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## SEI Study: Active Exchange Traded Funds Remain on Growth Trajectory in 2014

### Market Grew by 30 Products, \$2.5 Billion AUM in Past Year

OAKS, PA -- (Marketwired) -- 06/25/14 -- Actively managed exchange traded funds (ETFs) have seen significant growth in the number of products offered and assets under management over the past year and continue to gain popularity as an investment vehicle, according to a paper released today by [SEI](#) (NASDAQ: SEIC). The paper, "[Active ETFs: Revisited](#)," notes that the active ETF market has grown by nearly 30 products and more than \$2.5 billion assets under management in the past 12 months. This upward trend further demonstrates the attractiveness of active ETFs to both financial advisors and investors due to their lower costs, increased transparency and liquidity, and potential tax efficiency when compared to mutual funds.

In addition to this more recent growth, the paper shows this development has been taking shape for the past six years. Since 2008, active ETF assets have comprised 7 percent of all ETF assets under management in the U.S. Additionally, with more than 50 active ETFs either in registration or, if already approved, waiting to come to market, there is no noticeable slowdown in this expansion.

Despite this growth, which has been accelerated in the past few years by an SEC statement allowing active ETFs to utilize derivatives, a number of challenges remain for investment managers when launching these funds. The paper notes that chief among these is the need for further education and improved marketing of these relatively new products as well as the existence of significant operational obstacles. It points to the fact that even large mutual fund managers have found that current back-office operations are often inadequate for accommodating the newer ETF structure.

"We have been looking at the rise of actively managed ETFs for quite some time and we have every reason to believe that growth will continue," said [John Alsheski](#), Senior Vice President of SEI's [Investment Manager Services](#) division. "While some managers may not currently realize the operational impact of implementing these strategies, as they continue to address these challenges and restrictions continue to loosen, we could be in for an explosion of active ETFs hitting the market in the next few years."

"Pure index-based ETF asset classes have been accounted for," said Tom Lydon, Editor, ETF Trends. "Now more and more of the bigger mutual fund players will embrace active ETF

strategies as a way to enter the red-hot ETF market."

The paper is published by the [SEI Knowledge Partnership](http://www.seic.com/ActiveETFs), which provides on-going business intelligence and guidance to SEI's investment manager clients. To request the full paper, visit <http://www.seic.com/ActiveETFs>.

### ***About SEI's Investment Manager Services Division***

SEI's Investment Manager Services division provides comprehensive operational outsourcing solutions to support investment managers globally across a range of registered and unregistered fund structures, diverse investment strategies and jurisdictions. With expertise covering traditional and alternative investment vehicles, the division applies customized operating services, industry-leading technologies, and practical business and regulatory insights to each client's business objectives. SEI's resources enable clients to meet the demands of the marketplace and sharpen business strategies by focusing on their core competencies. The division has been recently recognized as a Top Rated Fund Administrator by Global Custodian, as well as "Best Outsourcing Provider" from FTF News, "Best Administrator - Client Service" by CTA Intelligence, "Best Fund Administrator" by Buy-Side Technology, and "Most Innovative Fund Administrator" (Over \$30B AUA) for hedge funds in the U.S. and in Europe by HFMWeek. For more information, visit [www.seic.com/ims](http://www.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 March 31, 2014, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers \$582 billion in mutual fund and pooled or separately managed assets, including \$239 billion in assets under management and \$343 billion in client assets under administration. For more information, visit [www.seic.com](http://www.seic.com).

### **Company Contact:**

Dana Grosser  
SEI  
+1 610-676-2459  
[dgrosser@seic.com](mailto:dgrosser@seic.com)

### **Media Contact:**

Jason Rocker  
Braithwaite Communications  
+1 215-564-3200 x 110  
[jrocker@gobraithwaite.com](mailto:jrocker@gobraithwaite.com)

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