



# VALENTINE THOMAS

— & PARTNERS —

## 2021 People Report

March 2022

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Looking back, we were hoping for a more ‘normal’ 2021, but the reality has been more of the same, with some additional challenges thrown in for good measure. That said, the asset management industry has been relatively fortunate, and, with some adjustments (and less travel), the industry has carried on pretty effectively. ESG, Diversity, Covid and Brexit remained top of everyone’s agenda, but the challenge ahead will be very different and centres on the macro backdrop, the shifting geopolitical sands and their impact on markets.

Despite the headwinds, our clients adapted to the challenging environment and most firms had successful years given where stock markets finished, as indeed did we at Valentine Thomas & Partners. Business 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 second year of the VT People Report – a brief analysis of hiring data over the past 12 months. Whilst there are many areas of focus, we want to highlight some key hot spots we observed from last year and, in particular, compare the findings year-on-year. Whilst our data is just a snapshot of publicly available data, it nevertheless showcases some interesting trends.

Over the course of 2021 Valentine Thomas analysed over 1,700 senior people moves in the asset management sector. We analysed major hiring trends and crunched this data further.

Some key highlights of our analysis:

‘Across all of the moves analysed the proportion of investment, distribution, and non-investment hires was 49%, 26%, and 25%, respectively. Significantly there was an increase of non-investment related hires relative to 2020.’

## The Brexit impact...

Significant hiring activity took place in non-investment or distribution related functions last year. These non-investment hires were largely across finance, operations, legal, compliance and regulatory related roles. Part of this was down to firms bolstering certain middle office functions neglected during the pandemic but also the result of firms setting up new EU hubs to counter the restrictions post Brexit.

Whilst London remained the core location for talent, we noticed a strong uptick in activities across the Nordics, Switzerland and Germany. Again, a large part of this is down to the UK’s withdrawal from the Single Market and the subsequent need to establish ‘boots on the ground’ in EU financial hubs to ensure that local clients could continue to be served. We note firms are still working through, at great time and cost, what their relationship with Europe looks like, with many differing interpretations and models. A similar pattern has seen increasing hiring activity in the UK by international managers, with particularly demand across UK Wholesale and GFI channels. The expansion has been led principally by distribution and operations-based roles in particular. These roles have been vital in establishing and supporting overseas business and are expected to continue to grow. This trend is not new, and we have seen it over the last couple of years, yet it still has a substantial impact on the exporting and importing of talent we have observed over the past year.

## The rise and rise of ESG

‘Valentine Thomas tracked 163 dedicated ESG and Sustainability hires, of which 55% were female.’

Over the course of 2021, we noticed a massive expansion in the volume of ESG related hires. In 2020 we recorded 74 dedicated ESG and sustainability hires in the UK. In 2021 this number more than doubled to 163 hires spanning impact, responsible investing and governance roles.

A further look at the increase in ESG hires shows that a significant proportion of these hires were female. As a percentage of ESG hires, 55% were female over the past year, an increase of 4% from 2020. There is a real diversity of talent in this sector, we believe down to the fact it is a relatively nascent area where talent has been allowed to flourish at all levels. The sector has also attracted people with purpose and vision.

The surge in demand for ESG talent has led to an outstripping of supply. As such, there has been a noticeable level of inflation in both compensation and career progression. The incentives this has produced will hopefully attract more talent to the ESG space.

Interestingly, private markets are emerging as the next frontier for ESG investing. The rise in demand for sustainable investments is driving a wave of hiring talent across ESG and impact investing. Groups including Mirova, Tikehau Capital and M&G have all launched funds in this space.

We hope that such demand for ESG talent is sincere and enduring and not simply a case of firms jumping on a well-hyped and fast-moving bandwagon. Not before time, we are finally seeing increasing scrutiny from regulators as they finally start holding managers to account around greenwashing, making them accountable for delivering their ESG investment promise and value for money.

## CEO Appointments: Internal v External

‘Of the 62 CEO appointments we tracked throughout 2021, 22% were female - a fall since last year’

We noted 62 CEO appointments were made throughout 2021. 22% of these CEO appointments were female. This is a fall of 4% on the previous year.

There are several challenges facing the appointment of CEO's today. This includes the geopolitical crisis, the ongoing challenges thrown up by the pandemic and end of the longest bull market in history.

Of the 62 appointments recorded in our dataset this year, the path to leadership can be broken down into 3 streams: 42% from investment roles, 33% from distribution roles and 25% from other backgrounds. This is largely the same route to the top as seen last year.

Further observations on the appointment of CEO's highlight the influence the pandemic has had on senior leadership hires. Whilst there has not been significant movement in the largest asset management firms, we have observed many small and mid-size firms transforming their senior leadership. Our data reveals that 54% of hires have been a CEO previously and 46% are first time CEO's. This is a significantly high percentage of first time CEOs. One explanation shown by our data is that internal promotions have risen greatly with firms opting to put trusted employees into leadership roles rather than hiring externally. Partly, this is as a result of the pandemic and the need for continuity and partly it is a case of burn out or fatigue. As stated, the challenges thrown up by the pandemic and end of the longest bull market in history have hastened the departure of many long-standing CEO's.



## The mainstreaming of Alts...

‘The risk of not having these capabilities will become greater than the risk of overpaying or painful integrations.’

Once the preserve of boutique specialists, alternative investment has become mainstream, attracting traditional wealth managers and global investment giants. Many alternatives firms, both liquid and illiquid, enjoyed strong flows last year, particularly those with real assets investment strategies offering genuine differentiation and yield.

2021 witnessed significant hiring at all levels within sales, marketing and client teams. Many firms have hired individuals to lead and develop their client facing efforts, and 2021 was a candidate driven market in distribution with firms competing for the same talent, be that leadership or production. Individuals with a genuine track record of delivery, specialist knowledge and an ability to bring new products to market were heavily in demand.

One of the biggest trends we see is the focus on the retail / wealth channel. We have seen numerous searches in the market for senior salespeople who can further unlock this channel. For example, KKR, Ares, Blackstone and Brookfield have been growing their respective teams, and we see this trend continuing into 2022 and beyond.

2021 also witnessed M&A activity as traditional players expanded into alternatives and private markets. Examples include Schrodgers taking a majority stake in renewables investment firm Greencoat Capital, and T Rowe Price acquired credit manager Oak Hill Advisors. The pressure to find profitable growth opportunities has built up to the point where the risk of not having these capabilities will become greater than the risk of overpaying or messy integrations.

A further development has been the crypto talent war as big money managers warm to digital assets. Crypto assets are becoming more mainstream, and many institutional

investors and wealth managers expect to invest in these for the first time in 2022. As asset management firms start building crypto capabilities, they are going after a completely new talent pool. The cultural difference between traditional and decentralized finance presents a major hurdle for asset managers looking to lure talent in this emerging industry.

## Diversity – Progress or Stalling?

‘2021 hires tracked by Valentine Thomas: 33% female / 67% male’

Diversity & Inclusion continues to be a critical priority for leadership teams. The agenda is now firmly in the boardroom and importantly, is now focused on wider diversity initiatives, including ethnic diversity, socio economic diversity and diversity of thought across all levels.

As talent consultants, we observe many successful initiatives with pleasing results at both senior and junior levels. However, this is an area that needs continual focus and effort; 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. Interestingly, we note that many firms are starting to make significant investment into entry level programmes. We believe this long term approach will yield the greatest success.

In 2021, our data showed us that the percentage of female appointments we to male was 33% / 67%, compared with 31% / 69% the year before. Whilst this is not a significant change, it is nevertheless an encouraging trend, particularly since many of the female hires were into senior leadership roles.

## Compensation

‘We’ve been living through the greatest workplace disruption in generations and many employees will face real wage cuts as annual compensation increases fall behind inflation’

We’ve been living through the greatest workplace disruption in generations and the level of volatility will not slow down in 2022. As we write this, we hope we have seen the worst of the Covid pandemic, however hybrid work will create more unevenness around where, when, and how much different employees are working. This in turn will present huge challenges from a reward perspective, however, employers that don’t offer flexibility will see increased turnover as employees move to roles that offer opportunities that better align with their desires.

Despite the challenges, 2021 was a strong year for many investment management firms and top performing staff expect to receive increased variable compensation come bonus time, or will vote with their feet.

That said, going forward, many employees will face real wage cuts as annual compensation increases fall behind inflation. For asset managers, these realities will be layered on top of longer-term technological transformation, a declining-fee environment, and ongoing political disruption and uncertainty.

## The Year ahead

‘2022 has had a turbulent start with inflation spiking, energy prices rocketing and, as we write, the prospect of war in Europe becoming very real’

What the rest of the year holds remains unclear for the investment management industry, our crystal ball would tell us that current hiring trends will continue. These include:

- Continued split between scale and specialism; further M&A activity in the pipe.
- We believe the ESG journey will continue for all firms and is becoming ‘mainstream’ across all functions. However, we anticipate this thesis will be challenged by the economic backdrop and increased regulatory scrutiny with managers being held to account around greenwashing.
- Diversity and Inclusion strategy across the firms will remain in the top 3 initiatives for leadership teams. Firms that will win are investing at the grassroots level (as well as hiring into leadership positions) and understand that it takes time to see meaningful change.
- Continued professionalisation of client-facing talent at all levels.
- Alternative specialists will continue to scale and increase market share. Many asset managers will continue to evolve their businesses to enter this arena.
- A greater emphasis on a return to the office. Whilst hybrid working will remain, firms need to start building a core culture again and this is done through a balance of face-to-face and remote working arrangements.

*\* 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.*

# VALENTINE THOMAS & PARTNERS

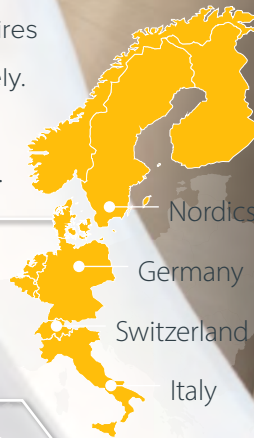
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Significantly there was an increase of non-investment related hires relative to 2020.



Our dataset tracked 163 dedicated ESG and Sustainability hires, of which 55% were female.

# 163

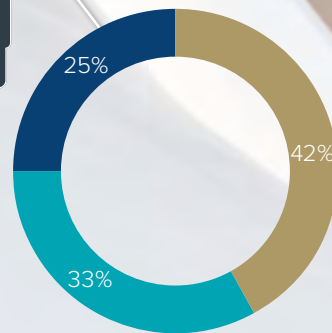
Whilst London remained the core location for talent, within our dataset we noticed a strong uptick in activities across the Nordics, Switzerland, Italy and Germany.

**62** From the 62 CEO appointments tracked in our dataset throughout 2021, 22% were female - a fall since last year.

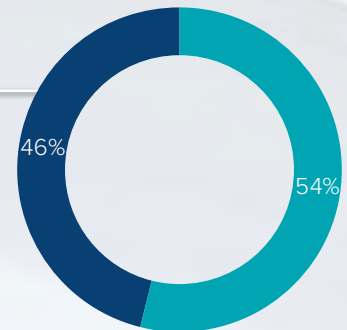


Of these appointments recorded in our dataset, the path to CEO can be broken down into 3 streams:

- 42%** from investment roles
- 33%** from distribution roles
- 25%** from other backgrounds

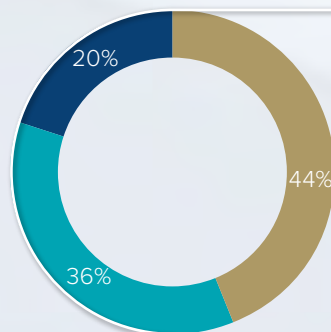
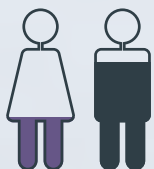


**54%** Our dataset reveals that **54%** of CEO hires have been a CEO previously and **46%** are first time CEO's



**37%** Of the total female hires that we tracked were in senior leadership roles.  
(C-Suite, Board Member, or Global remit)

2021 gender split within our dataset:  
**33%** female / **67%** male.



The hires made by Valentine Thomas in 2021 split by sector are:

- 44%** Investment
- 36%** Distribution
- 20%** Non-investment



# About Us

Over **500**  
searches  
conducted

Team of **6**  
dedicated to  
investment &  
Wealth  
Management

Placements in  
**13** countries

Search  
completion  
**92%**

- Valentine Thomas is a partner owned business. We lead every search and adopt a partnership approach to each engagement.
- Founded in 2004, we are dedicated to investment and wealth management.
- We are a leading boutique in the asset management market, with an outstanding network and a database of over 50,000 people.
- We have no shareholders to service; our clients come first.
- Given our size, we can offer our clients flexibility for each engagement.
- We have a small off-limits list compared to larger firms, allowing us greater access to the talent market.
- Reputation for Diversity appointments.

## The Team



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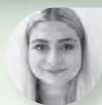
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