

## Armen HEC Wealth Sharing Index

### Methodology

#### **1. Research objective and analytical framework**

The Armen HEC Wealth Sharing Index is a survey-based research and benchmarking initiative designed to document, analyse and compare wealth sharing practices among European General Partners (GPs) specialised in illiquid assets.

The Index focuses on mechanisms through which economic value is shared within GP organisations, including:

- access to carried interest,
- access to ownership in the management company,
- other wealth sharing mechanisms, defined as additional arrangements allowing employees to participate in economic value creation.

The Index is intended as a descriptive and comparative research tool. It does not aim to prescribe best practices, nor to assess the legal, fiscal or regulatory adequacy of the mechanisms identified.

#### **2. Population of interest and eligibility criteria**

The population of interest is jointly defined by Armen and HEC Junior Conseil (HJC).

Eligible respondents are General Partners meeting the following cumulative criteria:

- GP profile: asset managers focused on illiquid asset classes, including private equity, private debt, infrastructure, real estate and multi-strategy platforms.
- Geographical scope: firms headquartered in European jurisdictions.
- Size: assets under management (AUM) between EUR 100 million and EUR 20 billion.
- Activity status: firms considered active, i.e. having raised and/or managed at least one investment fund within the preceding six years.
- Identification sources: eligibility screening is primarily based on Preqin data, complemented where necessary by professional information held by Armen.

#### **3. Data collection**

The 2026 survey campaign, covering practices observed in 2025, begins in late January 2026 and remains open for several weeks.

Survey invitations are distributed by email (via Brevo) to eligible GPs:

- through professional networks of Armen, and/or
- using contact details sourced from specialised industry databases, notably Preqin.

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A total of 2,254 GPs are contacted. It is acknowledged that certain contact details may be outdated or inaccurate, which may result in some invitations not reaching the intended recipients.

Participation in the survey is voluntary and uncompensated.

## **4. Questionnaire design and response governance**

Data collection relies on a standardised, structured questionnaire, jointly designed by Armen and HEC Junior Conseil.

- Language: the questionnaire is administered exclusively in English, ensuring consistency and comparability across jurisdictions in a pan-European context.
- Uniqueness of responses: only one response per GP is included in the final dataset.
  - HEC Junior Conseil monitors submissions to identify duplicate responses.
  - Where multiple responses are received from the same GP, they are consolidated and counted once.
  - In cases of materially inconsistent responses from a single GP, the respondent is contacted by HEC Junior Conseil for clarification prior to inclusion in the analysis.

## **5. Analytical dimensions and variables**

### **5.1. GP classification variables**

Responses enable classification of GPs along several structural dimensions, including:

- AUM brackets,
- primary investment strategy,
- geographical location,
- number of employees (FTEs),
- ownership structure (independent GP versus GP affiliated with a group).

### **5.2. Wealth sharing indicators**

The questionnaire captures information on:

- the extent of carried interest allocation within GP teams,
- employee access to GP equity ownership,
- the existence and nature of other wealth sharing mechanisms.

## **6. Data validation and statistical treatment**

Data processing and analysis are conducted by HEC Junior Conseil using a consistent methodological framework.

- Quality checks are performed on a sample basis to identify potential inconsistencies, although such occurrences are expected to be limited given the factual and structured nature of the questions.
- Results are analysed across multiple segmentation axes (size, strategy, geography, ownership structure).
- Median values are reported where relevant, in addition to or instead of means, to mitigate the influence of outliers.

The Index is designed as a comparative and longitudinal research instrument, enabling observation of structural patterns and trends over time.

## **7. Scoring and ranking methodology**

The scoring and ranking methodology of the Armen HEC Wealth Sharing Index is designed to translate survey responses into a synthetic and comparable indicator of wealth sharing practices at GP level, while preserving analytical transparency and methodological robustness.

### **7.1 Construction of the scoring framework**

Each participating GP is assigned an overall score based on a multi-criteria weighted aggregation model, reflecting the relative importance of the main dimensions of wealth sharing covered by the survey.

The scoring framework is structured around the following components:

- Carried interest distribution
- Ownership sharing at GP level
- Other wealth sharing mechanisms
- Selected qualitative indicators related to perceptions of alignment and value sharing

Each component is derived from factual responses provided by GPs and transformed into quantitative indicators using predefined scoring rules.

### **7.2 Weightings**

The overall score is computed using the following weightings:

- Carried interest distribution: 36%
- Ownership sharing at GP level: 36%
- Other wealth sharing mechanisms: 18%

- Qualitative indicators (including perceived importance for LPs and extension of wealth sharing to portfolio companies): 10%, split as follows:
  - LP-related qualitative indicator: 5%
  - Portfolio company-related qualitative indicator: 5%

These weightings reflect the analytical assumption that long-term economic alignment mechanisms (carried interest and ownership) represent the core pillars of wealth sharing at GP level, while other mechanisms and qualitative dimensions provide complementary insight.

### 7.3 Indicator scoring and normalisation

For each component:

- Survey responses are mapped to discrete scoring scales reflecting increasing levels of wealth sharing.
- Scores are normalised to ensure comparability across indicators and to avoid overrepresentation of any single question.
- Where responses are categorical (e.g. percentage brackets), predefined numerical values are assigned consistently across the sample.

All indicators are treated symmetrically across respondents, and no discretionary adjustment is applied at individual GP level.

### 7.4 Aggregation methodology

Aggregation is performed:

- at GP level,
- using the same weightings and scoring rules across all respondents,
- without sector-specific or jurisdiction-specific adjustments.

Scores are used to produce:

- absolute rankings,
- rankings by segment, based on classification variables (AUM, strategy, geography, number of employees, ownership structure).

### 7.5 Interpretation of rankings

Rankings produced by the Index reflect the application of a uniform scoring methodology to self-reported data collected at a given point in time.

They should be interpreted as:

- a comparative indication of relative positioning among respondents,

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- not as an absolute or normative assessment of governance quality, remuneration adequacy or regulatory compliance.

Differences in scores may result from:

- structural characteristics of GPs (size, strategy, geography),
- differences in disclosure or interpretation of survey questions,
- inherent simplifications required for cross-sectional and cross-jurisdictional comparison.

## **7.6 Methodological consistency and limitations**

The scoring and aggregation principles are applied consistently across the dataset. However, as with any survey-based index:

- results depend on the accuracy and completeness of responses,
- rankings are sensitive to the weighting structure and indicator definitions,
- comparisons over time should consider potential methodological adjustments.

Accordingly, the Index should be read as an analytical and benchmarking tool, supporting market transparency and dialogue, rather than as a definitive or prescriptive evaluation of individual GPs.

## **8. Confidentiality and data governance**

All responses are handled with the highest level of confidentiality.

- Access to individual-level data is restricted to a small number of HEC Junior Conseil students directly involved in the Armen HEC Wealth Sharing Index project.
- Armen has access solely to aggregated and fully anonymised results, including collective analyses, scores and rankings.
- The identity of GPs appearing on podiums is disclosed to Armen only where the relevant GPs have expressly consented to the use of their name and logo for communication purposes. No individual-level survey data relating to these GPs is shared with Armen. All other participating GPs remain fully anonymous.

## **9. Publication of results**

Survey results are published in an annual report presenting:

- aggregated findings,
- key trends and comparative insights,
- rankings and podiums by category.

The name and logo of GPs appearing on podiums are disclosed only where explicit consent has been provided through the questionnaire.

## **Limitations of the study**

This study is subject to several limitations inherent to survey-based research:

**1. Self-reported data**

All information is provided directly by participating GPs and has not been independently audited or verified. Results therefore reflect reported practices and may differ from contractual or legal arrangements in place.

**2. Voluntary participation and selection bias**

Participation in the survey is voluntary, which may lead to a degree of self-selection. GPs with greater interest in wealth sharing topics may be more inclined to respond, potentially influencing aggregate outcomes.

**3. Coverage and representativeness**

Although a large number of GPs were contacted, not all eligible firms responded. In addition, inaccuracies in contact details may have limited effective outreach to some GPs. As a result, findings should be interpreted as indicative of market practices rather than statistically representative of the entire European GP universe.

**4. Simplification of complex arrangements**

Wealth sharing mechanisms are often legally, fiscally and operationally complex. The questionnaire necessarily simplifies certain arrangements to allow for comparability across firms and jurisdictions.

**5. Cross-jurisdictional differences**

Differences in legal, tax and regulatory frameworks across European countries may affect the design and interpretation of wealth sharing mechanisms. The Index does not seek to normalise or adjust results for these structural differences.

**6. Methodological evolution over time**

While the core structure of the Index is designed to remain stable, limited methodological adjustments may be introduced across editions. As a result, longitudinal comparisons should consider potential changes in questionnaire design or analytical scope.