

June 5, 2017



# SEI Survey Exposes Gaps in Wealthy's Investment Knowledge

## Ultra-High-Net-Worth Misunderstand Investment Approaches

OAKS, Pa., June 05, 2017 (GLOBE NEWSWIRE) -- When it comes to evaluating investment strategy and performance, the wealthy and their advisors may be using the wrong measuring stick. SEI (NASDAQ:SEIC) today announced the findings of a recent survey, which reveals insight into the investment knowledge of ultra-high-net-worth individuals. The results highlight consumers' misunderstanding of investment strategies as well as uncover technological expectations and confidence in their wealth management approaches.

### Ruler or Yard Stick?

The majority of survey participants show confidence in their personal finance expertise, with two-thirds claiming they have extensive or considerable knowledge of financial and investment management. While over half (56 percent) report that their primary investment strategy revolves around index benchmarks, 40 percent indicate their primary strategies are for their investments to fulfil personal and/or financial goals. A two-thirds majority also claim they are familiar with a goals-based investing (GBI) approach, which designs portfolios to meet a specific return, risk, and time horizon target for an investor's defined financial goals. However, at 44 percent, close to half inaccurately define the concept as a measure of benchmark performance.

"There appears to be a substantial need for education around investment strategies, especially in understanding a true goals-based investment approach," said Michael Farrell, Managing Director of SEI Private Wealth Management. "Short-term portfolio performance gives clients a false sense of confidence. If they beat the benchmark, but can't buy that dream home, their approach has failed. It's vital for them to be able to determine and anticipate long-term wants and needs, and to ensure their advisors are successfully employing the right strategy that delivers on tomorrow's goals."

Of those ultra-high-net-worth individuals who use a financial advisor exclusively:

- 65 percent state it's extremely or very important that their investments measure progress toward personal and/or financial goals, rather than just performance.
- 88 percent assert their GBI approach is extremely or very effective in meeting their objectives.
- 94 percent believe their financial advisors use a GBI approach.

This seemingly positive data is contradicted by the *56 percent* of advisor-exclusive investors who *define GBI as a measure of performance*. More than half (51 percent) of those survey participants who are unfamiliar with GBI or unsure whether their advisors take that approach indicate they are in favor of it. In fact, they claim that it's extremely or very important that their investments measure progress toward personal and/or financial goals, rather than just performance.

"There is a strong disconnect between consumers' intended investment purpose and their understanding of how to achieve those goals over the long-term," said Jeff Ladouceur, Director of SEI Private Wealth Management. "If investors do not understand goals-based investing themselves, how can they be sure their financial advisors are using that approach when managing their wealth?"

### **Taking it Digital**

Looking to the digital world with a significant dependence on technology, 69 percent of respondents said it is extremely or very important that their financial advisor use and/or provide the latest technologies. With two-thirds expecting the ability to interact with their advisors remotely, only 29 percent said that service is provided by their advisors. Additionally, more than half (51 percent) require the ability to track and measure progress toward goals themselves, while 43 percent said it is provided.

Ranking the greatest technological benefits, 29 percent and 28 percent of survey participants asserted technology helps them make better decisions and be more self-sufficient, respectively. More than a third utilizes a robo-advisor to help manage their investments.

"There's growing reliance on financial services technology, which supports consumers' need for transparency in wealth management," said Farrell. "Transparency is integral to employ a true goals-based strategy because it provides clients the ability to hold their advisors accountable. Technology gives them a front-row seat to monitor their investments and align their wealth with their goals."

### **Methodology**

The SEI digital survey was conducted among 300 ultra-high-net-worth individuals. Survey respondents included those who use a financial advisor exclusively (44 percent), those who take a do-it-yourself approach (24 percent), and those who use a hybrid method (32 percent), employing a combination of the two.

### **About SEI Private Wealth Management**

SEI Private Wealth Management helps individuals and families build and execute wealth management strategies based on their unique goals. By leading clients through our proprietary discovery process, SEI helps them identify, articulate and prioritize goals; track financial resources; and organize those resources against their stated goals. SEI tracks clients' progress towards their goals so they are empowered to make effective and impactful decisions around their wealth. As of March 31, 2017, SEI Private Wealth Management has assets under advisement of \$1.9 billion. SEI Private Wealth Management is an umbrella name for various wealth advisory services provided by SEI Investments Management Corporation (SIMC). SIMC is a subsidiary of SEI. For more information about SEI Private Wealth Management, visit [seic.com/privatewealth](http://seic.com/privatewealth).

### **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, 2017, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages, advises or administers \$779 billion in hedge, private equity, mutual fund and pooled or separately managed assets, including \$297 billion in assets under management and \$478 billion in client assets under administration. For more information, visit [seic.com](http://seic.com).

Company Contact:

Leslie Wojcik  
SEI  
+1 610-676-4191  
[lwojcik@seic.com](mailto:lwojcik@seic.com)

Media Contact:

Meredith Mitchell  
Prosek Partners  
+1 212-279-3115 x268  
[mmitchell@prosek.com](mailto:mmitchell@prosek.com)



Source: SEI Investments Company