



Compeer Code: 999

Survey Data as at 31-May-18

Remuneration and Benefits in Private Client Stockbroking and Wealth Management

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Contents

- 1. Introduction**
- 2. Remuneration Overview**
- 3. Staff Turnover**
- 4. Remuneration Trends and Projections**
- 5. Benefits**
- 6. Gender Pay Gap Analysis**
- 7. Glossary and Definitions**

1. Introduction

1.1 Participant List

40 firms took part in the survey. A list (excluding you) follows.

Those firms you have chosen for your select peer group are identified with asterisks and marked SPG in the pay comparison tables, where two or more firms in your chosen group filled the position. Median SPG data are also supplied.

FIRM 1
FIRM 2
FIRM 3
FIRM 4
FIRM 5
FIRM 6
FIRM 7
FIRM 8
FIRM 9
FIRM 10
FIRM 11
FIRM 12
FIRM 13
FIRM 14
FIRM 15
FIRM 16
FIRM 17
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FIRM 19
FIRM 20
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FIRM 27
FIRM 28
FIRM 29
FIRM 30
FIRM 31
FIRM 32
FIRM 33
FIRM 34
FIRM 35
FIRM 36
FIRM 37
FIRM 38
FIRM 39

1.2 Key Features of Survey

- The core survey is based on median data for basic salary, bonus, car value/allowance, LTIP's and a number of other benefits for over 100 positions within private client stockbrokers and wealth managers. Data is submitted following individual firms' pay reviews and is validated prior to report production. Reports are produced as at 31st May and 30th November.
- Apart from some data obtained from Compeer's business benchmarking survey, this report has been sourced from data supplied by participants themselves using Compeer's Excel questionnaire.
- We include a review of Total Package by pay group. A pay group is defined as a category of positions (from different job families, i.e. right across the firm) attracting similar pay and benefits. The pay groups and the associated pay bands, derived from the median figures for all participants, are listed below. The High Level Schedules include a complete list of all positions covered by the survey, showing which jobs come under each pay group. As a rule, the pay groups equate to generally understood levels of responsibility and seniority.

Pay group 6.	£125K plus	Directors and top management
Pay group 5.	£75K - £125K	Senior managers
Pay group 4.	£50K - £75K	Managers and senior professionals
Pay group 3.	£37.5K - £50K	Supervisors and junior professionals
Pay group 2.	£27.5K - £37.5K	Senior administrators
Pay group 1.	£15K - £27.5K	Administrators

2. Remuneration Overview

This section provides an overview of current remuneration levels.

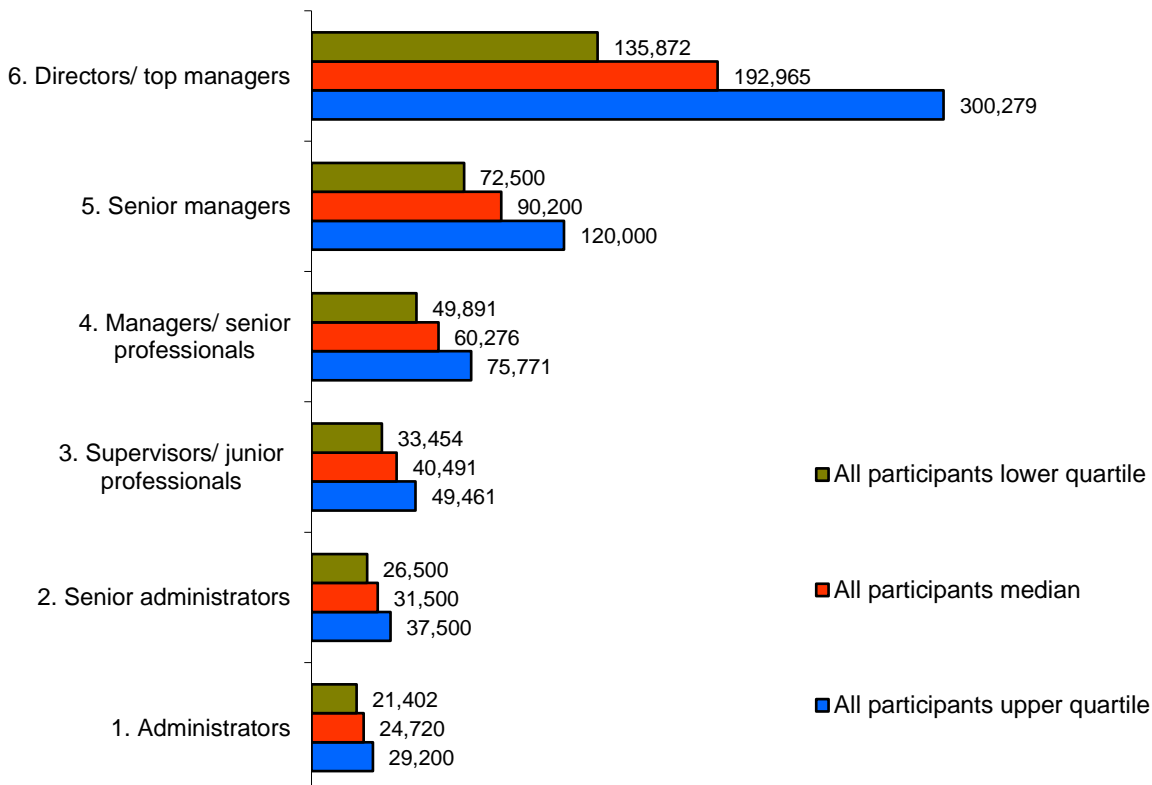
For detailed information on pay and benefits as at 31-May-18 for individual positions, please refer to the High Level Schedules and Pay Comparison Tables.

2.1 Remuneration Comparisons at “Pay Group” level

In this section, we look at comparative median Total Package, where applicable, paid for each of the six Pay Groups as at Summer 2018.

You were ranked at number X in the directors/ top managers group, with your median total package in this group deviating by X% from peer group. Similarly, you were ranked number X in the senior managers group (deviation X%), number X in the managers/senior professionals group (deviation X %), number X in the supervisors/ junior professionals group (deviation X%), number X in the senior administrators group (deviation X%) and number X in the administrators group (deviation X%).

In summary, it appears that your total packages taken overall were XXX than peer group (ranked number X), with an average deviation of X%. We stress that this aggregate level analysis ignores differences in London and regional salaries, as well as any differences associated with your selected peer group, although these are specifically identified in the Pay Comparison Tables.



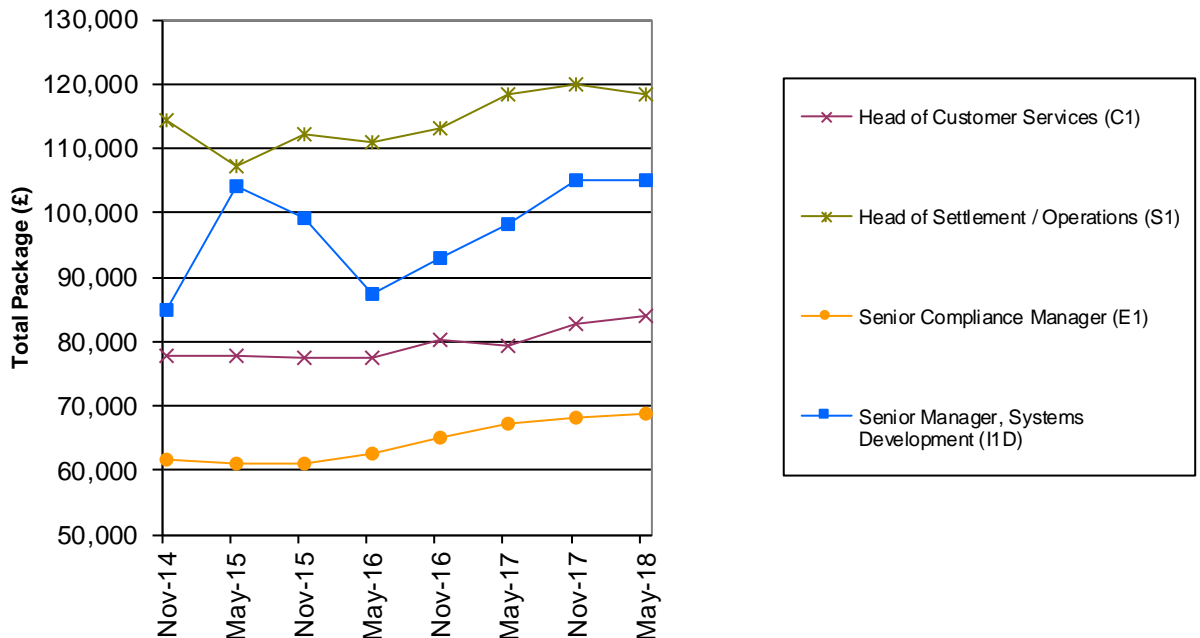
2.2 Total Package Differentials

We now examine the differentials between the different pay groups. The following table shows how your firm’s total package costs increase with seniority (blue column) against peer group.

From Pay Group	To Pay Group	Your Increase %	Median increase for all 40 firms in group
5	6	XX	113.93
4	5	XX	49.64
3	4	XX	48.86
2	3	XX	28.54
1	2	XX	27.43

2.3 Pay Comparisons for Various Functions

Total Package for Senior Management Roles



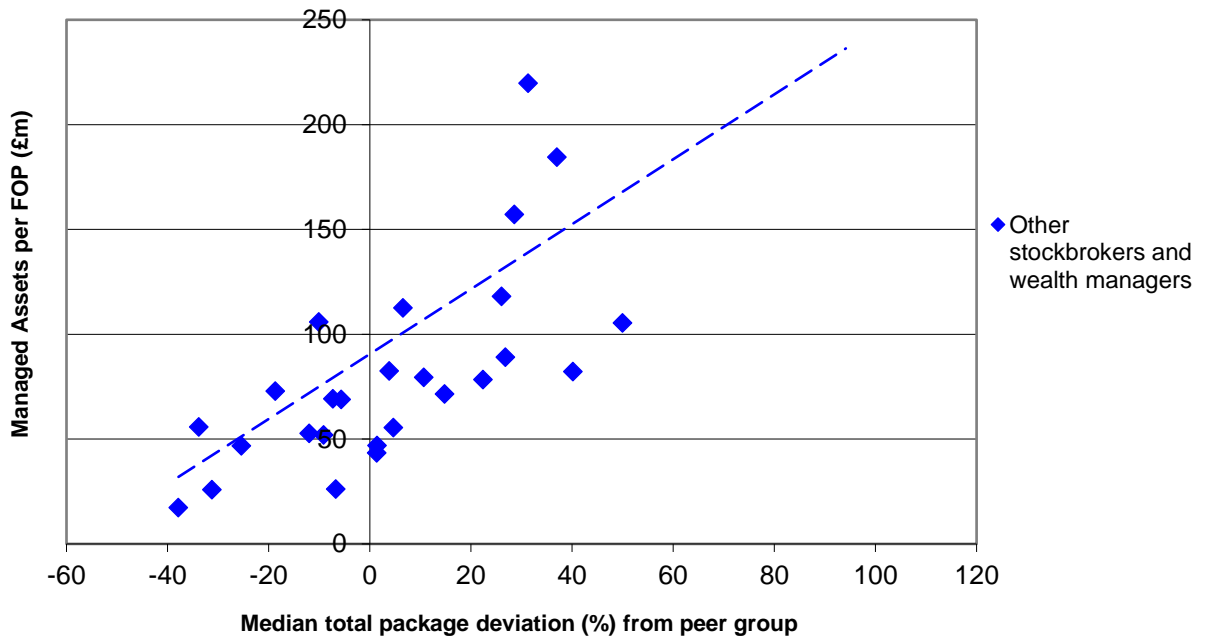
The chart above shows the median Total Packages, out of all participants in the selected surveys, for four senior management roles. In the last six months we have seen further increases in the more senior compliance and customer services roles, whilst average total packages for system developers and heads of operations have plateaued.

2.4 Relative Productivity Performance

As we have seen, your pay levels are **XXX** aggregate levels, with a median total package deviation of **X%** against aggregate, which includes all types of firm, whether execution only firms, stockbrokers or wealth managers.

Other things being equal, one would expect firms with high productivity to be able to afford higher compensation packages for their staff, with less productive firms paying less. The following chart (using data from our annual benchmarking survey) shows that, on this occasion, there is a very slight correlation between high productivity and above average salary levels. Your plot is shown in red.

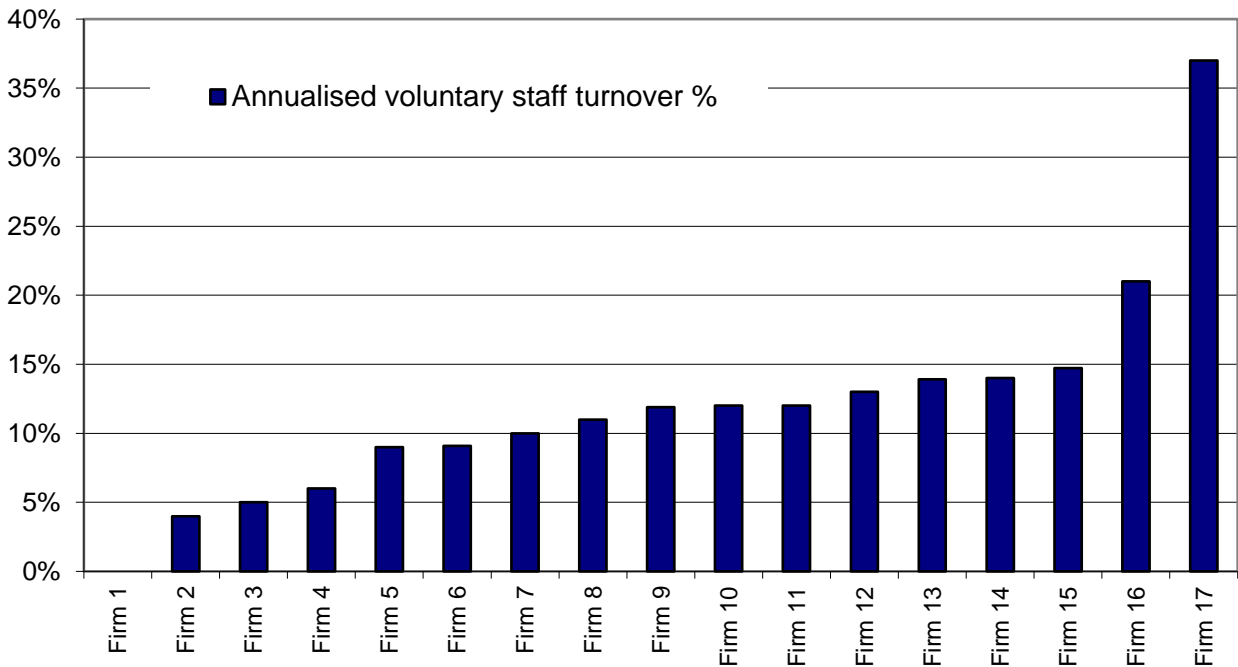
Productivity related to invested assets



Productivity is measured by our ratio **Managed Assets per FOP**. Your Managed Assets per FOP was £**X**m, compared with £**X**m for the peer group. You were ranked at number **X**. It is apparent that your relative productivity against peer group was **XXX**.

3. Staff Turnover Comparisons

The survey measured relative staff turnover, defined as permanent staff resignations, as a percentage of total staff. This definition excludes promotions, redundancies, retirements, early retirements, long term absences, sabbaticals and internal transfers. In general, voluntary turnover levels have increased, and now range from 0% to 37%. The complete set of staff turnover values, ignoring regional submissions from London based firms in a couple of cases, is presented in the chart below. These data reflect the 6 or 12 months ending 31-May-18.



4. Remuneration Trends and Projections

4.1 Year on Year Trends in Total Packages¹

36 firms in your peer group took part in the Summer 2018 survey and in the corresponding survey last year.

In the last year there has been good growth in the market, although there continues to be pressure on costs. Year on year there has been some movement in total packages. Median Total Packages increased year on year for 59 positions, with 9 positions exceeding 10% growth.

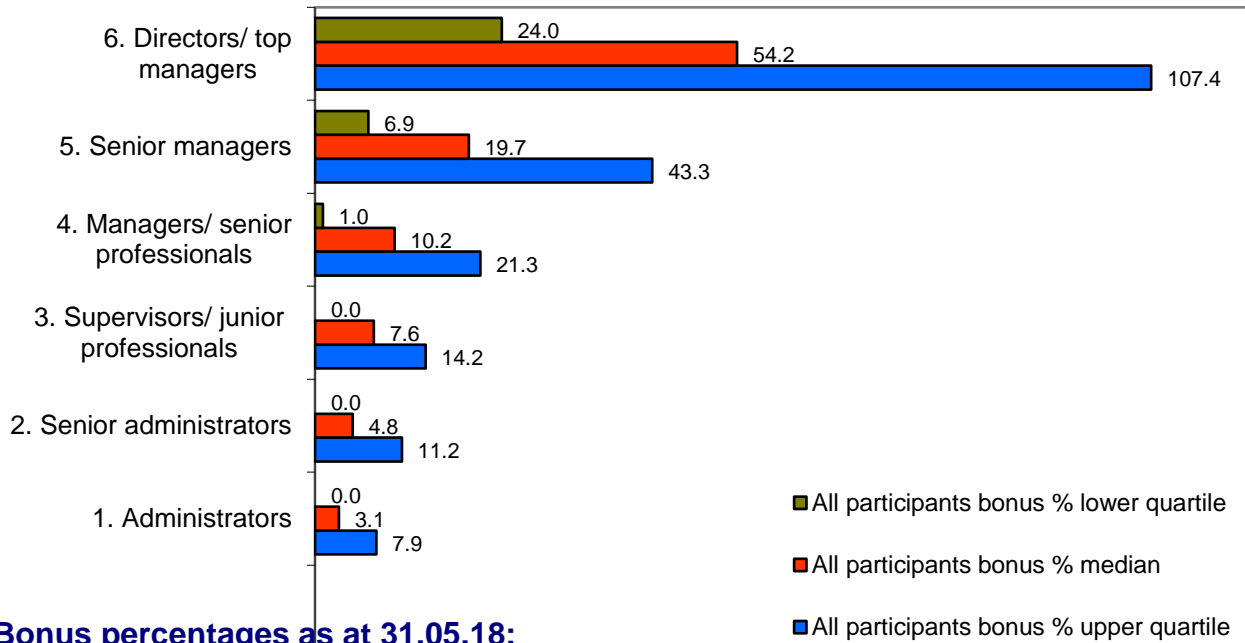
4.2 Bonus Trends

We also looked at year on year trends in the bonuses awarded, in percentage terms. We provide an outline here. Across a number of positions, there have been reductions in bonuses over the last year. Thus, median bonuses paid by firms last year (Summer 2017) ranged from 3.08% for Group 1 positions to 54.22% for Group 6 positions. By Summer 2018, bonuses ranged from 3% to 54.58%.

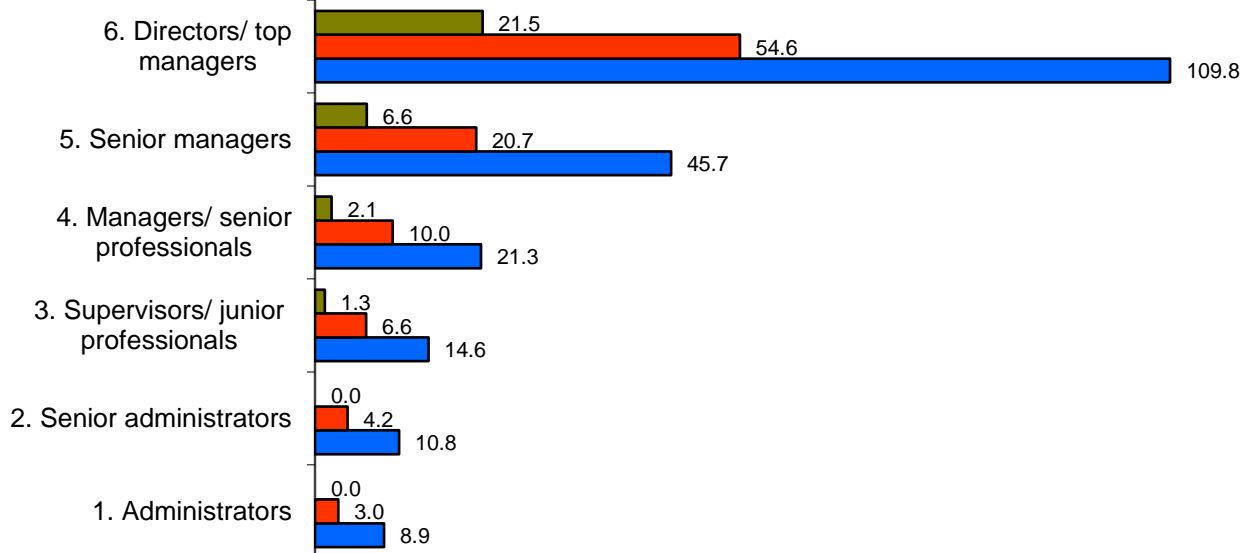
By comparison, your firm's bonuses ranged from X% to X% last year. This year, they ranged from X% to X%. The following chart compares bonus levels year on year for yourselves against all other participants.

¹ Total Packages comprise basic salary, bonus, car value or allowance, LTIPs and share options.

Bonus percentages as at 31.05.17:

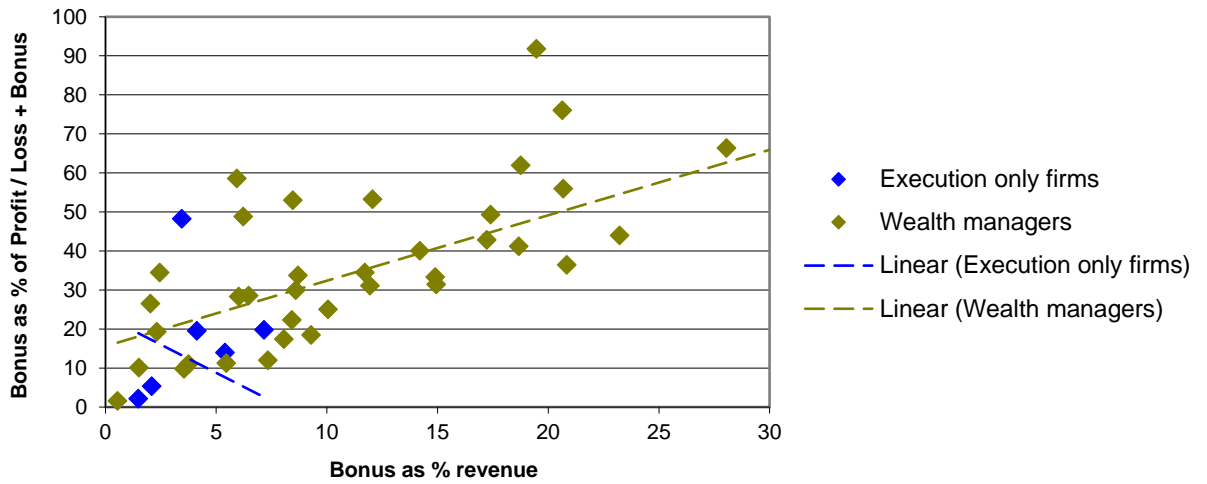


Bonus percentages as at 31.05.18:



As in previous surveys, it is apparent that bonuses vary within a fairly narrow range for junior positions and as a percentage of basic salary have increased in the last year across the majority of senior roles.

Finally, we plot firms' bonus spend against peer group, (a) as a % of total revenues and (b) as a % of total profits plus bonus. Separate series are included for XO firms and wealth managers. Firms with internal commission share payments exceeding 35% of basic staff costs were excluded. Unless otherwise stated, the data is from our calendar 2017 annual benchmarking survey. It can be seen that XO firms allocate a lower percentage of their revenues to bonuses than wealth managers. Also it is clear that bonuses paid by wealth managers and XO firms are driven by profitability levels. Your plot, where known, is shown in red.

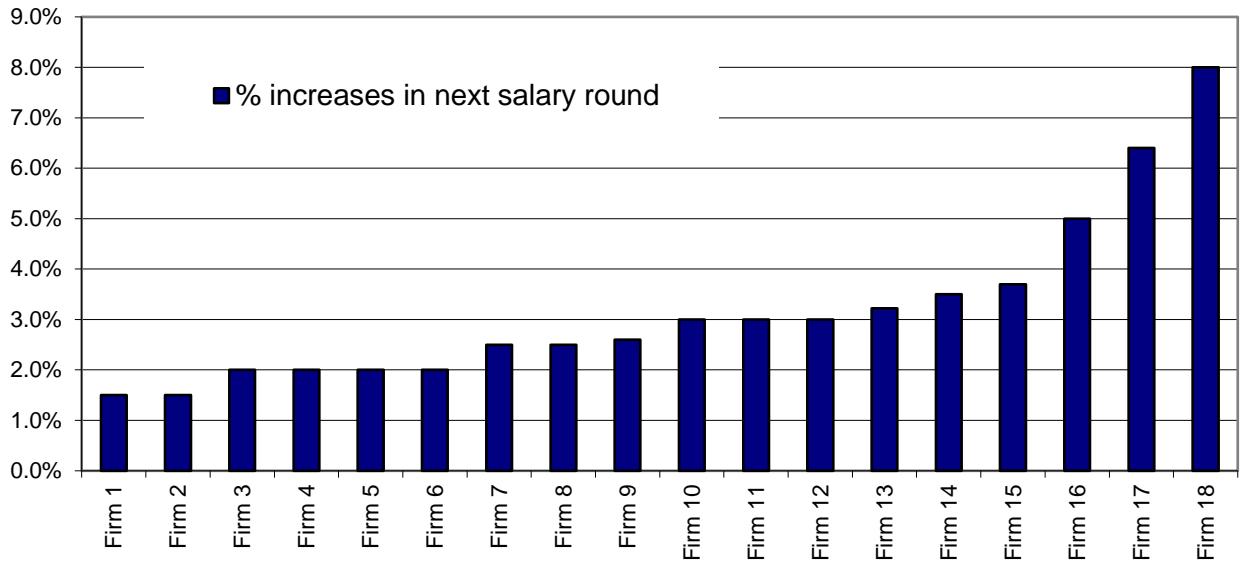


The table below contains information on the spread and distribution of the data for each group of firms.

From (group)	Bonus payments as % revenues	Bonuses as % of profits plus bonus
Execution Only firms		
Upper Quartile	6.13	19.73
Median	4.13	13.97
Peer Group Lower Quartile	2.77	3.80
Standard Deviation	2.22	25.10
Wealth Managers		
Peer Group Upper Quartile	18.72	49.10
Peer Group Median	10.06	33.80
Peer Group Lower Quartile	6.13	20.85
Standard Deviation	7.99	26.62

4.3 Salary Increases in the Next Round

We review the percentage increases in participants' salary levels, if any, projected to take effect in the next salary round. At this time in the annual cycle, we have been able to source data for 18 firms, counting firms submitting London and regional submissions only once. Firms have been more optimistic about future increases, with many at least expecting to follow inflationary rate.



As can be seen from the table below, close to 70% of firms schedule their review in the first 5 months of the year.

No. of firms	Review month
12	January
0	February
2	March
9	April
1	May
3	June
6	July
3	August
0	September
4	October
0	November
0	December

4.4 LTIPs and Share Options

We provide below a quantitative overview of the frequency, and levels, of LTIPs (Long Term Incentive Plans) and Share Option payments. The actual amounts your firm paid, if any, can be found in the salary schedules under the heading Options/LTIPs, where you filled the position.

Our questionnaire contains the following definition for this item: *“Please enter the estimated cost of funding any schemes of this sort. In the case of options, you may prefer to use your own valuation method, e.g. one third of the options value granted in the year up to the date at cell B2.”* The responses are analysed below for all positions where LTIPs and Share Option data have been provided by two or more firms. Although we have not segmented this figure, previous discussions suggest that in most cases the payments relate to share options only.

Position	No. of firms filling the position	No. of firms paying Options /LTIPs	What your firm pays (£ K p.a.)	Maximum payment (£K) in peer group	Minimum payment (£K) in peer group
G8 Director of Front Office	16	5	XX	323	68
G1 Chief Executive Officer	30	4	XX	479	120
G5 IT Director	21	3	XX	75	15
G6 Finance Director	24	3	XX	238	45
G7 Compliance & Risk Director	28	3	XX	200	15
G9 Financial Services Director	13	3	XX	200	15
Q1 Financial Planning Team Leader /Consultant	15	3	XX	75	15
FO1 Graduate Trainee	18	2	XX	2	1
M1 Head of Marketing and PR	19	2	XX	100	15
PM4 Portfolio Managers	24	2	XX	7	3

5. Benefits

The following table compares the benefits offered by your firm against peer group.

Benefit	Your situation	Participants as a whole
Pensions	XX	DC (34) NC & DC (1) DB & DC (4) None (1)
Incentivisation with LTIPs	XX	All/most (0) Some (11) None (29)
Share saving scheme	XX	All/most (12) Some (2) None (26)
Free car parking	XX	All/most (5) Some (12) None (23)
Free life assurance	XX	All/most (36) Some (2) None (2)
Private medical care	XX	All/most (26) Some (10) None (4)
Discounted products	XX	All/most (20) Some (1) None (19)
Season ticket loans	XX	All/most (29) Some (4) None (7)

All firms except for 1 provide **pensions** for the majority of their workforce. The most common type of pension scheme, offered by 34 firms, is Defined Contribution (DC). Zero firms offer just Defined Benefit schemes and zero firms provide only Non Contributory (NC) pensions. 4 firms supply a mix of DC and DB pensions, 1 firm supplies a mix of DC and NC pensions, but no firm provides all 3 types.

Firms offering DC pensions were also asked to give the annual value of the firm's contribution for each position. The following table compares the average annual value of the Defined Contribution pensions you paid to each of your 6 pay groups, compared to the average value paid by all firms providing this benefit.

Pay Group	Your average DC pension contribution	Peer group average DC pension contributions
6	XX	11,443
5	XX	7,378
4	XX	4,544
3	XX	2,880
2	XX	2,690
1	XX	2,070

The average annual values of **cars** (and **car allowances**) provided are shown in the table below for each pay group.

Pay Group	Your average car allowance / value	Peer group average car allowances / values
6	XX	7,085
5	XX	6,000
4	XX	5,000
3	XX	3,060

12 firms operate a **share saving scheme**, enabling staff to buy shares in their own company, which is available to all or nearly all their staff.

Free car parking is a prized benefit, although impractical for firms based in city centres. 23 firms are not in a position to offer free car parking to anyone.

Free life assurance is offered to virtually all full time staff by all firms.

Similarly, the majority of firms provide **free or subsidised medical care** for at least some positions.

20 firms offer **discounted products** to all or most of their staff.

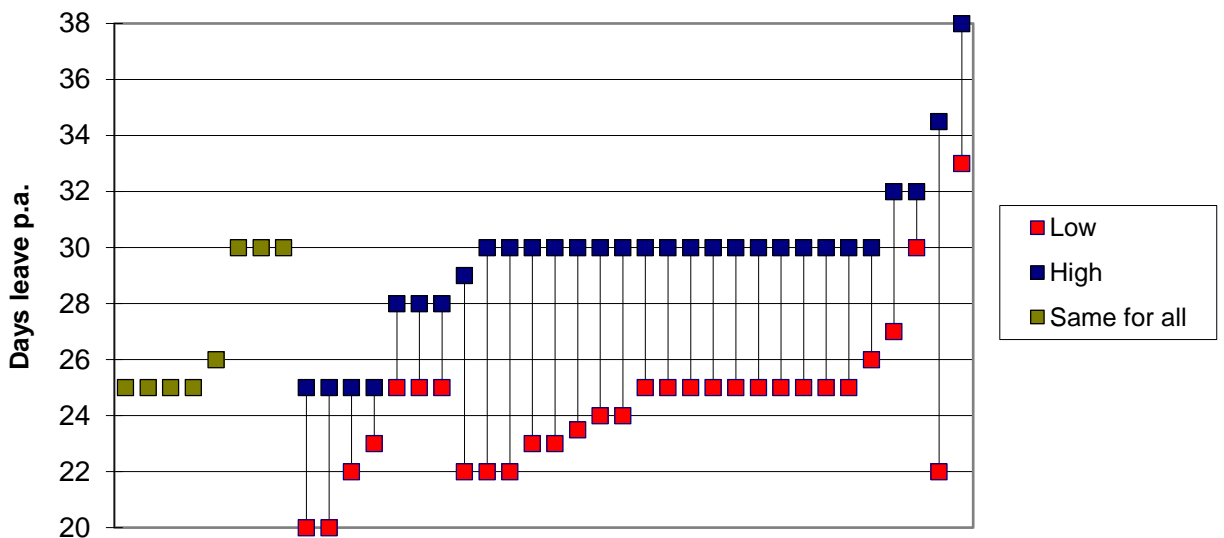
Season ticket loans are extended by 29 participants to most or all of their staff. Only 7 firms do not offer the facility.

Leave Entitlements

The table benchmarks your average paid leave entitlements against your peers for each pay group, exclusive of statutory bank holidays.

Pay Group	Average days paid leave p.a.		
	You	Group	Rank
6	XX	30	XX
5	XX	26.5	XX
4	XX	25	XX
3	XX	25	XX
2	XX	25	XX
1	XX	25	XX

25 days is the usual leave benchmark, with most firms awarding more leave (depending on seniority or age) up to a maximum of 38 days. However, no firm gave less than 20 days paid leave to any member of staff. The leave ranges offered by each firm participating in the survey, from the most senior to the most junior positions, are shown in the chart.



6. Gender Pay Gap Analysis

This section is based on the Gender Pay Gap analysis as required by the Government for firms with in excess of 250 staff. The comparisons are between your firm and all participants in the survey, with the analysis split by London and Regional employees across roles in the different pay groups.

Mean Basic Salaries - LONDON

Pay Group	Your Female Value	Your Male Value	Your % Gap (Male v Female)	All Participants Female Value	All Participants Male Value	All Participants % Gap (Male v Female)
6	X	X	X	129,556	154,322	19%
5	X	X	X	78,197	83,096	6%
4	X	X	X	60,667	61,255	1%
3	X	X	X	42,484	42,947	1%
2	X	X	X	34,101	33,154	-3%
1	X	X	X	28,305	28,263	0%

Mean Basic Salaries - REGIONS

Pay Group	Your Female Value	Your Male Value	Your % Gap (Male v Female)	All Participants Female Value	All Participants Male Value	All Participants % Gap (Male v Female)
6	X	X	X	20,651	23,601	14%
5	X	X	X	26,744	25,476	-5%
4	X	X	X	29,401	27,405	-7%
3	X	X	X	38,323	33,558	-12%
2	X	X	X	59,659	53,002	-11%
1	X	X	X	115,490	82,571	-29%

Median Basic Salaries - LONDON

Pay Group	Your Female Value	Your Male Value	Your % Gap (Male v Female)	All Participants Female Value	All Participants Male Value	All Participants % Gap (Male v Female)
6	X	X	X	120,000	135,000	13%
5	X	X	X	73,951	76,296	3%
4	X	X	X	56,464	57,980	3%
3	X	X	X	40,905	40,419	-1%
2	X	X	X	33,000	31,683	-4%
1	X	X	X	26,761	26,893	0%

Median Basic Salaries - REGIONS

Pay Group	Your Female Value	Your Male Value	Your % Gap (Male v Female)	All Participants Female Value	All Participants Male Value	All Participants % Gap (Male v Female)
6	X	X	X	20,882	21,000	1%
5	X	X	X	26,262	25,111	-4%
4	X	X	X	27,924	26,761	-4%
3	X	X	X	35,463	34,000	-4%
2	X	X	X	56,622	50,839	-10%
1	X	X	X	100,000	73,000	-27%

Mean Bonuses – LONDON * Excludes zero bonus values

Pay Group	Your Female Value	Your Male Value	Your % Gap (Male v Female)	All Participants Female Value	All Participants Male Value	All Participants % Gap (Male v Female)
6	X	X	X	67,065	109,347	63%
5	X	X	X	22,391	27,473	23%
4	X	X	X	12,514	12,691	1%
3	X	X	X	8,135	5,561	-32%
2	X	X	X	4,679	3,761	-20%
1	X	X	X	2,168	2,134	-2%

Mean Bonuses – REGIONS * Excludes zero bonus values

Pay Group	Your Female Value	Your Male Value	Your % Gap (Male v Female)	All Participants Female Value	All Participants Male Value	All Participants % Gap (Male v Female)
6	X	X	X	528	1,277	142%
5	X	X	X	1,425	3,029	113%
4	X	X	X	3,381	3,370	0%
3	X	X	X	4,789	3,321	-31%
2	X	X	X	20,954	13,229	-37%
1	X	X	X	81,512	38,093	-53%

Median Bonuses – LONDON * Excludes zero bonus values

Pay Group	Your Female Value	Your Male Value	Your % Gap (Male v Female)	All Participants Female Value	All Participants Male Value	All Participants % Gap (Male v Female)
6	X	X	X	48,000	80,000	67%
5	X	X	X	15,000	18,500	23%
4	X	X	X	9,000	10,000	11%
3	X	X	X	4,449	4,000	-10%
2	X	X	X	3,000	2,500	-17%
1	X	X	X	1,843	1,650	-10%

Median Bonuses – REGIONS * Excludes zero bonus values

Pay Group	Your Female Value	Your Male Value	Your % Gap (Male v Female)	All Participants Female Value	All Participants Male Value	All Participants % Gap (Male v Female)
6	X	X	X	500	690	38%
5	X	X	X	892	1,500	68%
4	X	X	X	2,524	2,500	-1%
3	X	X	X	3,500	2,500	-29%
2	X	X	X	12,000	7,000	-42%
1	X	X	X	65,000	23,500	-64%

Proportion of men and women receiving a bonus

	Your Female %	Your Male %	All Participants Female %	All Participants Male %
London	X%	X%	68%	76%
Regions	X%	X%	63%	68%

7. Glossary

7.1 Hours worked in a year are calculated using the following formula:

$$\{261 - [\text{public holidays (8) + annual paid leave}]\} \times \{\text{hours worked in week} \div 5\}$$

Example for a position working 35 hours in week, with 28 days annual leave:

$$(261 - 36) \times (35 \div 5) = 225 \times 7 = 1,575 \text{ hours}$$

The rate per hour is obtained by dividing the total package (£ p.a.) by the number of hours worked in the year.

Median Basic Salary Includes London allowance, or any other similar territorial adjustment.

Total Package is comprised of median basic salary, bonus, car allowance or car value and share options/LTIP's.

7.2 Upper quartile, median and lower quartile. These measures are generally preferred for salary comparisons as they are unaffected by any extreme outlying values. Example values for an even and odd number of salaries:

Even number of participants

90,543
71,649
66,700 ← £66,700 = upper (3 rd) quartile
63,000
61,600 ← £61,400 = median, or 2 nd quartile
61,200
60,492
58,318 ← £58,318 = lower (1 st) quartile
55,432
52,518

Odd Number of Participants

32,000
28,000 ← £28,000 = upper (3 rd) quartile
26,000
24,000 ← £24,000 = median, or 2 nd quartile
22,000
21,000 ← £21,000 = lower (1 st) quartile
18,000