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SEI Investments Co. (SEIC)

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MANAGEMENT DISCUSSION SECTION

Operator: Good day and welcome to the Q3 2025 SEI Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speaker presentation, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker, Brad Burke, Head of Investor Relations. Please go ahead.

Brad Burke

Head-Investor Relations, SEI Investments Co.

Thank you and welcome, everyone. We appreciate you joining us today for SEI's Third Quarter of 2025 earnings call. On the call, we have Ryan Hicke, SEI's Chief Executive Officer; Sean Denham, Chief Financial Officer and Chief Operating Officer; and members of our executive management team including Jay Cipriano, Paul Klauder, Michael Lane, Phil McCabe, Mike Peterson, Sneha Shah and Sanjay Sharma.

Before we begin, I'd like to point out that our earnings press release and the presentation accompanying today's call can be found under the Investor Relations section of our website at seic.com. This call is being webcast live and a replay will be available on the events and webcast page of our website.

With that, I'll now turn the call over to Ryan. Ryan?

Ryan P. Hicke

Chief Executive Officer & Director, SEI Investments Co.

Thank you, Brad. And good afternoon, everyone. We appreciate your time today, especially, since we recently spent nearly three hours together during our Investor Day in just five weeks ago. First, let me express our gratitude for the overwhelmingly positive feedback we've received since Investor Day. Many of you highlighted the energy, enthusiasm and clarity of our long-term vision as standout themes. And that affirmation reinforces our strategic confidence. We are committed to disciplined execution, transparent communication, and creating long-term value for our clients and shareholders.

Turning to the quarter's results. We delivered outstanding performance with EPS reaching \$1.30 excluding onetime items. That's an all-time high for SEI. Earnings growth was robust both sequentially and year-over-year, driven by strong revenue growth and margin expansion. This is the kind of consistent performance we have been messaging over the past few years.

Net sales events totaled \$31 million with our Investment Managers business leading the way. IMS posted on a record sales quarter, reflecting surging demand for outsourcing and client expansions. This is a testament to the strength of our sector, our competitive position in that sector, and our continued investment in future capabilities. As we said in Investor Day, we believe the growth runway here is exceptional. Congratulations to Phil and his team.

IMS sales activity was notable for its broad-based nature, with no single client driving the performance. Approximately two-thirds of our sales events were tied to client expansions, increasing our wallet share. Additionally, two-thirds of the events came from alternative managers. This level of diversification and momentum across client types, both new and existing, reinforces our conviction in the durability of our growth strategy.

We also continue to engage with large, well-known alternative asset managers who are new to exploring outsourcing fund administration. We believe we are well-positioned in these processes, given our best-in-class capabilities, track record of execution and client referenceability. Due to the size and complexity of these opportunities, the contracting process tends to be longer, and we expect to be able to provide more clarity on the nature of these opportunities in our pipeline in early 2026.

Switching units, sales activity in our asset management business was highlighted by the single largest mandate win in our Institutional segment to date, a multibillion dollar fixed income assignment for a state government client. We believe this win reflects the early impact of Michael Lane and the entire team's evolved approach, introduced to this audience last month.

We are delivering targeted solutions in areas where SEI has deep expertise, while complementing our established OCIO offering. The win also reinforces our ability to compete successfully for specialized mandates and demonstrates our capacity to meet the growing demand for tailored investment strategies from large clients.

Private banking secured a \$13 million win this quarter, partnering with a leading super regional US bank on a comprehensive transformation initiative across all business lines. This engagement is strategically significant, encompassing technology, outsourced operations and a substantial professional services component. Our multi-year engagement with this firm to help them define their targeted operating model and build the business case, was instrumental in winning the business.

This win is an enormous affirmation of the pivot we made a few years ago to be the market leader in the regional bank segment. We anticipate the projects will involve extensive work to retire the clients' legacy systems, execute

complex data conversions and integrate new platforms. Importantly, SEI is uniquely positioned to support our clients throughout the transition with our professional services offering, representing an incremental opportunity that is not reflected in Q3 sales results.

Our strong wins this quarter were offset by a contract loss in Private Banking, which drove lower net sales for the segment. We've known since 2022 that this client was at risk due to a strategic shift away from their bank trust model. And we received formal notice at the very end of September. This is our only notable loss year-to-date in Private Banking. The financial impact should be modest, as deconversions typically occur over multiple years. Importantly, we're confident that recent and future wins will more than offset this loss supported by a healthy, diversified pipeline of opportunities nearing the finish line.

Net sales would have approached \$47 million for the quarter, excluding this single client loss. Even with the loss, posting \$31 million in net sales events is a strong result, especially as our new wins are well-aligned with SEI's long-term, strategic direction. Stepping back, SEI's net sales events have surpassed \$100 million year-to-date, a record for SEI through the third quarter. And as we sit here today, we have more confidence in our sales pipelines when compared to Q3 last year.

Building on this momentum, our confidence in the Stratos partnership has only grown since the July announcement. Although we have not yet closed, we are already seeing tangible benefits. Awareness of SEI is increasing across both broker dealer and RIA channels and we are receiving renewed inbound interest in our capabilities as a result of the announcement.

That enthusiasm was on display at the Stratos National Meeting in mid-September, where advisors consistently asked how they could do more with SEI. And earlier this month, Stratos leadership, including CEO, Jeff Concepcion, joined us at our annual SEI Advisor Summit on Marco Island, which saw record client attendance. Our SEI advisors responded very positively to the partnership and the expanded opportunities it creates. We are on track towards the initial closing, which is expected in late 2025 or early 2026.

As we said in New York, we are allocating capital to the highest return opportunities and driving margin expansion through cost optimization and targeted investments in technology, automation and talent. We're in the early innings of AI and tokenization of SEI. Internally, adoption is encouraging and we're applying AI to real workplace. Externally, we're advancing tokenization pilots with partners. We expect these initiatives to support efficiency and scalability over time. The near term, our focus is on use case validation and a disciplined rollout.

In summary, our year-to-date sales events, record EPS and expanding pipeline reflect SEI's continued momentum underpinned by disciplined execution and a clear enterprise strategy. Our integrated approach is breaking down silos and enabling us to scale across segments, capture wallet share and deliver consistent, repeatable growth. We are laser-focused on value creation measured by operating margin, EPS growth and total shareholder return. Significant opportunity is ahead and our confidence in SEI's ability to execute and outperform is stronger than ever.

And with that, I'll turn it over to Sean.

Sean Denham

Executive Vice President, Chief Financial and Chief Operating Officer, SEI Investments Co.

Thank you, Ryan. Turning to slide 4. SEI has delivered an excellent quarter. Let me start by calling out the unusual items that impacted our Q3 earnings. We recognize the benefit of approximately \$0.03 from insurance proceeds related to a 2023 claim into other income, an additional penny from an earnout true-up in our Advisors

business. These gains were offset by \$0.02 of M&A expense tied to our planned acquisition of Stratos and \$0.02 of severance expense related to cost optimization initiatives.

For context, unusual items benefited EPS by \$0.58 last quarter and \$0.08 in Q3 of last year. Excluding these items, EPS grew meaningfully, up 8% sequentially and 17% year-over-year. It's worth repeating Q3 represents an all-time record level of EPS for a quarter, excluding unusual items like the significant gain on sale realized last quarter.

Let's take a closer look at how each of the business units performed on slide 5. Private Banking saw a 4% increase in revenue year-over-year, thanks in large part to healthy growth on our SWP pipeline platform. Our Investment Managers segment delivered another standout performance, posting double-digit revenue and operating profit growth. We continue to see robust growth in alternatives across both the US and EMEA. Traditional revenue in IMS also grew at a healthy pace, benefiting in part from favorable market appreciation.

Turning to Advisors, this business posted the highest year-over-year revenue growth among all of our segments. We're seeing growth driven by market appreciation, contribution from our Integrated Cash Program and improving momentum in the underlying business. Institutional revenue and operating profit were essentially flat for the quarter, reflecting lower equity exposure and less benefit from market appreciation compared to our Advisors business.

On a sequential basis, both revenue and operating profit increased across all business units with especially strong margin expansion in Investment Managers and Advisors as you'll see on slide 6. Margins were solid in Q3 with meaningful improvement both year-over-year and sequentially. The year-over-year decline in Private Banking margin was due to onetime items that benefited last year's results. If we exclude those, Private Banking margins would have increased by approximately 60 basis points.

Institutional margins declined sequentially mainly due to a handful of choppy items in both the current and prior periods. None of these were individually material, but the impact is more pronounced given the lower revenue base in this segment. For Investment Managers, margins came in ahead of what we communicated last quarter, supported by revenue growth that exceeded 25% annualized from Q2 to Q3. This growth was fueled by factors that are inherently difficult to forecast such as market appreciation in the traditional business and the timing of capital deployment in the alternatives business.

Advisors' margin growth reflected strong revenue growth and a \$2 million earnout true-up, contributing about 120 basis points to Q3 margin. Margin improvement also benefited from our Integrated Cash Program, which added \$10 million to operating profit versus the prior year. Finally, we incurred severance costs of nearly \$4 million this quarter, reflecting our commitment to supporting employees through transitions as we continue to evolve our business. The impact was spread across all business units and, most notably, corporate overhead. Excluding severance and approximately \$3 million of M&A costs related to Stratos, corporate overhead came in at \$38.5 million for the quarter.

Turning to sales events on slide 7. Ryan discussed the most notable items in the quarter, including strong wins in Investment Managers, our large regional bank win in Private Banking, and a significant Institutional win with a new government client. In asset management, this quarter's wins offset client departures, most notably in our Institutional business. While losses were previously the only story in this segment, we are now seeing growth elsewhere that offsets these headwinds, a promising sign for the trajectory of our asset management businesses.

Turning to slide 8. SEI delivered strong asset growth both sequentially and year-over-year. Growth in assets under administration was broad-based across CITs, alternatives and traditional funds. While CITs and traditional funds received some benefit from market appreciation, the majority of AUA growth was driven by alternatives.

Assets under management also increased with modestly positive net flows in Advisors, driven by accelerating growth in ETFs and SMEs, which offset continued pressure on traditional mutual funds. Institutional flows were essentially flat, reflecting offsetting sales events. While overall net flows were modest, this trend marks a clear improvement over prior years and supports our evolving asset management strategy.

LSV assets under management increased over 4% from Q2, driven by strong market performance and outstanding performance relative to benchmarks. Market appreciation was only partially offset by nearly \$3 billion of net outflows, similar to the pace realized in the first half of this year. LSV performance against relative benchmarks is supporting continued strength in performance fees, which totaled \$8 million or \$3 million at SEI share in Q3.

Turning to capital allocation on slide 9. We ended the quarter with \$793 million of cash and no net debt. We are maintaining an excess cash balance in anticipation of funding the first Stratos close with the balance sheet cash. Share repurchases represented a primary use of capital totaling \$142 million in Q3 and \$775 million for the trailing 12 months. That represents SEI repurchasing more than 7% of shares outstanding just over the last year.

At the same time, we're deploying incremental capital for strategic investments that support long-term growth. This quarter, we made a \$50 million anchor investment in LSV's market-neutral hedge fund. Our early commitment adds credibility to the new strategy and is expected to support future fundraising from Institutional investors. Our investment had a strong start, contributing \$1.5 million to Q3 results before tax, which is captured in net gain on variable interest [ph] entities (00:16:08).

In summary, SEI's third quarter results reflect continued progress across our core businesses. We are focused on driving growth, optimizing margins and deploying capital to maximize shareholder value.

With that, operator, please open the call for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And our first question will come from the line of Crispin Love with Piper Sandler. Your line is open.

Crispin Love

Analyst, Piper Sandler & Co.

Q

Thank you. Good afternoon. Hope you're all well. Ryan, you mentioned that two-thirds of your sales events were from alternatives. I don't recall you ever making a comment quite like that as it pertains to sales events. First, are those two-thirds similar to recent quarters, give or take?

And then second, when you look at those sales events, the recent ones, on the vast majority from the largest alternative players out there such as the ones that you called out on a slide at Investor Day being clients or they're smaller, non-public alts as well that make up a big portion of those wins?

Ryan P. Hicke

Chief Executive Officer & Director, SEI Investments Co.

A

Hey, Crispin. Great to hear from you. It's a great question. I'll give kind of high level and then kick to Phil. So again, I think it's just an opportunity for us to offer continued transparency into sort of where we're seeing growth. And as we touched on in the Investor Day, when you look at alternatives in that overall space and the surging demand for outsourcing that I mentioned, we're just kind of calling that out and trying to give a little bit more transparency and granularity.

But when you go to – Phil, if you want to chime in here, I think Crispin's question is, is it a lot of the same names that we highlighted that day or new names or a little bit of both?

Philip McCabe

Executive Vice President & Head-Investment Managers Business, SEI Investments Co.

A

Thanks, Crispin. This is Phil. Actually, it's a mixture of everything, large clients, small clients, but no single event was greater than 10% of the overall number. So, it really is a mixture of things anywhere from private credit to insourcers, moving to outsourcing to retail, all to – pretty much across the board. We're seeing a lot of alternatives in CITs. But it really was a mix. We expect some other announcements probably early next year that talk a little bit more about some of the larger managers that are moving from insourcing to outsourcing.

Crispin Love

Analyst, Piper Sandler & Co.

Q

Great. Thank you, and I appreciate that and, definitely, good news there. Second question. Can you just give any color on the known contract loss in Private Banking with a long-time client? Any detail on the losses and merger, competitive takeaways? Just any color would be great.

Ryan P. Hicke

Chief Executive Officer & Director, SEI Investments Co.

A

Sanjay?

Sanjay K. Sharma

Executive Vice President, Chief Executive Officer-SEI International & Global Head-Private Banking Business, SEI Investments Co.

A

Yeah. I can answer that question. So, first of all, I want to highlight, this is a one-off loss in the last three-plus years since I took over the responsibility and this is something, as I mentioned, we knew about it since 2022. This is a major operating model change for this client.

And so we should not read this like a trend. This is a one-off scenario. We have worked with the client. And as you could see, these kind of deconversions, they take long time. The onboarding takes time. The deconversion also takes longer time. But as Ryan have mentioned and Sean has called out, to be on the safer side, we took the hit and announced it in one go.

Ryan, do you want to add anything?

Ryan P. Hicke

Chief Executive Officer & Director, SEI Investments Co.

A

I do. I think, Crispin, it's really important to know and we try to call this out specifically in the script, we got the notice literally at the very end of September and it's a firm that we have known a long time. We have been actively engaged and trying to help them think through their future operating model. But as Sanjay just highlighted there, we got the notice. We took the entire loss. I don't think we have full transparency into the entire deconversion schedule and exactly what will go, when so we're definitely erring on the side of conservative here.

And I think it's really important to emphasize Sanjay's point that this is a one-off event. This is absolutely not a trend and it can't be ignored. The win that we also have in this quarter as well. But, yeah, certainly not – we don't like losses. We worked really hard with this firm. We will support the firm actively as a great partner through their transition to a new operating model. And as you know, I always live in a world of optimism. I think there is always going to be more opportunity for us when we treat the client right on the way out. They will probably find a way back to SEI in other ways.

Crispin Love

Analyst, Piper Sandler & Co.

Q

Perfect. Thank you and I appreciate taking my questions.

Operator: Thank you. One moment for our next question. And that will come from the line of Jeff Schmitt with William Blair. Your line is open.

Jeff Schmitt

Analyst, William Blair & Co. LLC

Q

Hi. Thank you. For the Integrated Cash Program, your earning close to the Fed Funds Rate on that cash with a little spread, is any of that getting a fixed rate or are you considering allocating some of that to fixed rates now that the Fed is easing again, or how should we think about that?

Paul F. Klauder

Executive Vice President & Head-Advisor Business, SEI Investments Co.

A

This is Paul. Jeff. So on that, we're earning about 370 basis points presently and we're giving the investor about 55 basis points yield, which is pretty attractive versus our competitors. So we'll continue to look at that investor yield as rates come down. Typically, when a rate comes down 25 basis points, we usually impact investor by 15

and then we would impact ourselves at 10 basis points. At some point, we'll get to a floor, but that's kind of the current program and the current state of affairs on integrated cash.

Ryan P. Hicke

Chief Executive Officer & Director, SEI Investments Co.

A

I think one thing to note when it comes to the integrated cash is to also note that we have 20 times the amount of integrated cash and fixed income portfolios. And so when you see a decline in rates, you typically are going to see over time an increase in price. And so some of that, if you look at it in isolation, it'll have an impact. But overall, it'll be muted by the amount of fixed income we have in our portfolio.

Jeff Schmitt

Analyst, William Blair & Co. LLC

Q

Okay. And then in private banks, just looking at the expense growth there, it's running a little bit higher over the last quarter or two than we had seen in the previous really a year or two. Is that mainly investments in talent that you've been calling out recently or what's driving that? And then how should we think about the offshoring with the new service center? Would that bring growth down over time?

Ryan P. Hicke

Chief Executive Officer & Director, SEI Investments Co.

A

Jeff, I don't think there's anything unusual to call out here with banking if Sanjay was to provide by color. Some of it's just, as Sean mentioned, investments we make to kind of onboard the backlog, make sure that we're kind of set up to really successfully create the experience that we want with these clients. But I don't think there's anything you should read into that. Sanjay?

Sanjay K. Sharma

Executive Vice President, Chief Executive Officer-SEI International & Global Head-Private Banking Business, SEI Investments Co.

A

I would echo the same. I think, for us, the number one most important thing is backlog delivery. The signing of new client is a great thing. Yes, we all celebrate, but successfully delivering and onboarding those clients is equally important. And that's why you would see sometimes [indiscernible] (00:23:36) and that could be for professional services delivery or it could be converting new clients.

Jeff Schmitt

Analyst, William Blair & Co. LLC

Q

Okay. Great. Thank you.

Operator: Thank you. One moment for our next question. And that will come from the line of Alex Bond with KBW. Your line is open.

Alexander Bond

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Hey. Good afternoon, everyone. Thanks for taking our questions. Just wanted to start with the IMS business. Obviously, a strong quarter there. And I know you mentioned the growth there was in part driven by market appreciation and the deployment timing, but just trying to size up if the 3Q margin level is the right way to think about the margin for this business on a forward basis considering the alts deployment.

And then also just how the margin here might be impacted sequentially by the ongoing investments you're making. And just trying to see if there will be any impact there from a timing perspective just in terms of the higher expected investment level in one quarter or the other.

Sean Denham

Executive Vice President, Chief Financial and Chief Operating Officer, SEI Investments Co.

A

Sure. So, this is Sean. So as I indicated last quarter, we were actually – kind of given some light guidance to the Street that the margin improvement we were we're anticipating good margins going forward. But we do know we need to make certain investments whether it's anticipation of new clients coming on board and us hiring ahead of those clients.

Again, as I mentioned in my remarks, the Q3 improvement in margins did take us a little bit by surprise. Some of that, as Phil mentioned, was due to market appreciation. I mentioned that in my comments that margin or market appreciation, obviously, is not tied to cost. So when – with the market appreciation, you're going to have higher margins than expected.

On your – the second part of your question on what we expect in the future, we're still expecting strong margins. When I give guide or light guidance, I would call it, light guidance on what we may expect or what you can expect for margins going forward, I'm really giving more guidance over a period of time as opposed to quarter-over-quarter.

So we do have for – Q4 going into Q1 into next year, we will continue to be making investments into the platform. There are certain things that, in Phil's business, we need to invest in front of whether that's hiring talent in order to support future growth, whether that is certain parts of our technology base. So in a broad brush, we would expect margins to be relatively flat, if not a downtick, especially, as we move into 2026.

Alexander Bond

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Got it. Understood. That's helpful.

Ryan P. Hicke

Chief Executive Officer & Director, SEI Investments Co.

A

I think the other thing – I think it's important to add to that, though, that and I think we try to continue to emphasize this message, when we think about how we run the company, we're not trying to run the company on a unit by unit basis and get too focused on the individual margins in the unit.

So if we saw – and I'm not forecasting or foreshadowing anything, I'm just saying what we see – as Phil talked about in New York, what we see with that pipeline and what we see with that client base right now, we are going to maximize that opportunity. And if that required us to take the margins down a little bit in IMS, we would be more focused on SEI's margins and what we would do in other units to make sure SEI's margins continue to grow and expand, as Sean talked about in New York.

But I mean, Phil, I think is really consistent as he was in New York and here. We are really, really enthusiastic about what we see right now with our existing client base and pipeline in IMS. And where we're positioned competitively, we will not let that window pass us by.

Alexander Bond

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Got it. Understood. No, that's helpful. And then maybe just one more. Just wondering if you could speak to the sales mix between US and International this quarter and also maybe how that's tracking year-to-date relative to last year. I know it's still early days on the revamp for that area of the business. But maybe additionally, if you could just walk us through maybe what we should be looking for over the coming months and quarters as it relates to just tracking the progress you're making on the international front. Thank you.

Sanjay K. Sharma

Executive Vice President, Chief Executive Officer-SEI International & Global Head-Private Banking Business, SEI Investments Co.

A

Yeah. This is Sanjay here. So, on the international front, as I said on the Investor Day, we are in the early phases of defining our go-to-market strategy. And as I said at that time, we are going to focus on maximizing our presence in the jurisdictions we already have presence.

So, for example, UK or Dublin or Luxembourg, those jurisdictions, how we continue to expand our presence there. And we are in the process of defining our strategy. And the other part we are looking at, okay, how we maximize our opportunities to existing clients, the clients we already have relationships in US market and they have presence in those jurisdictions. So that's what our focus would be.

Ryan, Sean, do you want to add anything?

Sean Denham

Executive Vice President, Chief Financial and Chief Operating Officer, SEI Investments Co.

A

Yeah. I will just – this is Sean. I'll just echo what Sanjay said. Coming off the heels of Investor Day just a few weeks ago, letting everyone there to know that we are looking at the difference between domestic and international. I would echo what Sanjay said. A little bit early days, so I don't think as we sit here today, we're ready to start giving color around revenue mix between international. That'll come more as we realign our segments, as we start disclosing our segments, with anticipation that at that time we'll give more breakdown between international growth versus domestic growth.

Alexander Bond

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Got it. Thank you.

Operator: Thank you. One moment for our next question. And that will come from the line of Ryan Kenny with Morgan Stanley. Your line is open.

Ryan Kenny

Analyst, Morgan Stanley & Co. LLC

Q

Hi. Good afternoon. Thanks for taking my questions. Can you unpack a little bit more how you're thinking about the pace of buyback? You did 1.6 million shares in the quarter. Is that the right pace going forward or should we expect to slow down as the Stratos acquisition moves forward?

Sean Denham

Executive Vice President, Chief Financial and Chief Operating Officer, SEI Investments Co.

A

Yeah. So, the way I would answer that is very similar to the way I answered that in Investor Day. So we are expecting that free cash flow on a forward-looking 12-month run rate would be, we would be returning that 90% to 100% through dividends or buyback.

So, that's the way I'm looking at it. So the cash build, as I mentioned, is anticipation of drawing that cash down through the Stratos – consummation of the Stratos deal. And then going forward, I think you can expect whatever our free cash flow that we generate, we're going to be returning that somewhere between 90% to 100% back to the shareholders either through dividends, but primarily through buybacks.

Ryan Kenny

Analyst, Morgan Stanley & Co. LLC

Thanks. That's helpful. And then, separately, we've seen some modest credit fears in the market with a few bankruptcies. And you're a big private credit servicer. So, are you seeing any impact at all in your private credit servicing pipeline? It sounds like, no, all good, but would be helpful to clarify.

Philip McCabe

Executive Vice President & Head-Investment Managers Business, SEI Investments Co.

Sure, Ryan. This is Phil McCabe. I would start by saying that IMS' business is really, really diversified by product, by jurisdiction, by type of client. But we have spoken to a lot of our private credit managers. They literally are the best of the best in the industry and they really know how to manage credit risk. They tell us that they're not concerned at all. They're still launching products aggressively.

And collectively, they do say that there could be a new manager that entered the space on the smaller side and there could be some struggles in the future. But that's in a part of the market that we really don't play in. We're on the higher end of the market. They're doing really well. One interesting fact on top of all of that is that we really get paid for the most part with private credit based on invested capital. So we're not subject to mark-to-market or NAV. So, we don't really – as of right now, we don't see any real risk for the business.

Ryan Kenny

Analyst, Morgan Stanley & Co. LLC

Thank you.

Operator: Thank you. [Operator Instructions] And our next question will come from the line of Patrick O'Shaughnessy with Raymond James. Your line is open.

Patrick Joseph O'Shaughnessy

Analyst, Raymond James & Associates, Inc.

Hey. Good afternoon. So I understand I heard you when you said that we should not read today's chunky client loss that you spoke about in private banks as a trend going forward. But to what extent are there other high-risk relationships in your existing private banks client portfolio that you're keeping an eye on at this point?

Sanjay K. Sharma

Executive Vice President, Chief Executive Officer-SEI International & Global Head-Private Banking Business, SEI Investments Co.

Patrick, that's a great question. As of today, we are not aware of any such large client or any such large risk. I'll also share one example. Early this month, we hosted all of our clients here in Oaks Campus. The engagement was the best engagement over the last three years. So I don't see that as a trend or a business. Ryan? Sean?

Ryan P. Hicke

Chief Executive Officer & Director, SEI Investments Co.

A

I completely agree with you. I mean, if there is – we are always – got to be vigilant in front of our clients, engage with our clients. But relative to where we were a few years ago, we feel extremely confident that we are in the right place with our clients in the banking business.

Patrick Joseph O'Shaughnessy

Analyst, Raymond James & Associates, Inc.

Q

Got it. Appreciate that.

Sanjay K. Sharma

Executive Vice President, Chief Executive Officer-SEI International & Global Head-Private Banking Business, SEI Investments Co.

A

At the same time, I would also add – what's that, Patrick?

[indiscernible] (00:33:46)

Ryan P. Hicke

Chief Executive Officer & Director, SEI Investments Co.

A

He said he appreciate the answer.

Sanjay K. Sharma

Executive Vice President, Chief Executive Officer-SEI International & Global Head-Private Banking Business, SEI Investments Co.

A

Oh, okay. Great.

Patrick Joseph O'Shaughnessy

Analyst, Raymond James & Associates, Inc.

Q

Sorry to interrupt. So and then for my follow-up question, with the divestiture of the Archway family offices business from the Investments in New Businesses segment, can you just remind us what's left in that Investments in New Businesses segment and the strategic importance of that for SEI?

Ryan P. Hicke

Chief Executive Officer & Director, SEI Investments Co.

A

So included in ventures, there's really two main revenue streams, although albeit they're not large. One is our Sphere business and the other piece is our Private Wealth Management business. And those, as I mentioned on Investor Day, if and when we resegment the organization, that segment, from a revenue standpoint even from a segment standpoint, will cease to exist. That revenue will then follow the client and the related other segment that it pertains to.

Patrick Joseph O'Shaughnessy

Analyst, Raymond James & Associates, Inc.

Q

Got it. Thank you.

Operator: Thank you. And we do have a follow-up question, and I believe that will come from the line of Ryan Kenny with Morgan Stanley.

Ryan Kenny

Analyst, Morgan Stanley & Co. LLC

Q

Hi. Thanks for taking my follow-up. Can you quantify how much margin suppression there's been from accelerated investment? Any numbers or quantification we can think about?

Sean Denham

Executive Vice President, Chief Financial and Chief Operating Officer, SEI Investments Co.

A

Yeah. Ryan, this is Sean. I don't think I could quantify that. That's actually not really the way we think about the business. It's a great question but I cannot sit here and quantify that for you.

Ryan Kenny

Analyst, Morgan Stanley & Co. LLC

Q

All right. Thanks.

Operator: Thank you. I'm showing no further questions in the queue at this time. I would now like to turn the call back over to Mr. Ryan Hicke for any closing remarks.

Ryan P. Hicke

Chief Executive Officer & Director, SEI Investments Co.

Thank you, all, for your questions and for joining us today. As we close the quarter, I want to emphasize that SEI is executing on a strategy that positions us for long-term success. But I think it's important as we close the call, we reflect a little bit on the results this quarter. We delivered record earnings per share. The IMS unit had a record sales quarter. We had an important strategic win in the banking business.

And I know we didn't touch on this so much in the Q&A but there are some really good leading indicators and lagging indicators when we start to unpack what's going on in the asset management businesses at SEI. And for those reasons, we're confident in our ability to capitalize on opportunities ahead, deliver for our clients and create value for our shareholders. But thanks again, everybody, for your time and interest in SEI, and we look forward to updating you next quarter.

Operator: This concludes today's program. Thank you, all, for participating. You may now disconnect.

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