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## **SEI Global Poll: Use of Liability-Driven Investing (LDI) Strategies Highest in 5 Years**

### **Nearly Two-Thirds of Poll Respondents Currently Utilizing an LDI Strategy**

OAKS, PA -- (MARKET WIRE) -- 12/08/11 -- An annual SEI (NASDAQ: SEIC) Global Quick Poll released today found the number of pension plans adopting liability-driven investing (LDI) strategies has increased significantly since last year. According to the poll, 63 percent of surveyed pension executives now employ an LDI investment approach -- the highest outcome in the poll's five year history and more than triple that of 2007 (20 percent).

"The ongoing funded status volatility of pensions has placed increased pressure on organizations to make investment decisions that match the assets to the plan's liabilities," said [Jonathan Waite](#), Director, Investment Management Advice, and Chief Actuary of SEI's [Institutional Group](#). "The volatility has also created a significant need for active LDI and de-risking strategies that can regularly monitor market changes and key trigger points."

The global poll was conducted by SEI's Pension Management Research Panel and included 100 pension executives from the United States, Canada, Netherlands, and United Kingdom. None of the participating organizations are institutional clients of SEI. This year's results saw several significant changes in comparison with past years.

The holistic perspective of the pension plan, looking at liabilities as well as assets, in setting portfolio strategy has clearly become predominant in 2011. This can be seen in poll responses to the definition and the goal of LDI, as well as the benchmark for pension success:

- Almost half (46 percent) define LDI as "matching duration of assets to duration of liabilities," the highest percentage selection ever.
- The top goal of LDI continues to be "controlling the volatility of funded status," as has been the case consistently in prior years.
- The primary benchmark of successful pension management has changed significantly over the last four years to "improved funded status" in 2011 from "absolute return of portfolio" in 2007.

The poll findings highlight the continued trend of placing emphasis on the plans' liabilities and moving away from the historical focus on absolute return when managing pension investments.

In terms of asset allocation, long-duration bonds continue to be a popular strategy (74 percent in 2011), as bonds and liability values are similarly sensitive to interest rates. Short-duration cash management is also commonly used with 40 percent of respondents using it this year. Newer LDI products, such as emerging market debt (37 percent), continue to grow in popularity, but investments in interest-rate derivatives remained low again this year (26 percent).

A complete summary of the poll is available by emailing [seiresearch@seic.com](mailto:seiresearch@seic.com).

#### *About SEI's Institutional Group*

SEI's Institutional Group is the first and largest global provider of fiduciary management investment services. The company began offering these services in 1992 and today acts as a fiduciary manager to more than 450 retirement, nonprofit and healthcare clients in six 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, 2011, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers \$395 billion in mutual fund and pooled assets or separately managed assets, including \$162 billion in assets under management and \$233 billion in client assets under administration. For more information, visit [www.seic.com](http://www.seic.com).

Source: SEI