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# SEI Global Quick Poll: Adoption of Liability Driven Investing (LDI) Strategies Doubles in Past Year

## Risks Are Prevalent as Plan Sponsors Are Mixed on Goals and Definition

OAKS, Pa., Aug. 28 /PRNewswire-FirstCall/ -- An SEI (Nasdaq: SEIC) Global Quick Poll released today shows that liability driven investing (LDI) strategies are gaining significant traction in the pension space, as the number of plans implementing these strategies doubled between 2007 and 2008. The poll was completed by a total of 160 executives overseeing pensions ranging from US $30 million to over US $5 billion in assets and none were current SEI institutional clients. In addition to the implementation increase, results also revealed there is still no consensus around the goals of LDI or even a specific definition.

"The concern is that LDI implementation is taking place without a solid understanding of the potential risks," said Al Pierce, Managing Director, Advisory Solutions for SEI's Institutional Group. "Many financial executives are surprised to learn that improper implementation of some of these strategies can actually hurt the plan's funded status."

The global poll, conducted by SEI's Pension Management Research Panel, is similar to one conducted by the group last year. A comparison of the two polls demonstrates an ongoing change in how plan sponsors are defining LDI with "a portfolio designed to be risk managed with respect to liabilities (34%)" and "matching duration of assets to duration of liabilities (30%)" being the most popular definitions. Furthermore, despite an increase in implementation, poll participants continue to identify a wide range of very different goals and benchmarks for LDI strategies. In fact more than half (57%) of those polled said that increasing or maintaining funded status was the benchmark for success while less than a quarter (20%) said absolute return was their goal.

"Success is no longer strictly defined by reaching return goals as pension executives view LDI as a way to protect or improve funded status," says Jon Waite, Chief Actuary for SEI's Institutional Group. "However, plan sponsors need to know the specific strategy and how that impacts their individual goals before making asset allocation decisions."

The poll also revealed an increased adoption or consideration of a broader range of investment products including; private equity investments (44% vs. 28% in 2007) and high yield products (39% vs. 34%). Other investments that are being considered of use by poll

participants include: long duration bonds (71%), short-duration cash products (34%), interest rate derivatives (37%) and portable alpha strategies (26%).

A complete summary of the poll is available by emailing eiresearch@seic.com.

About SEI's Institutional Group

SEI's Institutional Group delivers integrated retirement, healthcare and nonprofit solutions to over 500 global institutional clients in seven different countries. SEI enables clients to meet financial objectives, reduce business risk, and fulfill their due diligence requirements through strategic advice integrated with Manager of Managers investment solutions for defined benefit plans, defined contribution plans, endowments, foundations and other balance sheet assets. For more information, visit http://www.seic.com/institutions.

About SEI

SEI (Nasdaq: SEIC) is a leading global provider of outsourced asset management, investment processing and investment operations solutions. The company's innovative solutions help corporations, financial institutions, financial advisors, and affluent families create and manage wealth. As of June 30, 2008, through its subsidiaries and partnerships in which the company has a significant interest, SEI administers $420 billion in mutual fund and pooled assets and manages $178 billion in assets. SEI serves clients, conducts or is registered to conduct business and/or operations, from more than 20 offices in over a dozen countries. For more information, visit www.seic.com.


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