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SEI Survey: New Reality of Advisor-Client Relationship Takes Focus Away from Top-Line Growth

Investors 'Extremely Skeptical' About Economy, Seek Increased Advisor Communication

OAKS, Pa., June 23 /PRNewswire-FirstCall/ -- A recent SEI (Nasdaq: SEIC) survey of 150 strategic financial advisors that work with SEI found that even among this elite group, advisors continue to spend more of their time reassuring existing clients than actively acquiring new ones. The survey found that 16 percent of advisors spend the majority of their day on new client outreach, compared to nearly half (46 percent) that use that time working with existing clients. The increased client-retention efforts are a result of ongoing investor concerns; more than half (51 percent) of advisors surveyed said their clients are still "extremely skeptical about the economy and very concerned with future growth."

As a result of recent market volatility and changed investor sentiment, advisors are finding they need to rebalance their efforts between retaining current clients and acquiring new clients. One way that these advisors are creating new leads is through centers of influence, the most popular being CPAs and accountants. Nearly half (45 percent) of advisors rely on these professionals for leads. Additionally, more than half (52 percent) said that outside of formal centers of influence, their most popular tool for creating new business leads are "bring a friend" client-appreciation events. Interestingly, while more than half (54 percent) of advisors participate in at least one online social community, less than five percent actively use social networking as a prospecting tool.

"This strategic group of advisors showed us that the advisor-client relationship has been redefined," said Steve Onofrio, Managing Director, SEI Advisor Network. "Investors, scarred by 2008 and recent market volatility are looking for advisors to provide a heightened level of proactive guidance. As a result, advisors need to be more efficient so they can meet existing clients' needs and still continue their outreach to acquire new prospects."

The advisors surveyed indicated there is significant uncertainty in the economy, causing angst among the both advisor community and clients. Most advisors (80 percent) said they believe that the inevitable increase in taxes will hurt the economy. Furthermore, more than half of the advisors (62 percent) said proposed regulatory reform of the financial services

industry by the government is warranted, but that more analysis is needed before the final solution is decided.

"Economic uncertainty in Washington and on Wall Street is very unsettling for investors, and this directly impacts advisors," said Mark Matley of the Insight Group in Salt Lake City, Utah. "As a result, financial advisors must continually provide clarity, direction, and new solutions for our clients. Our success will be determined by our ability to do that and still find time to add to our client base."

For some advisors, new solutions include introducing alternative investments into portfolios as an additional diversifying asset class. Nearly half (40 percent) of advisors have recently added alternatives to portfolios, or feel it is a good addition. Fifty-seven percent of advisors said that alternatives provide value for some, but not all clients.

SEI conducted the survey in May 2010 at its National Strategic Advisor Conference for 150 strategic advisors that work with SEI. Nearly one-quarter of survey participants (22 percent) have more than \$250 million of assets under management and nearly three-quarters (74 percent) have between \$50 million and \$250 million. Additionally, nearly three-quarters (70 percent) have been financial advisors for more than 15 years and more than half (63 percent) manage a range of 50 to 200 clients.

About the SEI Advisor Network

The SEI Advisor Network provides financial advisors with turnkey wealth management services through outsourced investment strategies; administration and technology platforms; trust, banking, and institutional services; and practice management programs. It is through these services that SEI helps advisors save time, grow revenues, and differentiate themselves in the market. With a history of financial strength, stability, and transparency, the SEI Advisor Network has been serving the independent financial advisor market for more than 16 years, has more than 6,000 advisors who work with SEI, and more than \$30.2 billion in advisors' assets under management (as of Mar. 31, 2010). The SEI Advisor Network is a strategic business unit of SEI. For more information, visit www.seic.com/advisors.

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 March 31, 2010, through its subsidiaries and partnerships in which the company has a significant interest, SEI administers \$394 billion in mutual fund and pooled assets and manages \$162 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.

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