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## **SEI Quick Poll: Nonprofit Investment Committees Continue to Face Significant Challenges**

### **Increased Complexities Have Many Considering Outsourced Model for Investment Management**

OAKS, Pa., Aug. 17 /PRNewswire-FirstCall/ -- An SEI (Nasdaq: SEIC) Quick Poll released today shows nonprofits have considered switching to an outsourced CIO model to manage assets, as a result of recent economic conditions. More than half (54 percent) of poll respondents that currently use an investment consultant are interested in learning more about the benefits of an outsourced approach. Changing market conditions have led some to reconsider their current approach. Of this group, they cited increased complexity in investment vehicles (52 percent) and increased due-diligence requirements (43 percent) as reasons for concern. Also, 20 percent of respondents said their organization lacks the necessary internal resources and 25 percent said the number of new asset classes is a strain on their existing investment management approach.

"What we're seeing is an affirmation among those responsible for managing assets of nonprofits that the recent market conditions have continued to highlight the benefits of an outsourced model," said Carolyn McLaurin, Vice President and Managing Director of SEI's Nonprofit Group. "In recent years, we've seen the investment process take on tremendous complexity and those charged with preserving and growing these resources are exploring the best options for Investment management. The complexities appear to be taking a toll on internal resources and outsourcing can solve a lot of those issues."

Poll respondents were asked questions covering a range of topics, including: spending policies, use of alternative investments, debt issuance among colleges and universities, and concerns and challenges. According to the results, most nonprofits (91 percent) have a formal spending policy in place, and the majority (85 percent) have a requirement to annually spend either four or five percent with an average spending policy of 5.4 percent. Average spending among respondents ranged from 3.5 percent (social services) to 5.7 percent (cultural or arts organizations).

Nonprofit investment committees are operating in an increasingly complex environment. As a result, respondents were asked to identify the challenges most impacting their

organization. The highest-ranking challenges identified by the most participants were: investment vehicles have increased in complexity (53 percent), tougher to gauge global economic outlook (51 percent), increased due diligence requirements in monitoring managers (41 percent), and impact endowment has on overall finances continues to increase (40 percent).

As respondents look ahead at the challenges facing their organizations, they identified as top concerns: aligning investment decisions with overall organizational finances, maintaining liquidity in portfolio, cash management, and inflation hedging. Protecting the organization's credit rating is a key issue among higher education institutions and hospitals as more than three-quarters (80 percent) of the respondents that identified this challenge were from that group.

The poll was completed by 177 nonprofit executives and investment committee members responsible for overseeing endowments and foundations ranging in size from US \$25 million to more than \$1 billion.

### **About SEI's Institutional Group**

SEI's Institutional Group delivers integrated healthcare, retirement and nonprofit investment solutions to more than 500 global institutional clients (of which 340 are U.S. based) in six different countries. SEI enables clients to meet financial objectives, reduce business risk, and fulfill their due diligence requirements through implemented fiduciary management strategies for defined benefit plans, defined contribution plans, endowments, foundations and other balance sheet assets. For more information, visit [www.seic.com/institutions](http://www.seic.com/institutions).

### **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 June 30, 2010, through its subsidiaries and partnerships in which the company has a significant interest, SEI administers \$380 billion in mutual fund and pooled assets and manages \$149 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).

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