

July 23, 2014



SEI Reports Second-Quarter 2014 Financial Results

Revenues Increase 16 Percent, Strong Growth in Income From Operations

OAKS, Pa., July 23, 2014 /PRNewswire/ -- SEI Investments Company (NASDAQ: SEIC) today announced financial results for the second-quarter 2014. Diluted earnings per share were \$.48 in second-quarter 2014 compared to \$.47 in second-quarter 2013. Diluted earnings per share in the second-quarter 2013 reflect pre-tax gains of \$.16 per share from a litigation settlement payment related to a structured investment vehicle (SIV) security. Net of this item, diluted earnings per share were \$.31 in second-quarter 2013 and diluted earnings per share growth was 55 percent.

Consolidated Overview

(In thousands, except earnings per share)

	For the Three Months Ended June 30,				For the Six Months Ended June 30,		
	<u>2014</u>	<u>2013</u>	<u>%</u>		<u>2014</u>	<u>2013</u>	<u>%</u>
Revenues	\$318,815	\$274,574	16 %	\$	621,201	\$ 546,453	14 %
Net income attributable to SEI	82,813	83,494	(1) %		157,633	155,414	1 %
Diluted earnings per share	\$0.48	\$0.47	2 %		\$0.91	\$0.88	3 %

"Our strong second-quarter results reflect progress across all of our business segments," said Alfred P. West, Jr., SEI Chairman and CEO. "The results are evidence that what we are building and delivering into our markets is being accepted and that our commitment to long-term, sustainable growth and increased shareholder value is paying off."

"These results affirm our strategic business model of a diversified portfolio of offerings that provide leveraged and scalable solutions to our markets."

Summary of Second-Quarter Results by Business Segment

(In thousands)	For the Three Months Ended June 30,				For the Six Months Ended June 30,		
	<u>2014</u>	<u>2013</u>	<u>%</u>		<u>2014</u>	<u>2013</u>	<u>%</u>
Private Banks:							
Revenues	\$114,182	\$95,142	20 %	\$	\$219,361	\$193,888	13 %
Expenses	<u>98,957</u>	<u>97,755</u>	1 %		<u>199,147</u>	<u>194,053</u>	3 %
Operating Profit	15,225	(2,613)	NM		20,214	(165)	NM
Gain on sale of subsidiary	<u>—</u>	<u>—</u>	— %		<u>5,582</u>	<u>22,112</u>	(75) %
Total Profit	15,225	(2,613)	NM		\$25,796	\$21,947	18 %

Operating Margin (A)	13 %	(3) %		9 %	— %	
Investment Advisors:						
Revenues	70,046	59,284	18 %	136,470	114,475	19 %
Expenses	<u>35,679</u>	<u>32,898</u>	8 %	<u>70,256</u>	<u>64,523</u>	9 %
Operating Profit	34,367	26,386	30 %	66,214	49,952	33 %
Operating Margin	49 %	45 %		49 %	44 %	
Institutional Investors:						
Revenues	70,994	63,684	11 %	139,651	126,846	10 %
Expenses	<u>35,025</u>	<u>33,028</u>	6 %	<u>69,120</u>	<u>64,537</u>	7 %
Operating Profit	35,969	30,656	17 %	70,531	62,309	13 %
Operating Margin	51 %	48 %		51 %	49 %	
Investment Managers:						
Revenues	62,451	55,456	13 %	123,459	109,276	13 %
Expenses	<u>39,449</u>	<u>36,507</u>	8 %	<u>78,633</u>	<u>71,669</u>	10 %
Operating Profit	23,002	18,949	21 %	44,826	37,607	19 %
Operating Margin	37 %	34 %		36 %	34 %	
Investments in New Businesses:						
Revenues	1,142	1,008	13 %	2,260	1,968	15 %
Expenses	<u>4,451</u>	<u>3,890</u>	14 %	<u>8,700</u>	<u>7,628</u>	14 %
Operating Loss	(3,309)	(2,882)	NM	(6,440)	(5,660)	NM
Totals:						
Revenues	\$318,815	\$274,574	16 %	\$621,201	\$546,453	14 %
Expenses	213,561	204,078	5 %	425,856	402,410	6 %
Corporate overhead expenses	11,624	12,523	(7) %	23,323	26,317	(11) %
NCI reflected in segments	<u>—</u>	<u>—</u>	— %	<u>—</u>	<u>(289)</u>	NM
Income from operations	<u>\$93,630</u>	<u>\$57,973</u>	62 %	<u>\$172,022</u>	<u>\$118,015</u>	46 %

(A) Percentages determined exclusive of gain on sale of subsidiary.

Second-Quarter Business Highlights:

- Revenues increased in second-quarter 2014 as compared to both second-quarter 2013 and first-quarter 2014. Revenue growth was primarily driven by higher Asset management, administration, and distribution fees from market appreciation and improved cash flows from new and existing clients.
- Revenue growth was also driven by increased information processing fees in our Private Banks segment. The increase was primarily attributable to higher fees from the growth in assets processed on the SEI Wealth PlatformSM and \$6.0 million, or \$.02 diluted earnings per share, in non-recurring professional services fees from a single project.
- Sales events, net of client losses, during second-quarter 2014 totaled approximately \$23.1 million and are expected to generate net annualized recurring revenues of approximately \$17.0 million when contract values are fully realized.
- Our average assets under management, excluding LSV, increased \$23.5 billion, or 17 percent, to \$164.3 billion in the second-quarter 2014, as compared to \$140.9 billion during the second-quarter 2013, and increased \$6.8 billion, or four percent, as compared to \$157.6 billion during the first-quarter 2014.
- Our average assets under administration increased \$49.2 billion, or 16 percent, to \$348.4 billion in the second-quarter 2014, as compared to \$299.2 billion during the second-quarter 2013, and increased \$12.4 billion, or four percent, as compared to \$336.0 billion during the

first-quarter 2014 (see attached Ending and Average Asset Balances schedules for further details).

- All four core business segments realized revenue and profit margin growth as compared to second-quarter 2013 results. Operating margins in all four core business segments improved primarily from increased recurring revenues generated from the higher levels of assets under management and administration.
- Income from LSV increased \$6.7 million, or 24 percent, to \$34.5 million in second-quarter 2014 as compared to \$27.8 million in second-quarter 2013 due to an increase in assets under management from market appreciation and an increase in performance fees earned by LSV.
- Stock-based compensation expense during the second-quarter 2014 decreased by \$7.7 million due to the acceleration of expense recognition during the comparable period of 2013 for stock options that achieved performance vesting targets earlier than originally estimated.
- Amortization expense related to capitalized software increased to \$9.5 million during the second-quarter 2014 as compared to \$8.4 million during the second-quarter 2013 due to continued releases of the SEI Wealth PlatformSM.
- Net income attributable to SEI in the second-quarter 2013 reflects income of \$43.4 million, or approximately \$.16 diluted earnings per share, from a settlement payment received pertaining to litigation related to the purchase of securities of Cheyne Finance LLC, a SIV security.
- The effective tax rates were 35.7 percent in second-quarter 2014, 35.5 percent in second-quarter 2013, and 35.9 percent in first-quarter 2014.
- In second-quarter 2014, we repurchased 2.2 million shares of our common stock for \$71.6 million.

Earnings Conference Call

A conference call to review earnings is scheduled for 2 p.m. Eastern time on July 23, 2014.

Investors may listen to the call at www.seic.com/investors. The call may also be accessed at many financial services websites, including Google Finance and Yahoo Finance. Investors may also listen to replays at these websites, or by telephone at (USA) 800-475-6701; (International) 320-365-3844, access code 332277.

About SEI

SEI (NASDAQ: SEIC) is a leading global provider of investment processing, investment management, and investment operations solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of June 30, 2014, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers \$602 billion in mutual fund and pooled or separately managed assets, including \$249 billion in assets under management and \$353 billion in client assets under administration. For more information, visit www.seic.com.

Many of the statements in this release may be considered "forward looking statements" and include discussions about future operations, strategies and financial results. Forward-looking statements are based upon estimates and assumptions that involve risks and uncertainties, many of which are beyond our control or are subject to change. Although we believe our assumptions are reasonable, they could be inaccurate. Our actual future revenues and income could differ materially from our expected results. We have no obligation to publicly update or revise any forward-looking statements.

SEI INVESTMENTS COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

For the Three Months Ended June 30,		For the Six Months Ended June 30,	
2014	2013	2014	2013

Asset management, admin. and distribution fees	\$236,191	\$203,722	\$461,262	\$402,355
Information processing and software servicing fees	75,828	62,468	145,006	127,000
Transaction-based and trade execution fees	<u>6,796</u>	<u>8,384</u>	<u>14,933</u>	<u>17,098</u>
Total revenues	318,815	274,574	621,201	546,453
Subadvisory, distribution and other asset mgmt costs	37,244	29,652	71,256	57,586
Software royalties and other information processing costs	8,417	7,884	16,970	15,371
Brokerage commissions	5,119	6,260	11,098	12,772
Compensation, benefits and other personnel	92,470	86,715	186,894	175,325
Stock-based compensation	2,872	10,607	5,695	15,900
Consulting, outsourcing and professional fees	33,404	33,451	68,337	65,300
Data processing and computer related	13,378	12,316	25,998	24,374
Facilities, supplies and other costs	17,366	15,559	33,218	33,707
Amortization	9,584	8,427	18,798	16,669
Depreciation	<u>5,331</u>	<u>5,730</u>	<u>10,915</u>	<u>11,434</u>
Total expenses	225,185	216,601	449,179	428,438
Income from operations	93,630	57,973	172,022	118,015
Net gain (loss) on investments	391	(177)	527	103
Interest and dividend income	721	688	1,498	1,741
Interest expense	(114)	(114)	(227)	(227)
Equity in earnings of unconsolidated affiliates	34,226	27,588	66,117	55,176
Gain on sale of subsidiary	—	—	5,582	22,112
Other income	<u>—</u>	<u>43,429</u>	<u>—</u>	<u>43,429</u>
Income before income taxes	128,854	129,387	245,519	240,349
Income taxes	<u>46,041</u>	<u>45,893</u>	<u>87,886</u>	<u>84,585</u>
Net income	<u>82,813</u>	<u>83,494</u>	<u>157,633</u>	<u>155,764</u>
Less: Net income attributable to the noncontrolling interest	<u>—</u>	<u>—</u>	<u>—</u>	<u>(350)</u>
Net income attributable to SEI	<u>\$82,813</u>	<u>\$83,494</u>	<u>\$157,633</u>	<u>\$155,414</u>
Basic earnings per common share	<u>\$0.49</u>	<u>\$0.48</u>	<u>\$0.93</u>	<u>\$0.90</u>
Shares used to calculate basic earnings per share	<u>168,606</u>	<u>172,223</u>	<u>168,956</u>	<u>172,411</u>
Diluted earnings per common share	<u>\$0.48</u>	<u>\$0.47</u>	<u>\$0.91</u>	<u>\$0.88</u>
Shares used to calculate diluted earnings per share	<u>172,304</u>	<u>176,058</u>	<u>173,066</u>	<u>176,032</u>

SEI INVESTMENTS COMPANY
BALANCE SHEETS
(In thousands)
(Unaudited)

	June 30, 2014	December 31, 2013
Assets		
Current Assets:		
Cash and cash equivalents	\$532,167	\$578,273
Restricted cash	5,500	5,500
Receivables from regulated investment companies	44,044	39,364
Receivables, net	207,682	186,664
Securities owned	21,158	21,133
Other current assets	21,558	16,166
Total Current Assets	832,109	847,100
Property and Equipment, net	126,685	118,995
Capitalized software, net	312,193	312,615
Investments available for sale	85,504	83,323
Trading securities	5,270	4,849
Investment in unconsolidated affiliates	60,017	61,370
Other assets, net	13,328	10,917
Total Assets	\$1,435,106	\$1,439,169
Liabilities and Equity		
Current Liabilities:		
Accounts payable	\$8,470	\$16,235
	138,022	188,123
Accrued liabilities		

Deferred income taxes, net	1,847	1,653
Deferred revenue	<u>1,338</u>	<u>1,977</u>
Total Current Liabilities	149,677	207,988
Deferred income taxes	72,367	66,572
Other long-term liabilities	<u>9,720</u>	<u>8,607</u>
Total Liabilities	231,764	283,167
Shareholders' Equity:		
Common stock	1,677	1,692
Capital in excess of par value	772,386	721,219
Retained earnings	425,458	431,604
Accumulated other comprehensive income, net	<u>3,821</u>	<u>1,487</u>
Total Shareholders' Equity	<u>1,203,342</u>	<u>1,156,002</u>
Total Liabilities and Shareholders' Equity	<u>\$1,435,106</u>	<u>\$1,439,169</u>

SEI INVESTMENTS COMPANY
ENDING ASSET BALANCES
(In millions)
(Unaudited)

	Jun. 30, 2013	Sept. 30, 2013	Dec 31, 2013	Mar. 31, 2014	Jun. 30, 2014
Private Banks:					
Equity/Fixed Income programs	\$12,876	\$14,305	\$15,472	\$16,918	\$18,679
Collective Trust Fund programs	10	11	14	14	12

Liquidity funds	<u>5,048</u>	<u>5,167</u>	<u>5,685</u>	<u>5,670</u>	<u>5,274</u>
Total assets under management	\$17,934	\$19,483	\$21,171	\$22,602	\$23,965
Client assets under administration	<u>13,122</u>	<u>14,101</u>	<u>15,272</u>	<u>15,641</u>	<u>15,347</u>
Total assets	\$31,056	\$33,584	\$36,443	\$38,243	\$39,312
Investment Advisors:					
Equity/Fixed Income programs	\$34,447	\$36,203	\$38,574	\$39,981	\$42,125
Collective Trust Fund programs	14	14	11	13	13
Liquidity funds	<u>2,145</u>	<u>2,779</u>	<u>2,846</u>	<u>2,802</u>	<u>2,696</u>
Total assets under management	\$36,606	\$38,996	\$41,431	\$42,796	\$44,834
Institutional Investors:					
Equity/Fixed Income programs	\$61,927	\$64,429	\$66,548	\$69,194	\$71,598
Collective Trust Fund programs	106	107	109	102	100
Liquidity funds	<u>2,901</u>	<u>3,125</u>	<u>2,644</u>	<u>2,505</u>	<u>2,414</u>
Total assets under management	\$64,934	\$67,661	\$69,301	\$71,801	\$74,112
Investment Managers:					
Equity/Fixed Income programs	\$75	\$75	\$69	\$68	\$64
Collective Trust Fund programs	18,197	19,868	22,377	22,633	22,598
Liquidity funds	<u>542</u>	<u>678</u>	<u>718</u>	<u>782</u>	<u>802</u>
Total assets under management	\$18,814	\$20,621	\$23,164	\$23,483	\$23,464
Client assets under administration (A)	<u>289,807</u>	<u>295,959</u>	<u>311,992</u>	<u>326,735</u>	<u>337,492</u>
	\$308,621	\$316,580	\$335,156	\$350,218	\$360,956
Total assets					

Investments in New Businesses:

Equity/Fixed Income programs	\$572	\$594	\$619	\$632	\$659
Liquidity funds	<u>29</u>	<u>26</u>	<u>46</u>	<u>49</u>	<u>38</u>
Total assets under management	\$601	\$620	\$665	\$681	\$697

LSV Asset Management:

Equity/Fixed Income programs	\$65,417	\$71,149	\$76,189	\$77,973	\$82,026
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Total:

Equity/Fixed Income programs (B)	\$175,314	\$186,755	\$197,471	\$204,766	\$215,151
Collective Trust Fund programs	18,327	20,000	22,511	22,762	22,723
Liquidity funds	<u>10,665</u>	<u>11,775</u>	<u>11,939</u>	<u>11,808</u>	<u>11,224</u>
Total assets under management	\$204,306	\$218,530	\$231,921	\$239,336	\$249,098
Client assets under administration (C)	<u>302,929</u>	<u>310,060</u>	<u>327,264</u>	<u>342,376</u>	<u>352,839</u>
Total assets	<u>\$507,235</u>	<u>\$528,590</u>	<u>\$559,185</u>	<u>\$581,712</u>	<u>\$601,937</u>

- (A) Client assets under administration in the Investment Managers segment include \$50.7 billion of assets balances that require limited services and therefore are at fee levels below our normal full service assets (as of June 30, 2014).
 (B) Equity/Fixed Income programs include \$5.0 billion of assets invested in various asset allocation funds at June 30, 2014.
 (C) In addition to the numbers presented, SEI also administers an additional \$6.5 billion in Funds of Funds assets (as of June 30, 2014) on which SEI does not earn an administration fee.

**SEI INVESTMENTS COMPANY
AVERAGE ASSET BALANCES
(In millions)
(Unaudited)**

	<u>2nd Qtr.</u> <u>2013</u>	<u>3rd Qtr.</u> <u>2013</u>	<u>4th Qtr.</u> <u>2013</u>	<u>1st Qtr.</u> <u>2014</u>	<u>2nd Qtr.</u> <u>2014</u>
Private Banks:					
Equity/Fixed Income programs	\$12,959 10	\$13,696 11	\$14,901 11	\$16,114 14	\$17,829 12
Collective Trust Fund programs					

Liquidity funds	<u>5,093</u>	<u>5,142</u>	<u>5,218</u>	<u>5,757</u>	<u>5,429</u>
Total assets under management	\$18,062	\$18,849	\$20,130	\$21,885	\$23,270
Client assets under administration	<u>13,183</u>	<u>13,760</u>	<u>14,702</u>	<u>15,366</u>	<u>15,069</u>
Total assets	\$31,245	\$32,609	\$34,832	\$37,251	\$38,339
Investment Advisors:					
Equity/Fixed Income programs	\$34,831	\$35,618	\$37,520	\$39,005	\$40,887
Collective Trust Fund programs	14	14	13	13	13
Liquidity funds	<u>2,028</u>	<u>2,520</u>	<u>2,785</u>	<u>2,806</u>	<u>2,637</u>
Total assets under management	\$36,873	\$38,152	\$40,318	\$41,824	\$43,537
Institutional Investors:					
Equity/Fixed Income programs	\$63,466	\$63,153	\$65,750	\$67,697	\$70,706
Collective Trust Fund programs	105	107	110	103	134
Liquidity funds	<u>2,975</u>	<u>3,091</u>	<u>2,720</u>	<u>2,571</u>	<u>2,664</u>
Total assets under management	\$66,546	\$66,351	\$68,580	\$70,371	\$73,504
Investment Managers:					
Equity/Fixed Income programs	\$75	\$76	\$75	\$68	\$68
Collective Trust Fund programs	18,205	19,259	21,345	22,004	22,447
Liquidity funds	<u>500</u>	<u>613</u>	<u>592</u>	<u>738</u>	<u>824</u>
Total assets under management	\$18,780	\$19,948	\$22,012	\$22,810	\$23,339
Client assets under administration	<u>286,018</u>	<u>292,627</u>	<u>303,131</u>	<u>320,644</u>	<u>333,373</u>
	\$304,798	\$312,575	\$325,143	\$343,454	\$356,712
Total assets					

Investments in New Businesses:

Equity/Fixed Income programs

\$567	\$584	\$613	\$623	\$640
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Liquidity funds

<u>34</u>	<u>27</u>	<u>33</u>	<u>46</u>	<u>43</u>
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Total assets under management

\$601	\$611	\$646	\$669	\$683
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LSV Asset Management:

Equity/Fixed Income programs

\$66,781	\$69,463	\$75,240	\$76,306	\$79,866
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Total:

Equity/Fixed Income programs

\$178,679	\$182,590	\$194,099	\$199,813	\$209,996
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Collective Trust Fund programs

18,334	19,391	21,479	22,134	22,606
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Liquidity funds

<u>10,630</u>	<u>11,393</u>	<u>11,348</u>	<u>11,918</u>	<u>11,597</u>
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Total assets under management

\$207,643	\$213,374	\$226,926	\$233,865	\$244,199
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Client assets under administration

<u>299,201</u>	<u>306,387</u>	<u>317,833</u>	<u>336,010</u>	<u>348,442</u>
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Total assets

<u>\$506,844</u>	<u>\$519,761</u>	<u>\$544,759</u>	<u>\$569,875</u>	<u>\$592,641</u>
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SOURCE SEI Investments Company