April 12, 2012

SEI Poll: Investment Managers Optimistic as Investor Confidence Rises

Marketing and Distribution Identified as Top Area for Investment in Coming Year

OAKS, PA -- (Marketwire) -- 04/12/12 -- With the economy and the market showing ongoing signs of improvement, business optimism among investment managers is extremely high according to a poll released today by SEI (NASDAQ: SEIC). The poll, conducted at a recent event for the company's investment manager clients, shows that a majority of participants (78 percent) are optimistic about their firms' business prospects over the next three years, while nearly all of those polled (86 percent) believe investor confidence levels are higher today than in the aftermath of the financial crisis. There are a number of reasons behind the optimism, but brand strength (32 percent, up from 19 percent the year earlier) was cited most frequently, followed by positive market prospects for their strategies (24 percent), and strength of their distribution strategies and resources (21 percent). For the minority of managers expressing concern about their prospects, weak distribution strategies and resources was the most commonly cited reason.

The poll showed managers are backing up their optimism by investing in their businesses. The top three selections were identical to the results of last year's poll, although the top-ranked area for investment in the next 18 months, marketing and distribution, was pointed to by nearly half (45 percent) of those polled, up from 34 percent in 2011. Other areas identified for investment included back-office operations and technology (23 percent), and portfolio management (10 percent). Business opportunities in alternative investing and in the institutional channel were pointed to as the greatest opportunities for growth. Specifically, more than eight of 10 managers polled (83 percent) believe that firms managing active alternative strategies have the best prospects for asset growth over the next three years, while only 15 percent of respondents named firms managing active long-only strategies. When it comes to client segments and distribution channels, more than two-thirds of respondents (69 percent) said institutional channels present the greatest opportunity for asset growth over the next 12-18 months, followed by new assets from retail channels (17 percent) and high-net-worth channels (8 percent). Only a small percentage thought the greatest opportunities lie in organic sources of growth such as market appreciation.

"While the markets remain somewhat volatile, managers are seeing investor confidence grow, which gives them greater business optimism and that leads to more business

investment," said Ross Ellis, Managing Director, Knowledge Partnership for SEI's Investment Manager Services division. "Managers continue to invest in their operational infrastructures and achieving operational efficiencies to support their firms remains a key focus. With a robust and scalable operational platform supporting them, managers have been focusing more and more on providing high-touch client service and delivering improved transparency and insight to their increasingly institutional prospect and investor base."

While there is broad optimism, more than a third of participants (36 percent) see economic uncertainty as the most significant challenge the industry faces over the next 12-18 months, followed by geopolitical uncertainty (30 percent), and regulatory requirements (22 percent).

Many of those polled suggest that their firms still have work to do in educating employees about their core brand message. Respondents were split on whether all key employees could clearly and consistently convey the uniqueness of their firms' value propositions, with 53 percent answering in the negative and 46 percent saying "yes." Those polled say they clearly believe brand reputation plays a role in their ability to win mandates, with 39 percent saying it plays a large role and 33 percent a moderate role; another 20 percent say it plays a small role.

The poll was completed by C-level and senior executives across management operations, distribution, and investment professions.

About SEI's Investment Manager Services Division
SEI's Investment Manager Services division provides comprehensive operational outsourcing solutions to support investment managers globally across a range of registered and unregistered fund structures, diverse investment strategies and jurisdictions. With expertise covering traditional and alternative investment vehicles, the division applies customized operating services, industry-leading technologies, and practical business and regulatory insights to each client's business objectives. SEI's resources enable clients to meet the demands of the marketplace and sharpen business strategies by focusing on their core competencies. The division has been recently recognized by the Money Management Institute as "Service Provider of the Year," by Buy-Side Technology as "Best Fund Administrator" and by HFMWeek as "Best Single Manager Hedge Fund Administrator (Over $30B AUA)" in the U.S. and "Best Administrator - Technology Provider" in Europe. To learn more visit http://www.seic.com/IMS

About SEI
SEI (NASDAQ: SEIC) is a leading global provider of investment processing, fund processing, and investment management business outsourcing solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of December 31, 2011, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers $404 billion in mutual fund and pooled or separately managed assets, including $172 billion in assets under management and $232 billion in client assets under administration. For more information, visit www.seic.com.

Source: SEI