



executive search

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Market Insight – December Edition

Predications in the Market for 2010

Investment Banking

- 2009 hiring within investment banking beginning to calm down for Christmas after a relatively busy 3 month period. Underweight teams at certain international houses have been bolstering their numbers in M&A/ECM, particularly at the Analyst and Associate levels where teams have been under resourced. Boutiques and new entrants continue to scrap for talent as they build their teams on the back of a pick-up in deal activity.
- Across most M&A/ECM teams, 2010 hiring is now in mind. Most predict a need to hire at all levels, with some teams looking at growth of between 10-20% in 2010. Most sectors are of interest but bankers with resources (incl. Oil & Gas), consumer/retail and FIG continue to be in high demand.
- All eyes are on bonus announcements late 2009 / early 2010. Question marks over whether strong Australian investment banking performances in 2009 will translate to strong bonus payouts, particularly amongst international houses with issues elsewhere in their franchises. Differences in how bonuses are structured amongst houses is also a discussion point, as are the levels paid amongst those houses (typically under TARP) that have decided to significantly increase base salaries over the last 12 months.
- The market is firmly back to being candidate driven, with high quality M&A and ECM talent being scarce. We anticipate aggressive headhunting for top talent to occur in Q1 and Q2 of 2010.
- We envisage the in-house M&A / Business Development market to pick up as companies become more active around growth and development initiatives.

Private Equity

- PE remains quiet on the hiring front given the lack of successful capital raising. Selective junior level hiring amongst the better placed local funds, typically favouring top rated M&A bankers, allowing previously hired employees to move up the ranks. We anticipate hiring to increase slowly in 2010 dependant on fund raising activities with opportunities remaining intermittent and highly competitive.

Fixed Income and Capital Markets

- In line with the above pent up demand in IB, DCM has come back strong in the past month in terms of needs as teams look to 'strengthen the bench' coming into what will be a busy first half of 2010 as deals need financing and capital raised.
- There are reviews taking place around the convertible bond space with most firms looking to what capacity they have or want to have in this area.
- Rates, Credit and Derivative salespeople are still in demand – it is expected that trading desks will follow for those not already full or operating this area – 2010 will be interesting to see how this market plays out.

Structured Debt

- Leveraged/acquisition finance (more the latter) is also picking up as some firms seek to add to their teams and be ready for the wave of (re)financing of deals in the first half of the year.
- Project finance has been steady with not a lot of hiring in this area as teams have been stable. The choice will come if one or more sectors spike and demand exceeds supply, and firms seek to chase a small pool of talent.

Institutional Banking

- With movement in 2009, the firms that have hired – ANZ and Citigroup – there should be more upgrading and search for a broader breadth of skills in the new year i.e. advisory, equity and debt.
- All firms are examining the sectors they cover (and how well) so we expect a number of firms to streamline this aspect in terms of focus in line with their investment bank and equities coverage sectors.

Funds Management

- From an institutional and retail perspective, hiring distribution professionals is going to continue. There is significant demand for capital raising staff,

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more so at the mid level and due to recent movement over the last couple of years – this presents slim pickings. Employers need to consider grooming younger sales people into these roles as strategically and economically this will enhance their distribution reach and potentially accommodate for employee loss in future years.

- Client facing investment specialists are also in demand and as the investment mandate market becomes buoyant, firms will rely on having this resource rather than take investment staff away from managing their portfolios.
- More opportunities in distribution than manufacturing at this stage.

Equity Research

- There is talk of a lot of movement after bonuses are paid in 2010. This is due in part to many analysts feeling that the current organisations may renegotiate on promises made.
- There is already talk of upgrades and team expansion by hiring more support analysts, most research firms already have head count to hire up to 3 new associates in 2010.
- Due to the high level of hiring activity and perceived position of strength in package negotiations by candidates there is a potential danger for some analysts / sales people to price themselves out of the market.

CFO/COO/Risk Management

- Activity in credit risk will continue in 2010 with competition for talent even higher as there is little scope for latitude around specific areas of expertise. Movement to and from Asia has continued to be significant with banks in the region looking to secure Australian talent.
- The finance market remains constrained. Funds and banks have cut finance support during the downturn and are waiting for more positive results and growth prospects to return before they require the additional back office infrastructure. With front office hiring increasing, we expect finance to follow suit as these changes filter through to produce better results.

Retail Financial Services

- Confidence has returned. This has been shown through the establishment of several new businesses and initiatives within the retail space, Macquarie have launched their innovative online trading business, Macquarie Edge, together with the new Jetstar Credit Card product. Virgin Money have returned to the Credit Card space forming an exciting partnership with Citigroup.
- It remains a competitive market for candidates, with clients wanting to explore all potential options before making hiring decision, other factors making it a tighter market for candidates include the return of expats from Asia and Europe and the number of candidates on “internal redeployment” programs as a result of mergers and acquisitions that have occurred in the last twelve months.
- We are cautiously optimistic about 2010 being a buoyant one for retail financial services. All of the major banks remain highly profitable and are in planning / final stages of developing new revenue streams. The challenger brands are eating in to the market share of the major players and 2010 should see this momentum increase leading to more activity at the mid to senior level within these groups. Perceived lack of competition may entice new entrants or new initiatives by existing firms to capture market share such as Virgin Money launch or Ubank growth.

People and Team Moves

- Janie Wanless from HSBC has joined BOA ML to head up Corporate Banking. Tom Pascarella has left BOA ML.
- Tony Cripps has assumed head of Global Banking and Markets at HSBC.
- Simon Maidment, ex-head of FICC at UBS has joined CBA as Head of Group Funding & Execution.
- Paul Bide, head of Debt Markets at Macquarie has decided to leave the bank after 23yrs with Bankers Trust/Macquarie.
- James Dunphy (ex CS) has left RBS.
- Champ Ventures has hired Adrian Kerley from Woolworths.
- Patrick Michel off to Lend Lease Ventures from BB retail investments.
- Equity Property Research analyst Stephen Rich moved from UBS to Credit Suisse, will be working alongside Troy Derwin and Andrew Rosivach.
- Anna Kassianos has joined Austock as a senior resources equity analyst.
- Stuart Howe has left Merrill Lynch to join Stonebridge Capital as a senior resources equity research analyst.
- Gavin Boyd (Ex Consultant Relations Manager from Alliance Bernstein) has joined Investec bank in a pension specialist sales capacity.
- Nicholas Allen has also joined Investec on a contract basis and will be assisting with their overall distribution strategy.

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- Tracey McNaughton (Ex Baillie Gifford and BT) has joined CFSGAM as the Consultant Relations and FI, Cash and Credit product specialist.
- Macquarie has lured Merrills head of sales trading Nick Gorman to work with Tim Shaw in sales trading.
- RBS banking analyst Michael Wiblin is to join Tom Quarmby's team at Macquarie.
- James Bloom – Head of Institutional Business has resigned from Challenger to join T.Rowe Price as Head of Consultant Relations and Existing Client Account Management.
- Andrew Kateiva has moved from Warrakirri to Challenger Financial Services as an institutional distribution manager in Melbourne.
- CFS has hired Simon Glazier to join the NSW investment specialists retail BDM team. He joins from Perpetual.
- Macquarie has hired a Small Caps Specialist Equity Sales – John Ogle from Linwar.
- Investors Mutual Have hired David Glascott as State Manger Victoria.
- Michel Mamet, Director to Palladio Partners (Melbourne).
- Geoff Trumbull, Senior Executive KPMG M&A to Bluescope Steel Commercial & Corporate Finance.
- Andrew Hubbard, Executive KPMG M&A to Rothschilds, Melbourne.
- Wavestone Capital hires Nick Field and Abbey Cooke as Junior Investment Analysts.

We are keen to hear your feedback or should you require further information, please contact Helen Lindner on 03 9653 8600 or hlindner@jmichel.com.au