular followed closely by Nordics, Switzerland and Germany.



74

dedicated ESG and Sustainability hires, of which **51%** were female.



54

CEO appointments throughout 2020. **26%** of the CEO appointments were female.



Of the 54 appointments, we noted the route to CEO can be broken down into three paths;

41% had a background in Investment.

31% had a background in Distribution.

28% came from other backgrounds.

52%

Significant demand for alternatives talent, especially in client facing roles. We note **52%** of distribution hires have some exposure to alternatives.

31%

of the total female hires that we tracked were in senior leadership roles. *(C-Suite, Board Member, or Global remit).*

Total number of diverse hires made by Valentine Thomas in **2020** was **63%**

2020 hires:

71% (male) and **29%** (female).



The Team

Richard Valentine

Chairman

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Richard Valentine became Chairman of Valentine Thomas & Partners in 2021, having co-founded the firm in 2004 with Basil Reid Thomas. Richard is a well-known figure in the asset and wealth markets and has advised many firms on board and leadership appointments. Richard initially trained as a lawyer before spending twelve years in the futures market, latterly as Sales & Marketing Director of a derivatives fund management company, before working in corporate finance with Singer & Friedlander.

He moved into executive search in 1993, joining Tyzack & Partners. Following the merger of Tyzack with The Whitney Group in 1999, he led the firms combined European Asset Management practice group. Richard specialises across asset management, private banking and alternative investments.

Basil Reid Thomas

Partner, Investment Management & Co-Head of ESG

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Basil co-founded Valentine Thomas & Partners in 2004 with Richard Valentine. Prior to this he spent six years with The Whitney Group, building their European fund management operations. He started his career with Standard Life in Edinburgh.

Basil specialises in senior level leadership, investment and distribution searches for many of the leading Global and European asset managers, asset owners and alternative investment firms. In recent years, his focus has broadened to incorporate specialist ESG and sustainable hiring and advisory services for clients.

Basil holds an M.A. from Glasgow University.

David Harms

Partner, Investment Management & Co-Head of ESG

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David joined Valentine Thomas in 2019 as a Partner specialising in senior searches for investment management firms across the globe, with a focus on the markets in London, Europe and the US. He has extensive experience searching for individuals and teams and executing cross-jurisdictional mandates that include CEO, CSO, COO, CIO & CTO.

David now co-leads the growing ESG practice at Valentine Thomas where his works includes hiring talent in the areas of sustainability, impact and SRI.

Before joining Valentine Thomas, David spent 9 years at Heidrick & Struggles in their financial services practice, most recently as a Consultant, where he advised a number of leading investment managers, Fintech firms and private equity backed businesses on their human capital needs. He began his career with a search boutique based in London.

David holds a BA Hons in Business Management from the University of Bristol, West of England.

Alex Diffey

Partner,
Head of Wealth Management

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Alex Diffey joined Valentine Thomas in 2019. He has over 18 years' experience within Executive Search specialising in both the domestic and international Private Banking and Investment Management industries.

Alex has run search practices across the globe, notably in London, Geneva and Singapore. With a market leading track record of placing sought after professionals from Senior Relationship Managers to Heads of Private Banking, as well as Investment Managers and Family Office CEO's, Alex has earned a reputation as one of London's top search professionals within his field. During his career, Alex has overseen and completed numerous team moves and C-Level placements as well as being mandated on various bespoke consulting projects on behalf of his clients.

Alex holds a BA degree in Marketing and French and completed a portion of his higher education at the University of Lyon, France. Alex speaks conversational French and conversational German.



Celia Cortijo

Consultant,
Investment Management

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Celia Cortijo joined Valentine Thomas & Partners in April 2021 as a Consultant specialising in asset management roles primarily within the UK, Continental Europe and the Middle East. Celia has over a decade of experience in executive search, almost exclusively across leadership roles within the investment management industry. Celia is also leads the diversity & inclusion effort for the business.

Before joining Valentine Thomas & Partners, Celia worked as a freelance executive search consultant, focusing on Distribution and Investment roles across asset classes. Prior to that, she worked for The Buy Side Club, an executive search firm specialising in asset management, where she completed senior assignments within Distribution, Investments, Operations.

Celia has a Bachelor's degree in Law from the University of Seville, Spain. Celia is a native Spanish speaker and fluent in English.



Georgia Hill

Asset Management Analyst

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Georgia Hill joined us in July 2020 as a Research Analyst on her industrial placement year.

Georgia is a crucial part of our research effort where she is responsible for capturing and analysing market news and maintaining our information database.

She is studying for a BA (Hons) Accounting and Finance at Bournemouth University. After her year with us, Georgia will go back to Bournemouth to complete her third year studies and graduate in 2022.



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Valentine Thomas & Partners is a leading investment and wealth management executive search firm covering the EMEA markets.