

December 7, 2009



## **SEI Survey: Investors Demand Greater Transparency, Communications From Private Equity Managers**

### **Institutions Remain Committed to Private Equity for Return Potential, Diversification**

OAKS, Pa., Dec. 7 /PRNewswire-FirstCall/ -- Institutional investors remain committed to private equity investing, but seek greater portfolio transparency and higher quality reporting from managers amid growing liquidity and performance concerns, according to a survey report released today by SEI (Nasdaq: SEIC). In a report on the survey's findings, SEI asserts that private equity managers who standardize and institutionalize transparency practices will be most likely to retain and capture assets because they will create efficiencies while delivering a more consistent and enhanced client experience.

The survey, which was completed by senior investment professionals at 51 organizations ranging in size from less than \$500 million to more than \$20 billion in assets, revealed that more than 90 percent of institutions polled planned to either increase or maintain their allocations to private equity in the coming year. The majority of those polled still see private equity as a viable source for potential return (73 percent) or as source for diversification (69 percent) despite the fact that private equity activity has remained sluggish this year, while the public markets have rallied sharply. Most participating organizations were foundations, endowments, or public pension funds.

"Private equity fundraising has stalled for the past 18 months, but the good news for managers is that institutions remain firmly committed to the asset class," said Phil Masterson, Managing Director for SEI's Investment Manager Services division. "With that said, investors do have concerns -- and these concerns aren't transitory, but rather represent an evolution in investor expectations. Investors are seeking transparency of holdings, valuation methodology, and investment processes, as well as more comprehensive, timely, and independent reporting. While managers may not need to provide the same level of transparency to all clients, they will need to instill best practices across their business in order to attract and retain institutional assets."

Not surprisingly, in the wake of the recent global financial crisis, liquidity risk was cited as a primary concern by the majority of investors (62 percent) followed by poor performance, both

absolute and relative (58 percent).

When rating the criteria most important in selecting a private equity manager, the top three responses were quality of management team, clarity of investment philosophy, and sector expertise. The next three most important selection criteria were compliance infrastructure, portfolio transparency, and quality of reporting and communications -- demonstrating the increased emphasis institutions are placing on transparency. Underscoring the point is the fact that those criteria rated significantly higher in importance than investment performance and fees. The survey also points to the changing expectations of institutional investors in the wake of the recent financial crisis and increased regulatory scrutiny.

The report is published by the SEI Knowledge Partnership, which provides ongoing business intelligence to SEI's investment manager clients. To request a full copy of the report, please visit [www.seic.com/PEResearch](http://www.seic.com/PEResearch).

#### *About SEI's Investment Manager Services Division*

SEI's Investment Manager Services division provides total operations outsourcing solutions to global investment managers focused on mutual funds, hedge and private equity funds, exchange traded funds, collective trusts, separately managed accounts and institutional and private client services. The division applies operating services, technologies, and business and regulatory knowledge to each client's business objectives. Its resources enable clients to meet the demands of the marketplace and sharpen business strategies by focusing on their core competencies. The division has been recognized by *Buy-Side Technology* as "Best Fund Administrator" and by *HFMWeek* as "Best Funds of Hedge Funds Administrator." To learn more about SEI's private equity services, visit <http://www.seic.com/enUS/im/336.htm>.

#### *About SEI*

SEI (Nasdaq: SEIC) is a leading global provider of outsourced asset management, investment processing and investment operations solutions. The company's innovative solutions help corporations, financial institutions, financial advisors, and affluent families create and manage wealth. As of September 30, 2009, through its subsidiaries and partnerships in which the company has a significant interest, SEI administers \$383 billion in mutual fund and pooled assets and manages \$156 billion in assets. SEI serves clients, conducts or is registered to conduct business and/or operations, from numerous offices worldwide. For more information, visit [www.seic.com](http://www.seic.com).

#### Company Contact:

-----

Dana Grosser  
SEI  
610-676-2459  
[dgrosser@seic.com](mailto:dgrosser@seic.com)

#### Media Contact:

-----

Jason Rucker  
Braithwaite Communications  
215-564-3200 x 110  
[jrocker@gobraithwaite.com](mailto:jrocker@gobraithwaite.com)

SOURCE SEI