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SEI Survey: Private Equity Managers Struggling to Keep Up With Increasing Investor Transparency Demands

Investors, Managers Disagree on Necessary Depth and Prioritization of Key Reporting Data

OAKS, PA -- (MARKET WIRE) -- 10/04/11 -- While nearly everyone in the private equity space agrees that there has been an increased focus on portfolio transparency and client reporting over the past few years, investors remain dissatisfied with the information they receive from managers, according to a global survey report released today by SEI (NASDAQ: SEIC) in collaboration with Greenwich Associates. Less than half of investors polled (43 percent) said they currently receive all the information they would like from their private equity managers. That number dropped to 10 percent when the same question was asked of consultants. Conversely, 85 percent of fund managers feel their investors currently receive all the information they need.

The survey report, "[Searching for Alignment](#)," compiling results from more than 400 institutional investors, consultants, and fund managers, revealed that managers sense investors' concerns, as 45 percent said that satisfying investors' expectations is their firm's greatest operational challenge. The survey also suggests that managers are largely meeting expectations when it comes to basic transparency expectations. However, while 75 percent of managers see industry and sector reporting data as most important, 75 percent of investors and consultants seek more information on areas such as the leverage used in the fund and volatility statistics.

"Managers have made a concerted effort to deepen their client reporting capabilities in recent years, but investors still want more," said [Ross Ellis](#), Vice President and Head of the SEI Knowledge Partnership for SEI's Investment Manager Services division. "There's clearly a transparency gap between the depth and breadth of information managers deliver and what investors expect. Managers who continually strive to inform and make smart operational investments to close that gap are the ones that will win in the Era of the Investor™."

The survey report points to a "growing disconnect between private equity managers and investors on the depth and type of reporting data necessary despite continued growth in

sector assets. Private equity managers need to direct their focus and efforts on the client service front in order to keep up with investor needs," said Rodger Smith, Managing Director of Greenwich Associates.

The survey also revealed that most managers polled (81 percent) are making investments in operations, with the reason most frequently cited being increasing firm efficiency, followed by enhancing compliance and risk management, and attracting new investors/clients.

While there is some disparity on transparency expectations, managers and investors agree that finding quality investment opportunities is the most significant challenge facing the private equity industry over the next 12-18 months. Investors and consultants are also very concerned with the prospect of poor performance, as nearly three quarters of those polled (73 percent) said poor performance is one of their top 3 concerns about private equity investments. More than half of those polled (53 percent) pointed to failure to achieve the primary investing objective as one of their top 3 concerns about private equity investments, while nearly a third of those polled (31 percent) listed the level of fees in their top 3 list.

The survey report is the second in a three-part series published by the SEI Knowledge Partnership, which provides ongoing business intelligence to SEI's investment manager clients. To request a copy of the report, please visit www.seic.com/PEAlignment.

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 HFMWeek as "Most Innovative Fund Administrator (Over \$30bn AUA)" and "Best Funds of Hedge Funds Administrator (Over \$30bn AUA)" in both the US and Europe. Additionally, SEI has been recognized as "Service Provider of the Year" by the Money Management Institute, among other industry awards. For more information, 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 June 30, 2011, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers \$430 billion in mutual fund and pooled assets or separately managed assets, including \$180 billion in assets under management and \$250 billion in client assets under administration. For more information, visit www.seic.com.

About Greenwich Associates

Greenwich Associates provides research-based strategy management services for financial professionals. Greenwich Associates' studies provide benefits to the buyers and sellers of financial services in the form of benchmark information on best practices and market intelligence on overall trends. Based in Stamford, Connecticut, with additional offices in London, Toronto, Tokyo, and Singapore, the firm offers over 100 research-based consulting

programs to more than 250 global financial services companies. For more information on Greenwich Associates, please visit www.greenwich.com.

Source: SEI