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SEI Survey Finds Nearly Two-Thirds of New Provider Searches by Institutional Investors For Discretionary Services

Survey Finds Search Consultants See Slight Increase in Number of Searches Conducted

OAKS, Pa., Sept. 29, 2021 /PRNewswire/ -- SEI (NASDAQ: SEIC) today announced the findings of its inaugural OCIO Search Consultant Survey, providing direct insight into the emerging trends in the OCIO search process, including the use of discretionary and nondiscretionary investment models and the future of due diligence processes.

SEI's research found that search consultants saw a slight year-over-year increase in activity in 2020. Across 2020 searches, 59% were reported to be for discretionary providers, while 22% were for nondiscretionary providers. The discretionary approach, also known as the outsourced CIO (OCIO) model, provides the outsourced partner with broader oversight of a firm's investment strategy and day-to-day investment and fiduciary decision-making, while shifting the investment committee's role to focus more on investment policy-setting and asset allocation strategy.

The survey also found that the nonprofit sector was the most likely to be looking for discretionary models, while the vast majority of search consultant requests (87%) came from university or college endowments.

"The most common challenge for institutional investors and search consultants is facilitating dialogue between the institutional investor and the OCIO candidates," said Michael Cagnina, Managing Director of SEI's Institutional Group in North America. "We're finding the searches that provide the OCIO candidates with direct access to the institutional investors, especially their investment board, committee, or staff, result in impactful conversations and allow for more informed decisions. As search consultants play a significant role in more and more searches, transparency and direct access will continue to be crucial for driving effective decision making."

The survey also highlighted several critical components for due diligence searches in various segments. Key takeaways include:

- Of the consultants interviewed, 60% said college or university endowment clients are more likely to bring their own lists of OCIOs to include in requests for proposals rather than rely on their own expertise. Almost half (40%) said community foundations were the next most likely to do so.
- Search consultants are not being used in a large capacity in defined contribution. Less than one-third (30%) have conducted searches for defined contribution over the past two years, and half doubt that they'll participate in any OCIO searches over the next three years.
- Nonprofits, including healthcare, are expected to be the top search segment with 70% of the search consultants saying they conducted searches for organizations for this sector. Corporate defined-benefit plan sponsors are second at 50%.
- Search consultants cited proposed recommendations and observations around components such as Investment Policy Statements (IPS) or portfolio allocations, as a critical factor when evaluating providers, with consultants unanimously considering it a top-three priority.
 - In contrast, 70% of the respondents ranked "type of provider (such as large OCIO or boutique firm)" as the least important factor.

To read the research, visit <https://seic.com/searchconsultantsurvey>.

Survey Methodology

The survey results are from research conducted in the second quarter of 2021 with 10 independent search consultants in North America. The survey's participants have collectively managed over 210 different searches on behalf of institutional investors over the past two years.

About SEI's Institutional Group

SEI's Institutional Group provides institutional investors with outsourced investment management services and custom platforms to support insourced investment staffs. SEI is one of the first and largest global providers of outsourced or OCIO investment management services to the institutional marketplace and recently launched its Enhanced CIO services globally to institutional investors that desire to have internal resources. The company delivers these integrated solutions to approximately 450 clients in 9 countries, as of June 30, 2021. Our solutions are designed to help clients meet financial objectives, reduce business risk and fulfill their due diligence requirements through implemented strategies for the management of defined benefit plans, defined contribution plans, endowments, foundations and board-designated funds. For more information visit: seic.com/institutional-investors

About SEI

After 50 years in business, SEI (NASDAQ:SEIC) remains a leading global provider of investment processing, investment management, and investment operations solutions designed to help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of June 30, 2021, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages, advises or administers approximately \$1.3 trillion in hedge, private equity, mutual fund and pooled or separately managed assets, including approximately \$399 billion in assets under management and \$880 billion in client assets under administration. For more information, visit seic.com.

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