

September 19, 2007



SEI Advises Money Managers to Move Beyond Traditional Product-Centric View

White Paper Highlights Trends Transforming the Investment Marketplace

OAKS, Pa., Sept. 19 /PRNewswire-FirstCall/ -- According to an SEI (Nasdaq: SEIC) white paper released today, money managers must shed an outdated "dueling products" mindset and adapt to an era in which investors, intermediaries, and distribution channels dictate product packaging.

The paper, entitled Product and Distribution Update: Looking Beyond the Headlines, outlines several key trends that are transforming the product landscape including:

- The era of convergence. The lines between among product categories, packaging types and even market segments are rapidly blurring.
- The "platformization" of distribution. Power is shifting to intermediaries that build wealth management platforms providing one-stop shopping for a full range of products and services. As platform gatekeepers cherry-pick the managers and products that fit their models, investment managers will see only their best performing and most desirable products gaining positive net asset flows. This new approach, which reflects product quality, may enable smaller funds to compete with large fund complexes.
- Shifting investor demand. Preferences are moving away from benchmarked, relative-return products and toward a goal-based environment that favors those with an absolute-return or outcome orientation. Investors are also seeking financial wellness via complete wealth management solutions, such as Unified Managed Accounts.

"Money managers need to evolve beyond thinking that they are simply in the business of providing mutual funds, SMAs, hedge funds or ETFs," said Paul Schaeffer, Managing Director of Strategy & Innovation for SEI's Investment Manager Services division. "They are in the business of providing investment solutions, and more and more, investors and intermediaries are the ones who determine what shape those solutions take and how they are packaged. Gatekeepers and investors don't care how solutions are labeled so long as they are customized, accessible, and provide the desired outcomes."

Schaeffer recommended that money managers look beyond traditional product "boxes" toward a more strategic thought process focused on three areas of inquiry:

1. Which asset pools are most attractive in terms of growth potential and level of competition?
2. Which products are we best equipped to distribute in those pools? How well do our strengths and expertise align with evolving investor needs and preferences?
3. In which market segments is there the greatest effective demand for our products? Demands for customization and related operating systems and infrastructure also factor into the discussion.

"To compete and innovate in the future, money managers will have to let go of their traditionally product-centric, siloed world view and embrace this new industry paradigm," Schaeffer concluded.

Product and Distribution Update: Looking Beyond the Headlines is published by the SEI Knowledge Partnership, which provides ongoing business intelligence to SEI's investment manager clients. Excerpts of the paper are can be found at http://www.seic.com/ims/General_Beyond_the_Headlines.asp.

About SEI's Investment Manager Services Division

SEI's Investment Manager Services division provides total operations outsourcing solutions to investment managers focused on mutual funds, hedge and private equity funds, separately managed accounts and institutional client services. The division applies operating services, technologies, and business and regulatory knowledge to each client's business objectives. Its resources enable clients to meet the demands of the marketplace and sharpen business strategies by focusing on their core competencies.

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, 2007, through its subsidiaries and partnerships in which the company has a significant interest, SEI administers \$407 billion in mutual fund and pooled assets and manages \$199 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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