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SEI Poll: Liability Driven Investing Strategies Grow in Complexity and Sophistication

Sixth Annual Poll Finds More Than Half of Plan Sponsors Continue to Use LDI

OAKS, PA -- (Marketwire) -- 11/15/12 -- The results of an annual global poll released by SEI (NASDAQ: SEIC) today found that more than half (57 percent) of corporate pension sponsors continue to use liability driven investing (LDI). Now in its sixth year, the poll also found that of those organizations using LDI, more than half (52 percent) invest greater than 40 percent of the portfolio in an LDI strategy.

As LDI continues to be an important risk management strategy, implementation has evolved to provide a more sophisticated match of the plan's duration of assets to liabilities. According to the U.S. findings of the poll, two-thirds (67 percent) of participating organizations currently use an LDI strategy, 10 percent more than the global average. One-third (33 percent) implement LDI via an overlay of treasury strips and swaps and 31 percent have a glidepath with automatic triggers.

"An LDI strategy should begin with a comprehensive asset/liability study that incorporates the organization's as well as the plan's unique risk tolerances," said Jonathan Waite, Director, Investment Management Advice and Chief Actuary of SEI's Institutional Group. "Implementing active LDI strategies such as using an overlay of strips and swaps can produce a more precise duration match than funds alone. Continuous active management and monitoring of LDI implementation is critical as the plan moves along the glidepath."

In addition, U.S. poll participants were asked to identify the top three most important criteria for implementing a successful LDI strategy. Further highlighting the demand for more sophisticated LDI strategies, the top three criteria are as follows:

1. 86 percent -- Framework incorporates funded status, benefit stream, and duration of exposures
2. 71 percent -- Strategy incorporates organization's risk tolerance and key corporate sensitivities
3. 67 percent -- Liability is matched in a more sophisticated and highly customized way

As LDI increases in complexity, many plan sponsors are evaluating the types of providers they partner with for pension investment management. More than one-third (35 percent) of U.S. poll participants said their organizations use or would consider using a fiduciary manager or investment outsourcing provider. Of those currently using a traditional consultant, 40 percent said they would consider making a change to an investment outsourcing provider within the next three years. Additionally, of those organizations currently using only internal staff for pension management, 41 percent also said they would consider outsourcing by 2015.

The global poll was conducted by SEI's Pension Management Research Panel and included 125 corporate pension executives from the United States, Canada, Netherlands, and United Kingdom. None of the participating organizations are institutional clients of SEI.

For the complete poll summary with U.S. highlights, please visit: www.seic.com/ldi-poll. For a summary with Canadian highlights, please visit: www.seic.com/ldi-poll-ca.

About SEI's Institutional Group
SEI's Institutional Group is the first and largest global provider of outsourced fiduciary management investment services. The company began offering these services in 1992 and today acts as a fiduciary manager to 450 retirement, nonprofit and healthcare clients in seven different countries. Through a flexible model designed to help our clients achieve financial goals, we provide asset allocation advice and modeling, investment management, risk monitoring and stress testing, active liability-focused investing and integrated goals-based reporting. For more information visit: http://www.seic.com/institutions.

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 September 30, 2012, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers $448 billion in mutual fund and pooled or separately managed assets, including $195 billion in assets under management and $253 billion in client assets under administration. For more information, visit www.seic.com.

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