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The Future of Private Equity: Overcoming Obstacles Necessary to Continue Industry's Unprecedented Growth, Reports SEI

Global Private Equity Markets Evolving to Meet Market Demands, Becoming More Mainstream

OAKS, Pa., Nov. 01, 2016 (GLOBE NEWSWIRE) -- Private equity went from a niche asset class two decades ago to one that is much more likely to be found in individual and institutional portfolios today. "[The Future of Private Equity](#)," released today by SEI's (NASDAQ:SEIC) Investment Manager Services division examines the important choices managers and investors need to make regarding investment focus, data handling and outsourcing partnerships – all of which could ultimately mean the difference between success and failure as the industry continues to grow. SEI's Investment Manager Services division is a global supplier of customized operating infrastructure and services to investment organizations representing more than \$15 trillion in assets under management.

In an effort to provide stakeholders with a comprehensive understanding of where private equity is heading, SEI surveyed more than 200 industry general partners (GPs), limited partners (LPs) and consultants. Key findings include:

- 64 percent of LPs plan to increase their allocation to private equity, marking a solid gain from only 26 percent five years ago.
- More than eight out of 10 GPs say compliance costs are climbing faster than other operating expenses.
- 65 percent of LPs are increasing the level of operational due diligence performed on GPs.
- 71 percent of respondents state that the most obvious change occurring in recent years has been the rising demand for transparency, providing more visibility into risk, operations, performance and valuation than ever before.

"As evidenced by this report, the private equity market has experienced tremendous demand from a wide variety of investors, resulting in rapid growth and significant opportunities for the industry as a whole," said [Jim Cass](#), Senior Vice President and Managing Director of [SEI's](#)

[Investment Manager Services](#) division. “To capitalize on this growth, however, GPs must address the unprecedented obstacles facing them – mainly seen as an increasing talent shortage, the complex web of regulatory requirements and myriad new operational challenges.”

Since 1995, private equity assets have risen dramatically, growing from \$30 billion to approximately \$4 trillion 20 years later.¹ While this rate of growth will likely taper off, many survey participants are convinced that strong demand will continue to drive asset growth at a healthy clip over the coming decade.

Other key themes covered in the report include:

- **The expanding palette of investment options available to investors.** Commingled closed-end fund structures will continue to be the vehicle of choice for the foreseeable future, but liquid options and co-investments are continuing to make inroads. The secondaries market also continues to grow, with four out of 10 investors and managers planning to participate.
- **Deciding between diversified or specialized business models.** Perspectives differ on the optimal approach, with benefits and drawbacks for either decision. The clear message, however, is that business models must remain open and ready to adapt to the new realities of the increasingly investor-driven market. This includes understanding current processes, as well as how a change in model affects operating platforms.

Download the complete report at: www.seic.com/FutureofPE

¹Drean, Antoine, “Ten Predictions for Private Equity in 2016,” Forbes, January 19, 2016.

About SEI's Investment Manager Services Division

Investment Manager Services supplies investment organizations of all types with advanced operating infrastructure they must have to evolve and compete in a landscape of escalating business challenges. SEI's award-winning global operating platform provides asset managers with customized and integrated capabilities across a wide range of investment vehicles, strategies and jurisdictions. Our services enable investment managers to gain scale and efficiency, keep pace with marketplace demands, and run their businesses more strategically. SEI presently partners with more than 300 traditional, alternative and sovereign wealth managers representing over \$15.5 trillion in assets, including 35 of the top 100 managers worldwide. For more information, visit seic.com/ims.

About SEI

SEI (NASDAQ:SEIC) is a leading global provider of investment processing, investment management, and investment operations solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of September 30, 2016, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers \$751 billion in mutual fund and pooled or separately managed assets, including \$281 billion in assets under management and \$470 billion in client assets under administration. For more information, visit seic.com.

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