

ASSET MANAGEMENT COMPENSATION INCREASES MODERATELY AMID CONTINUED MARKET UNCERTAINTY

September 2025

In today's competitive landscape, compensation remains a key lever for companies to attract and retain top talent. Recent data from Southlea's 2025 Asset Management Compensation Survey reveals nuanced shifts in pay across corporate and investment roles, with notable premiums emerging in private asset classes and investment-focused roles.

The latest iteration of the Southlea Asset Management Compensation Survey (data effective April 1, 2025) was just released and covers target, actual, and theoretical maximum compensation data for over 12,500 incumbents across 400 unique roles (50 jobs across 12 levels) within 39 leading Canadian pension funds, captive asset managers, and independent alternative investment firms.

PAY INCREASES: 3% TO 5% ACROSS THE BOARD AS VOLUNTARY TURNOVER REMAINS STABLE

Over the past year, salaries have seen modest but meaningful growth in line with salary budget expectations. Corporate roles experienced an average increase of around 3%, while investment roles saw a slightly more generous average increase of 5%. This upward trend reflects both market competitiveness and the growing demand for specialised investment expertise.

Interestingly, corporate roles with an investment focus (i.e. investment legal and investment risk) received slightly higher increases, averaging around 5%. These figures suggest that organisations are prioritising compensation for roles that directly influence portfolio performance and strategic direction.

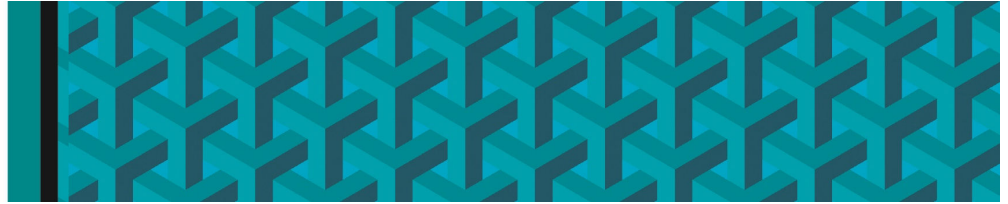
Moreover, increases to target total direct compensation (TDC) – which includes base salary and target incentives – were aligned with the increases to salary. This consistency indicates that incentive opportunities have remained stable year over year, reinforcing a balanced approach to rewarding performance without introducing drastic changes to incentive opportunities.

These modest pay increases also come amidst findings that voluntary turnover within the large funds has remained relatively consistent over the past several years. In 2022, as the world emerged from COVID, the market for talent was hot, and mobile work was the norm (eliminating location-specific employment constraints), we saw average voluntary turnover of close to 10% at the large funds. Over time, as market conditions have cooled and most funds are requiring an in-office presence, we've seen the average voluntary turnover rate hover around the 6% mark, while involuntary turnover has increased.

PRIVATE ASSET CLASSES COMMAND A PREMIUM

One of the most striking trends is the premium commanded by professionals working in private asset classes such as private equity and private credit. Compared to their public market peers, these individuals tend to earn more, particularly at senior levels.

Senior investors in private markets report up to a 10% premium on base salary and up to a 15% premium on target TDC compared to their public market peers. This differentiation underscores the complexity and value associated with managing illiquid assets, sourcing deals, and driving long-term returns. At junior levels,



however, compensation remains relatively consistent across asset classes, suggesting that the premium is largely a function of experience, responsibility, and strategic impact.

INVESTMENT-FOCUSED CORPORATE ROLES ARE DIFFERENTIATED

Beyond traditional investment roles, corporate functions with an investment focus are also seeing differentiated pay. Legal and risk roles that support investment activities command notable premiums over their enterprise-focused counterparts.

Investment legal professionals earn, on average, 8% more in base salary and 11% more in target TDC compared to corporate legal roles. At senior levels, this premium increases to approximately 10% on salary and 15% to 20% on TDC. Junior professionals in these roles still benefit, though the premium is more modest at around 5% on both salary and TDC.

Similarly, investment risk roles are consistently paid more than generalist risk roles. These positions typically receive an 8% salary premium and a substantial 20% boost in target TDC. In some organisations, investment risk professionals are compensated on a separate structure, while others treat them as part of the investment team. This variation contributes to the overall differential and highlights the strategic importance of risk management in investment decision-making.

These compensation patterns reflect the increasing complexity and regulatory scrutiny in investment operations. Legal and risk professionals who understand the intricacies of investment products, compliance frameworks, and market dynamics are invaluable – and their pay reflects that.

INCENTIVES PAID OUT AROUND 1.4X OF TARGET

Incentive compensation remains a critical component of total rewards, particularly in senior roles where compensation is largely tied to performance outcomes. Consistent with previous years, across both corporate and investment jobs, short-term and long-term incentives paid out at approximately 1.4 times target.

This payout ratio suggests that organizations are maintaining a steady approach to performance-based rewards, recognising achievements without overextending budgets. Where maximum pay opportunities were disclosed, the most common design capped payouts at 2x of target, providing a clear ceiling while still allowing for meaningful upside.

The stability in incentive payouts also reflects a maturing approach to compensation governance. Firms are aligning rewards with long-term value creation, risk-adjusted performance, and strategic objectives. This alignment is particularly important in investment roles, where decisions can have multi-year implications.

CONCLUSION: A STRATEGIC APPROACH TO COMPENSATION

Taken together, these trends paint a picture of a compensation landscape that is both responsive and strategic. Salary increases are modest but targeted, with investment roles, especially those in private markets receiving higher rewards. Corporate functions that support investment activities are also seeing differentiated pay, recognising their specialized expertise and strategic importance.



Incentive structures remain consistent, reinforcing a stable and performance-oriented culture. As firms continue to navigate market volatility, regulatory changes, and evolving investor expectations, compensation will remain a key tool for attracting, motivating, and retaining top talent.

ABOUT SOUTHLEA'S CANADIAN ASSET MANAGEMENT COMPENSATION SURVEY

Released in summer each year, Southlea's Canadian Asset Management Compensation Survey is the most comprehensive in the market, and is the only survey to include all the following:

- Data for more than 30 leading Canadian pension funds, captive asset managers, and independent alternative investment firms;
- Pay information for administrative assistants to CEO in one survey, enabling consistent peer groups for all corporate disciplines and investor asset classes at each distinct survey level;
- Salary, annual / short-term incentives and deferred / long-term incentives, and total compensation at target, most recent actual, and theoretical maximum (compared to other surveys which do not include target and/or maximum total compensation); and
- Published data cuts for (1) all participants, (2) firms with more than \$50B in assets under management (AUM) and (3) firms with less than \$50B in assets under management, and the ability to obtain data for custom peer groups

ABOUT US

Southlea Group is a national independent compensation consulting firm that provides global perspectives as a GECN Group company working with over 150 compensation professionals in fifteen countries. We are headquartered in Toronto with offices in Montreal and Vancouver and clients across Canada, representing all industries and organization structures. Our team of advisors is multi-disciplined with diverse backgrounds and experiences. We are proud to be a certified Women's Business Enterprise by WBE Canada and to be Rainbow Registered as an LGBT+ friendly organization.

We would be pleased to address any questions and/or explore how we can support your challenging compensation needs. Please email us at hello@southlea.com and we will follow up to set-up a time to discuss further.