

SEI INVESTMENTS CO
Form 10-K
February 23, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-10200
SEI INVESTMENTS COMPANY
(Exact name of registrant as specified in its charter)

Pennsylvania 23-1707341
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1 Freedom Valley Drive, Oaks, Pennsylvania 19456-1100
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 610-676-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$.01 per share	The NASDAQ Stock Market LLC (The NASDAQ Global Select Market®)

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting common stock held by non-affiliates of the registrant was approximately \$4.3 billion based on the closing price of \$32.77 as reported by NASDAQ on June 30, 2014 (the last business day of the registrant's most recently completed second fiscal quarter). For purposes of making this calculation only, the registrant has defined affiliates as including all executive officers, directors and beneficial owners of more than ten percent of the common stock of the registrant.

The number of shares outstanding of the registrant's common stock, as of the close of business on January 30, 2015:

Common Stock, \$.01 par value 166,832,044

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference herein:

1. The definitive proxy statement relating to the registrant's 2015 Annual Meeting of Shareholders, to be filed within 120 days after the end of the fiscal year covered by this annual report, is incorporated by reference in Part III hereof.

SEI Investments Company
Fiscal Year Ended December 31, 2014
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PART I

Forward Looking Statements

This Annual Report on Form 10-K contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve certain known and unknown risks, uncertainties and other factors, many of which are beyond our control, and are not limited to those discussed in Item 1A, “Risk Factors.” All statements that do not relate to historical or current facts are forward-looking statements. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. In particular, these include statements relating to present or anticipated products and markets, future revenues, capital expenditures, expansion plans, future financing and liquidity, personnel, and other statements regarding matters that are not historical facts or statements of current condition.

Any or all forward-looking statements contained within this Annual Report on Form 10-K may turn out to be wrong. They can be affected by inaccurate assumptions we might make, or by known or unknown risks and uncertainties. Many factors mentioned in the discussion below will be important in determining future results. Consequently, we cannot guarantee any forward-looking statements. Actual future results may vary materially.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. You are advised, however, to consult any further disclosures we make on related subjects in our filings with the U.S. Securities and Exchange Commission (SEC).

Item 1. Business.

Overview

SEI (NASDAQ: SEIC) is a leading global provider of investment processing, investment management and investment operations solutions. We help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth by providing comprehensive, innovative, investment and investment-business solutions. As of December 31, 2014, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers \$625.4 billion in mutual fund and pooled or separately managed assets, including \$252.8 billion in assets under management and \$372.6 billion in client assets under administration. Our affiliate, LSV Asset Management (LSV), manages \$82.7 billion of assets which are included as assets under management.

Our investment management business solutions include:

- Investment processing outsourcing solutions for providers of institutional and private-client wealth management services, including banks, trust companies, independent wealth advisers and other financial services firms;
- Investment management solutions for institutional investors, including retirement plan sponsors, not-for-profit organizations and affluent individual investors; and
- Investment operations outsourcing solutions for investment management firms, banks and investment companies that sponsor and distribute mutual funds, hedge funds and alternative investments.

General Development of the Business

For over 45 years, SEI has been a leading provider of wealth management business solutions for the financial services industry.

We began doing business in 1968 by providing computer-based training simulations for bank loan officers. We developed an investment accounting system for bank trust departments in 1972 and became a leading provider of investment-processing outsourcing services to banks and trust institutions in the United States. Later, we broadened these outsourcing services and began offering bank clients a family of mutual funds, as well as investment-operations outsourcing services. We became a public company in 1981.

We began to adapt these solutions, and develop new investment management solutions, for selected global markets in the 1990s, including: investment advisors, retirement plan sponsors and institutional investors, asset management distribution firms, investment managers and affluent individual investors. Today, we serve approximately 7,300 clients in the United States, Canada, the United Kingdom, continental Europe, South Africa and East Asia.

In each of these markets, we have combined our core competencies - investment processing, investment management and investment operations - to deliver broader and more strategic solutions for clients and markets. Today, we offer a global wealth platform and investment services for private banks and wealth services firms; a complete life and wealth

platform for operating an investment advisory business; a comprehensive fiduciary management solution for retirement plan sponsors and institutional investors; a total operational outsourcing solution for investment managers and a complete life and wealth solution for ultra-high-net-worth families.

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Strategy

We seek to achieve growth in earnings and shareholder value by strengthening our position as a provider of global investment management solutions. To achieve this objective, we have implemented these strategies:

Create broader solutions for wealth service firms. Banks, investment managers and financial advisors seek to enter new markets, expand their service offerings, provide a differentiated experience to their clients, improve efficiencies, reduce risks and better manage their businesses. We offer business solutions integrating technology, operating processes and financial products designed to help these institutions better serve their clients and provide opportunities to improve their business success.

Help institutional investors manage retirement plans and operating capital. Retirement plan sponsors, not-for-profit organizations and other institutional investors strive to meet their fiduciary obligations and financial objectives while reducing business risk. We deliver customized investment management solutions, as part of a complete solution offering, that enable investors to make better decisions about their investments and to manage their assets more effectively.

Help affluent individual investors manage their life and wealth goals. These investors demand a holistic wealth management experience that focuses on their life goals and provides them with an integrated array of financial services that includes substantially more than traditional wealth management offerings. We help these investors identify their goals and offer comprehensive life and wealth advisory services including life planning, investments and other financial services.

Expand globally. Global markets are large and present significant opportunities for growth. We have evolved U.S. business models for the global wealth management marketplace, focusing on the needs of institutional investors, private banks, independent wealth advisers, investment managers, investment advisors and affluent individual investors.

Fundamental Principles

We are guided by these fundamental principles in managing the business and adopting these growth strategies:

• Achieve growth in revenue and earnings. We seek to grow the business by providing additional services to clients, adding new clients, introducing new products and adapting products for new markets.

• Forge long-term client relationships. We strive to achieve high levels of customer satisfaction and to forge close and long lasting client relationships. We believe these relationships enable us to market additional services and acquire knowledge and insights that fuel the product development process.

• Invest in product development. We continually enhance products and services to keep pace with industry developments, regulatory requirements and the emerging needs of markets and clients. We believe ongoing investments in research and development give us a sustainable, competitive advantage in our markets.

• Maintain financial strength. We adopt business models that generate recurring revenues and positive cash flows. Predictable cash flows serve as a source of funds for continuing operations, investments in new products, common stock repurchases and dividend payments.

• Leverage investments across the business. We create scalable, enterprise-wide solutions designed to serve the needs of multiple markets, potentially offering operating efficiencies that can benefit corporate profitability.

• Create value for shareholders. The objective of achieving long-term sustainable growth in revenues and earnings strongly influences the management of the business. This philosophy guides corporate management practices, strategic planning activities and employee compensation practices.

Business Solutions

Investment Processing

Investment processing solutions consist of application and business process outsourcing services, professional services and transaction-based services. Clients include providers of institutional and private client wealth management services, including banks, trust companies, independent wealth advisers and other financial services firms. We also deliver these solutions, combined with our investment management programs, to investment advisors and other financial services firms that provide wealth management services to their advisory clients.

Our investment processing solutions are delivered through two platforms: TRUST 3000® and the SEI Wealth PlatformSM (the SEI Wealth Platform or the Platform). We own, maintain and operate the software applications and

information processing facilities for all of our investment processing solutions. Clients access our solutions remotely while fully supported by our data center.

TRUST 3000 is a comprehensive trust and investment accounting system that provides securities processing and investment accounting for all types of domestic and global securities, and support for multiple account types, including personal trust, corporate trust, institutional trust and non-trust investment accounts.

The SEI Wealth Platform is a next-generation solution that provides a global, unified and scalable platform for operating a wealth management business. This comprehensive solution includes investment processing and infrastructure services, and advanced capabilities to support wealth advisory, asset management, and wealth administration functions. The Platform provides global wealth management capabilities including a 24/7 operating model, global securities processing, and multi-currency accounting and reporting. Built around a client-centric relationship model, the Platform has an open architecture and supports workflow management and straight-through processing. We began delivering the SEI Wealth Platform to private banks and independent wealth advisers in the United Kingdom in 2007. Since then, we have signed 20 independent wealth advisers and other wealth managers in the United Kingdom and signed 10 banks in the United States. We have also converted select groups of existing investment advisor clients in the United States.

Investment processing revenues are earned as monthly fees for contracted services including software licenses. Information processing and investment operations revenues are earned based upon the type and number of investor accounts serviced or as a percentage of the market value of the clients' assets processed. These revenues are recognized in Information processing and software servicing fees on the accompanying Consolidated Statements of Operations. Professional services revenues are earned from contracted, project-oriented services, including client implementations, and are recognized in Information processing and software servicing fees on the accompanying Consolidated Statements of Operations.

Transaction-based revenues are earned from trade execution services and are recognized as Transaction-based and trade execution fees on the accompanying Consolidated Statements of Operations.

Investment Management Programs

Investment management programs consist of money market, fixed-income and equity mutual funds, collective investment products, alternative investment portfolios and separately managed accounts. We serve as the sponsor, administrator and investment advisor for many of these products. We distribute these programs through investment advisory firms, including investment advisors and banks, and directly to institutional and individual investors. We have expanded these investment management programs to include other consultative, operational and technology components, and have created comprehensive solutions tailored to the needs of a specific market. These components may include investment strategies, consulting services, administrative and processing services and technology tools. Investors in our investment programs typically follow an investment strategy constructed according to our disciplined investment process and invest in a globally diversified portfolio that consists of multiple asset classes and investment styles. Our investment process is based on five principles: asset allocation and appropriate diversification, both of which are important to investment performance; a portfolio design process that identifies the drivers of investment returns for each asset class; manager selection, where we act as a manager-of-managers, selecting style-specific managers from a global network of money managers; a portfolio construction process implemented through selected managers, and diversified among asset classes and drivers of investment returns; and risk management processes that monitor portfolios to ensure risk objectives are met.

As of December 31, 2014, SEI managed \$170.1 billion in assets including: \$136.1 billion invested in fixed-income and equity funds and separately managed account programs; \$13.0 billion invested in liquidity or money market funds; and \$21.0 billion invested in collective trust fund programs. An additional \$82.7 billion in assets is managed by our unconsolidated affiliate LSV, a registered investment advisor that specializes in a value equity management style for their clients.

Revenues from investment management programs are primarily earned as a percentage of net assets under management. These revenues are recognized in Asset management, administration and distribution fees on the accompanying Consolidated Statements of Operations. Our interest in the earnings of LSV is recognized in Equity in earnings of unconsolidated affiliates on the accompanying Consolidated Statements of Operations.

Investment Operations

Investment operations outsourcing solutions consist of accounting and administration services, and distribution support services. We deliver these solutions to investment management firms that offer traditional and alternative products. We support traditional managers who advise a variety of investment products including mutual funds, UCITS schemes, collective investment trusts (CITs), exchange-traded funds (ETFs), institutional accounts and separately managed accounts. We also

provide comprehensive solutions to investment managers worldwide that sponsor and distribute alternative investments such as hedge funds, funds of hedge funds, private equity funds and real estate funds, across both registered and partnership structures.

Accounting and administration services include account and fund administration, investment portfolio and fund accounting; cash administration and treasury services; trade capture, settlement and reconciliation; trustee and custodial services; legal, audit and tax support; and investor services. Distribution support services may include access to distribution platforms and market and industry analyses to identify specific product distribution opportunities. These solutions are delivered by utilizing a highly integrated, robust and scalable technology platform adapted to fit the specific business needs of our investment manager clients.

As of December 31, 2014, we administered \$372.6 billion in client assets for traditional and alternative investment fund products, including mutual funds, hedge funds and private equity funds. Revenues from these products are primarily earned as a percentage of net assets under administration.

Revenues for the processing of institutional separate accounts and separately managed accounts are generally earned on the number of investor accounts serviced. Assets associated with this separate account processing are not included in reported assets under administration. Both revenue categories are recognized in Asset management, administration and distribution fees on the accompanying Consolidated Statements of Operations.

Business Segments

Business segments are generally organized around our target markets. Financial information about each business segment is contained in Note 13 to the Consolidated Financial Statements. Our business segments are:

Private Banks – provides investment processing and investment management programs to banks and trust institutions, independent wealth advisers and financial advisors worldwide;

Investment Advisors – provides investment management programs to affluent investors through a network of independent registered investment advisors, financial planners and other investment professionals in the United States;

Institutional Investors – provides investment management programs and administrative outsourcing solutions to retirement plan sponsors, hospitals and not-for-profit organizations worldwide;

Investment Managers – provides investment operations outsourcing solutions to fund companies, banking institutions and both traditional and non-traditional investment managers worldwide; and

Investments in New Businesses – focuses on providing investment management programs to ultra-high-net-worth families residing in the United States; developing internet-based investment services and advice solutions; entering new markets; and conducting other research and development activities.

The percentage of consolidated revenues generated by each business segment for the last three years was:

	2014	2013	2012	
Private Banks	35	% 35	% 37	%
Investment Advisors	22	% 21	% 20	%
Institutional Investors	22	% 23	% 23	%
Investment Managers	20	% 20	% 19	%
Investments in New Businesses	1	% 1	% 1	%
	100	% 100	% 100	%

Private Banks

The Private Banks segment delivers a comprehensive outsourcing solution integrating investment processing services, investment management and distribution programs, and business expertise to banks and trust institutions, independent wealth advisers and financial advisors worldwide.

We offer TRUST 3000 investment processing as an application solution or as a business processing solution.

Application solution clients outsource investment processing technology software services and information processing to SEI, but retain responsibility for back-office investment operations. Business processing solution clients outsource investment operations in addition to application services. Investment operations includes custody and safekeeping of certain assets, income collection, securities settlement and other related trust activities.

Contracts with TRUST 3000 clients have initial terms that are generally three to seven years in length. At December 31, 2014, we had significant relationships with 101 bank and trust institutions in the United States. Our

principal competitors for this business are: Fidelity National Information Services, Inc. (FIS), SunGard Data Systems Inc., State Street Corporation, Fi-Tek

LLC, Charles Schwab & Co., Inc. and Fidelity Investments. Many large financial institutions develop, operate and maintain proprietary investment and trust accounting systems. We consider these “in-house” solutions to be a form of competition.

Our marketing efforts in this segment are focused on the SEI Wealth Platform, as we now have an installed base of operating clients in both the United Kingdom and the United States. We believe the Platform addresses the needs of large global wealth managers that seek to engage their clients and investors in an increasingly digital world, address the growing complexity of their operations and legacy platforms, comply with complex regulations, and make more effective use of capital by outsourcing wealth management services.

We currently offer the SEI Wealth Platform as a business processing solution. New Platform clients undergo a business transformation process that includes either a conversion of existing client assets, or a business transition process which funds new client assets onto the Platform as the client grows their business with a contractual minimum fee in place. We begin to earn processing revenues when the client completes the transformation process and commences operation.

In 2015, we expect to continue our focus on capturing a large U.S. bank as an early adopter of the SEI Wealth Platform while growing current clients on the Platform and implementing signed clients. We will also continue to manage our current TRUST 3000 relationships toward eventual conversion to the Platform.

Contracts with SEI Wealth Platform clients have initial terms that are generally five to seven years in length. At December 31, 2014, we had significant relationships with 30 banks, independent wealth advisers and other wealth managers located in the United Kingdom and the United States. Our principal competitors for this business, in addition to those named above, are: Pershing LLC, FNZ UK Ltd., Temenos Group AG, Avaloq, SS&C Technologies, Fiserv, Inc. and smaller technology firms. We also consider “in-house” solutions to be a form of competition.

This segment also offers investment management and distribution programs for banks, wealth managers and other financial services intermediaries. These programs start with SEI’s standard investment solutions, strategies, funds, and investment services. We can also deliver customized solutions including asset management strategies, as well as investment manager and portfolio research services. Increasingly, asset management distributors with established platforms are seeking to grow their businesses by offering broader investment solutions while outsourcing non-client facing investment services activities. We believe we offer our distribution partners a cost-effective way to grow their businesses and offer their investors differentiated investment choices, such as SEI’s goal-based investing solution. In 2015, we expect to drive continued momentum in this solution.

At December 31, 2014, we had approximately 330 asset management distribution clients. We also had single-product relationships with approximately 80 additional banks and trust institutions. The principal competitors for this business are: Federated Investors, Inc., Russell Investment Group, Fidelity Investments, Franklin Templeton Investments, discretionary portfolio managers and various multi-manager investment programs offered by other firms. We also consider “in-house” internal asset management capabilities to be a form of competition.

Investment Advisors

The Investment Advisors segment offers investment management solutions throughout the United States to registered investment advisors, financial planners and life insurance agents, many of whom are registered with independent broker-dealers. These investment management solutions include our investment management programs and back-office investment processing outsourcing services and are usually offered on a bundled basis. We also help advisors manage and grow their businesses by giving them access to our marketing support programs, business assessment assistance and recommended management practices. We believe our solutions help investment advisors reduce risk, improve quality and gain operational efficiency to devote more of their resources to servicing their clients and acquiring new clients.

Advisors are responsible for the investor relationship which includes creating financial plans, implementing investment strategies and educating and servicing their customers. Advisors may customize portfolios to include separate account managers provided through our programs as well as SEI-sponsored mutual funds. Our wealth and investment programs are designed to be attractive to affluent or high-net-worth individual investors with over \$250 thousand of investable assets and small to medium-sized institutional plans.

We continually enhance our offering to meet the emerging needs of our advisors and their end clients. We anticipate the enhanced service offerings enabled through the SEI Wealth Platform will provide a more diverse range of back-office, front-office and client-facing investment processing outsourcing services and investment management solutions. In 2015, we expect to convert additional advisors onto the Platform, continue our focus on recruiting new advisors and improving net cash flows.

We estimate we have business relationships with over 6,100 financial advisors at December 31, 2014. Our definition of a client for this segment includes financial advisors who have exceeded a minimal level of customer assets invested in our investment

products. With the growth of our business, the minimal level of customer assets which defines a "business relationship" is adjusted from time to time. Our business is primarily based on approximately 1,550 investment advisors who, at December 31, 2014, had at least \$5.0 million each in customer assets invested in our mutual funds and separately managed accounts. Revenues are earned largely as a percentage of average assets under management. The principal competition for our investment management products is from other money managers, other turnkey asset management providers, mutual fund companies, custody service providers and the proprietary investment management programs of broker dealers. In the advisor distributor channel, the principal competitors include AssetMark Investment Services Inc., Brinker Capital, EnvestNet Asset Management, Inc., Fidelity Investments, Lockwood Advisors, Inc., a subsidiary of The Bank of New York Mellon, Charles Schwab & Co., Inc., and other broker-dealers. As we introduce the Platform, we expect to more directly compete with custody service providers.

Institutional Investors

The Institutional Investors segment offers fiduciary management solutions for retirement plan sponsors, healthcare systems and not-for-profit organizations globally. Clients can outsource their investment management needs through an open architecture platform supported with administrative services for defined benefit plans, defined contribution plans, endowments, foundations and balance sheet assets.

The fiduciary management program provides an investment strategy customized to the client's financial status and goals, while integrating a multimanager investment process, plan administration services and advisory services. Plan administration services include trustee, custodial, and benefit payment services. Advisory services include asset liability modeling and customization of an asset allocation plan that is designed to meet long-term objectives. By outsourcing retirement plan services, we believe clients benefit from an investment approach built around a strategy designed to meet the client's long-term business and plan objectives and a process that alleviates the responsibility of manager selection, ongoing monitoring and termination. This approach is designed to reduce business risk, provide ongoing due diligence and increase operational efficiency. Nonprofit organizations can manage volatility through more diversified portfolios and focus more resources on achieving their overall mission. Healthcare organizations benefit from customized asset allocations that help provide improved balance sheet protection and overall financial risk management.

In 2015, we expect to continue to build a globally-diversified institutional client base, provide our clients with value-added advice and discretionary services, and place increased emphasis on defined contribution sales opportunities.

Fees are primarily earned as a percentage of average assets under management. At December 31, 2014, we had relationships with approximately 480 investment management clients. The principal competitors for this segment are Mercer, Aon Hewitt, Towers Watson, Russell Investments, Northern Trust Company and other investment consultants.

Investment Managers

The Investment Managers segment supplies investment organizations of all types with the advanced operating infrastructure they need to be competitive while navigating a host of business and regulatory challenges. Our comprehensive global operations platform provides asset managers with customized and integrated capabilities in the areas of fund administration, fund accounting, data and information management, risk management and compliance support.

We work with a diverse and sophisticated group of traditional, alternative and sovereign wealth managers, including close to one-third of the top 100 managers worldwide. Clients choose our full-service offering because of its flexibility, speed and ability to support their diverse business needs across multiple product types and structures, investment strategies and asset classes. Our investment manager clients offer a variety of packaging types, including hedge funds, private equity funds, mutual funds, separate accounts, ETFs, UCITS, unit trusts and closed end funds. For clients who desire to manage assets within a collective investment trust, we offer trustee and investment management services in addition to the administration services described above. Because our operational platform enables managers to view their business in such a comprehensive and integrated way, it gives them more control over their business risks and results.

Over the past few years, investors have faced multiple market crises and rising volatility. Investment managers have responded with a range of innovative products designed to better manage volatility and downside risk, and offer alternatives to the pure long-only investing strategy historically used in traditional markets. The clear line that had once separated traditional and alternative investment products continues to blur as traditional managers utilize tools historically used by alternative managers, while alternative managers increasingly are launching registered products and taking advantage of broader, and different, distribution channels. Additionally, as competitiveness will increasingly be based on capabilities other than just investment expertise, we have offered managers solutions that help them gain scale and efficiency, run their businesses more intelligently,

and be more responsive to investor needs. We also continually enhance our solutions to anticipate and adapt to economic, regulatory and industry changes.

In 2015, we expect to continue our efforts to add new asset managers, grow our existing relationships, expand into new markets and further develop our solutions and global operations platform.

Contracts for our fund administration outsourcing services generally have terms ranging from three to five years. Fees are primarily earned as a percentage of average assets under management and administration. A portion of the revenues for this segment are earned as account servicing fees. At December 31, 2014, we had relationships with approximately 248 investment management companies and alternative investment managers. Our competitors vary according to the asset class or solution provided and include large global custodian banks such as State Street, BNY Mellon and Northern Trust as well as independently owned firms such as SS&C Technologies and Citco.

Investments in New Businesses

The Investments in New Businesses segment represents other business ventures or research and development activities intended to expand our solutions to new or existing markets including ultra-high-net-worth families who reside in the United States. This segment also includes the costs associated with the business development in the Middle East through our Dubai office, the development of new internet-based investment services and mobile technologies and the integration of specific front office client management technology purchased in 2012. The family wealth management solution offers flexible family-office type services through a highly personalized solution while utilizing the Manager-of-Managers investment process.

The principal competitors for the family wealth solution are diversified financial services providers focused on the ultra-high-net-worth market.

Research and Development

We are devoting significant resources to research and development, including expenditures for new technology platforms, enhancements to existing technology platforms and new investment products and services. We spent approximately \$98.6 million in 2014, \$91.8 million in 2013, and \$79.6 million in 2012, of which we capitalized approximately \$34.9 million in 2014, \$30.7 million in 2013 and \$31.0 million in 2012 relating to the development of new technology platforms. The amount of research and development expenditures capitalized in 2013 is exclusive of a one-time contractual payment of \$8.8 million to exercise a conversion option in lieu of periodic fee payments pertaining to a software license for functionality utilized by the SEI Wealth Platform. Total research and development expenditures as a percentage of revenues were 7.8 percent in 2014, 8.2 percent in 2013 and 8.0 percent in 2012. Our research and development expenditures are included in Compensation, benefits and other personnel and Consulting, outsourcing and professional fees on the accompanying Consolidated Statements of Operations.

The majority of our research and development spending is related to building the SEI Wealth Platform, which combines business service processing with asset management and distribution services. The Platform offers to our customers a client-centric, rather than an account-centric, process with model-based portfolio management services through a single platform. The Platform utilizes our proprietary applications with those built by third-party providers and integrates them into a single technology solution, providing a common user experience. This integration supports straight-through business processing and enables the transformation of our clients' trust services from operational investment processing services to client value-added services.

The solution will serve markets in the United States, United Kingdom, Canada and continental European markets. The Platform provides the technology infrastructure for the business solutions now being marketed to private banks and independent wealth adviser organizations in the United States and the United Kingdom. We believe the demand for the advanced capabilities of the Platform will enable us to significantly extend, expand and improve the services we offer in the Investment Advisors segment.

The Platform will eventually be used at some level by most of our business segments representing a significant upgrade to our infrastructure. The Platform will enable SEI and our clients to manage the entire lifecycle of wealth services through a single solution. The workflow automation, firm's business rules and straight through processing to the street will dramatically change the client experience, help firms manage risk and allow for total transparency.

Marketing and Sales

Our business solutions are directly marketed to potential clients in our target markets. At January 30, 2015, we employed 104 sales representatives who operate from offices located throughout the United States, Canada, the United Kingdom, continental Europe, South Africa, Asia and other locations.

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Customers

In 2014, no single customer accounted for more than ten percent of revenues in any business segment.

Personnel

At January 30, 2015, we had 2,772 full-time and 52 part-time employees. Employee unions do not represent any of our employees. Management considers employee relations to be generally good.

Regulatory Considerations

Our principal, regulated wholly-owned subsidiaries are SEI Investments Distribution Co., or SIDCO, SEI Investments Management Corporation, or SIMC, SEI Private Trust Company, or SPTC, SEI Trust Company, or STC, and SEI Investments (Europe) Limited, or SIEL. SIDCO is a broker-dealer registered with the SEC under the Securities and Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA). SIMC is an investment advisor registered with the SEC under the Investment Advisers Act of 1940 and with the Commodity Futures Trading Commission (CFTC) under the Commodity Futures Exchange Act. SPTC is a limited purpose federal thrift chartered and regulated by the Office of the Comptroller of the Currency. STC is a Pennsylvania trust company, regulated by the Pennsylvania Department of Banking and Securities. SIEL is an investment manager and financial institution subject to regulation by the Financial Conduct Authority of the United Kingdom. In addition, various SEI subsidiaries are subject to the jurisdiction of regulatory authorities in Canada, the Republic of Ireland and other foreign countries. The Company has a minority ownership interest of approximately 39.3 percent in LSV, which is also an investment advisor registered with the SEC.

The Company, its regulated subsidiaries, their regulated services and solutions and their customers are all subject to extensive legislation, regulation and supervision that recently has been subject to, and continues to experience, significant change and increased regulatory activity. These changes and regulatory activities could have a material adverse effect on us and our clients.

The various governmental agencies and self-regulatory authorities that regulate or supervise the Company and its subsidiaries have broad administrative powers. In the event of a failure to comply with laws, regulations and requirements of these agencies and authorities, the possible sanctions that may be imposed include the suspension of individual employees, limitations on our ability to engage in business for specified periods of time, the revocation of applicable registration as a broker-dealer, investment advisor or other regulated entity, and, as the case may be, censures and fines. Additionally, certain securities and banking laws applicable to us and our subsidiaries provide for certain private rights of action that could give rise to civil litigation. Any litigation could have significant financial and non-financial consequences including monetary judgments and the requirement to take action or limit activities that could ultimately affect our business.

Governmental scrutiny from regulators, legislative bodies and law enforcement agencies with respect to matters relating to our regulated subsidiaries and their activities, services and solutions, our business practices, our past actions and other matters has increased dramatically in the past several years. Responding to these examinations, investigations, actions and lawsuits, regardless of the ultimate outcome of the proceeding, is time consuming and expensive and can divert the time and effort of our senior management from our business. Penalties and fines sought by regulatory authorities have increased substantially over the last several years, and certain regulators have been more likely in recent years to commence enforcement actions or to advance or support legislation targeted at the financial services industry. We continue to be subject to inquiries from examinations and investigations by supervisory and enforcement divisions of regulatory authorities and expect this to continue in the future. We believe this is also the case with many of our regulated clients. Governmental scrutiny and legal and enforcement proceedings can also have a negative impact on our reputation, our relationship with clients and prospective clients, and on the morale and performance of our employees, which could adversely affect our businesses and results of operations. We are subject to the USA PATRIOT Act of 2001, which contains anti-money laundering and financial transparency laws and requires implementation of regulations applicable to financial services companies, including standards for verifying client identification and monitoring client transactions and detecting and reporting suspicious activities. Anti-money laundering laws outside the United States contain similar requirements. We offer investment and banking solutions that also are subject to regulation by the federal and state securities and banking authorities, as well as foreign regulatory authorities, where applicable. Existing or future regulations that affect these solutions could lead to

a reduction in sales of these solutions or require modifications of these solutions.

Compliance with existing and future regulations and responding to and complying with recent increased regulatory activity affecting broker-dealers, investment advisors, investment companies, financial institutions and their service providers could have a significant impact on us. We periodically undergo regulatory examinations and respond to regulatory inquiries and document requests. In addition, recent legislative activity in the United States (including the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and attendant rule making activities) and in other jurisdictions (including the European Union and the United Kingdom) have made and continue to make, extensive changes to the laws regulating financial services

firms. As a result of these examinations, inquiries and requests, as a result of increased civil litigation activity, and as a result of these new laws and regulations, we engage legal counsel, review our compliance procedures, solution and service offerings, and business operations, and make changes as we deem necessary. These additional activities and required changes may result in increased expense or may reduce revenues.

Our bank clients are subject to supervision by federal and state banking authorities concerning the manner in which such clients purchase and receive our products and services. Our plan sponsor clients and our subsidiaries providing services to those clients are subject to supervision by the Department of Labor and compliance with employee benefit regulations. Investment advisor and broker-dealer clients are regulated by the SEC, state securities authorities, or FINRA. Existing or future regulations applicable to our clients may affect our clients' purchase of our products and services.

In addition, see the discussion of governmental regulations in Item 1A "Risk Factors" for a description of the risks that proposed regulatory changes may present for our business.

Available Information

We maintain a website at www.seic.com and make available free of charge through the Investors section of this website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We include our website in this Annual Report on Form 10-K only as an inactive textual reference and do not intend it to be an active link to our website. The material on our website is not part of this Annual Report on Form 10-K.

Item 1A. Risk Factors.

We believe that the risks and uncertainties described below are those that impose the greatest threat to the sustainability of our business. However, there are other risks and uncertainties that exist that may be unknown to us or, in the present opinion of our management, do not currently pose a material risk of harm to us. The risk and uncertainties facing our business, including those described below, could materially adversely affect our business, results of operations, financial condition and liquidity.

Our revenues and earnings are affected by changes in capital markets. A majority of our revenues are earned based on the value of assets invested in investment products that we manage or administer. Significant fluctuations in securities prices may materially affect the value of these assets and may also influence an investor's decision to invest in and maintain an investment in a mutual fund or other investment product. As a result, our revenues and earnings derived from assets under management and administration could be adversely affected.

We are dependent on third party pricing services for the valuation of securities invested in our investment products. The majority of the securities held by our investment products are valued using quoted prices from active markets gathered by external third party pricing services. Securities for which market prices are not readily available are valued in accordance with procedures applicable to that investment product. These procedures may utilize unobservable inputs that are not gathered from any active markets and involve considerable judgment. If these valuations prove to be inaccurate, our revenues and earnings from assets under management could be adversely affected.

We are exposed to product development risk. We continually strive to increase revenues and meet our customers' needs by introducing new products and services. As a result, we are subject to product development risk, which may result in loss if we are unable to develop and deliver products to our target markets that address our clients' needs and that are developed on a timely basis and reflect an attractive value proposition. The majority of our product development risk pertains to the SEI Wealth Platform, our newest technology that serves U.K., European and U.S. clients. It is designed to drive our entry into global private bank and wealth services markets and expand our U.S. market opportunity, improve client experience capabilities and strengthen operating efficiencies by providing straight through business processing solutions and transform the front, middle and back office operations that exist today. New product development is primarily for the purpose of enhancing our competitive position in the industry. In the event that we fail to develop products or services at an acceptable cost or on a timely basis or if we fail to deliver products and services which are of sound, economic value to our clients and our target markets, or an inability to support the product in a cost-effective and compliant manner, we may recognize significant financial losses.

We are dependent upon third-party service providers in our operations. We utilize numerous third-party service providers located in the United States, the United Kingdom and other offshore locations in our operations, in the development of new products, and in the maintenance of our proprietary systems. A failure by a third-party service provider could expose us to an inability to provide contractual services to our clients in a timely basis. Additionally, if a third-party service provider is unable

to provide these services, we may incur significant costs to either internalize some of these services or find a suitable alternative.

We serve as the investment advisor for many of the products offered through our investment management programs and utilize the services of investment sub-advisers to manage the majority of these assets. A failure in the performance of our due diligence processes and controls related to the supervision and oversight of these firms in detecting and addressing conflicts of interest, fraudulent activity, noncompliance with relevant securities and other laws could cause us to suffer financial loss, regulatory sanctions or damage to our reputation.

We are exposed to operational risks. Operational risk generally refers to the risk of loss resulting from our operations, including, but not limited to, improper or unauthorized execution and processing of transactions, deficiencies in our operating systems, inefficiencies in our operational business units, business disruptions and inadequacies or breaches in our internal control processes. We operate different businesses in diverse markets and are reliant on the ability of our employees and systems to process large volumes of transactions often within short time frames. In the event of a breakdown or improper operation of systems, human error or improper action by employees, we could suffer financial loss, regulatory sanctions or damage to our reputation. In order to mitigate and control operational risk, we continue to enhance policies and procedures that are designed to identify and manage operational risk.

We are exposed to systems and technology risks. Through our proprietary systems, we maintain and process data for our clients that is critical to their business operations. An unanticipated interruption of service may have significant ramifications, such as lost data, damaged software codes, or inaccurate processing of transactions. As a result, the costs necessary to rectify these problems may be substantial. Our continued success also depends in part on our ability to protect our proprietary technology and solutions and to defend against infringement claims of others. We primarily rely upon trade secret law, software security measures, copyrights and confidentiality restrictions in contracts with employees, vendors and customers. Our industry is characterized by the existence of a large number of trade secrets, copyrights and the rapid issuance of patents, as well as frequent litigation based on allegations of infringement or other violations of intellectual property rights of others. A successful assertion by others of infringement claims or a failure to maintain the confidentiality and exclusivity of our intellectual property may have a material adverse effect on our business and financial results.

We are exposed to data and cyber security risks. A failure to safeguard the integrity and confidentiality of client data and our proprietary data from the infiltration by an unauthorized user may lead to modifications or theft of critical and sensitive data pertaining to us or our clients. We have established a strategy designed to protect against threats and vulnerabilities containing preventive and detective controls including, but not limited to, firewalls, intrusion detection systems, computer forensics, vulnerability scanning, server hardening, penetration testing, anti-virus software, data leak prevention, encryption and centralized event correlation monitoring. Despite our efforts to ensure the integrity of our proprietary systems and information, it is possible that we may not be able to anticipate or to implement effective preventive measures against all cyber threats, especially because the methods used change frequently or are not recognized until launched. Additionally, security breaches or disruptions of our proprietary systems, or those of our service providers, could impact our ability to provide services to our clients, which could expose us to liability for damages which may not be covered by insurance, result in the loss of customer business, damage our reputation, subject us to regulatory scrutiny or expose us to civil litigation. In addition, the failure to upgrade or maintain our computer systems, software and networks, as necessary, could also make us susceptible to breaches and unauthorized access and misuse. We may be required to expend significant additional resources to modify, investigate or remediate vulnerabilities or other exposures arising from data and cyber security risks. Furthermore, even if not directed at us specifically, attacks on other financial institutions could disrupt the overall functioning of the financial system. As a result of the importance of communications and information systems to our business, we could also be adversely affected if attacks affecting our third party service providers impair our ability to process transactions and communicate with clients and counterparties.

Poor investment performance may affect our revenues and earnings. Our ability to maintain our existing clients and attract new clients may be negatively affected if the performance of our mutual funds and other investment products, relative to market conditions and other comparable competitive investment products, is lower. Investors may decide to place their investable funds elsewhere which would reduce the amount of assets we manage resulting in a decrease in

our revenues and earnings.

Our earnings and cashflows are affected by the performance of LSV. We maintain a minority ownership interest in LSV which is a significant contributor to our earnings. We also receive partnership distribution payments from LSV on a quarterly basis which contribute to our operating cashflows. LSV is a registered investment advisor that provides investment advisory services to institutions, including pension plans and investment companies. LSV is a value-oriented, contrarian money manager offering a deep-value investment alternative utilizing a proprietary equity investment model to identify securities generally considered to be out of favor by the market. Volatility in the capital markets or poor investment performance on the part of LSV, on a relative basis or an absolute basis, could result in a significant reduction in their assets under management and revenues and a

reduction in performance fees. Consequently, LSV's contribution to our earnings through our minority ownership as well as to our operating cashflows through LSV's partnership distribution payments could be adversely affected. In addition, we provided an unsecured guaranty for \$45.0 million of the obligations of LSV Employee Group III in connection with their purchase of a partnership interest in LSV, of which \$38.7 million remains outstanding at December 31, 2014. The ability of LSV Employee Group III to successfully repay their loan obligation subject to our guaranty is dependent upon the level of quarterly partnership distribution payments from LSV. In the event that LSV Employee Group III does not receive sufficient partnership distribution payments from LSV or is otherwise unable to meet all of their financial obligations regarding the loan, the lenders have the right to seek payment from us for the outstanding obligations. The repayment of such obligations related to our guaranty agreement may negatively affect our operating results, liquidity and financial condition.

Our Company and our clients are subject to extensive governmental regulation. Our various business activities are conducted through entities which may be registered with or regulated by the SEC and CFTC as an investment advisor, a broker-dealer, a transfer agent, or an investment company, and with federal or state banking authorities as a trust company. Our broker-dealer is also a member of the Financial Industry Regulatory Authority and is subject to its rules and oversight. In addition, some of our foreign subsidiaries are registered with, and subject to the oversight of, regulatory authorities primarily in the United Kingdom, the Republic of Ireland and Canada. Many of our clients are subject to substantial regulation by federal and state banking, securities or insurance authorities or the Department of Labor. Compliance with existing and future regulations, responding to and complying with recent regulatory activity affecting broker-dealers, investment advisors, investment companies and their service providers and financial institutions, and examination or other supervisory activities of our regulators or of the regulators of our clients, could have a significant impact on our operations or business or our ability to provide certain products or services.

We offer investment and banking products that also are subject to regulation by the federal and state securities and banking authorities, as well as foreign regulatory authorities, where applicable. Existing or future regulations that affect these products could lead to a reduction in sales of these products or an increase in the cost of providing these products.

The fees and assessments imposed on our regulated subsidiaries by federal, state and foreign regulatory authorities could have a significant impact on us. In the current regulatory environment, the frequency and scope of regulatory reform may lead to an increase in fees and assessments resulting in increased expense, or an increase or change in regulatory requirements which could affect our operations and business.

We are subject to litigation and regulatory examinations and investigations. The financial services industry faces substantial regulatory risks and litigation. Like many firms operating within the financial services industry, we are experiencing a difficult regulatory environment across our markets. Our current scale and reach as a provider to the financial services industry; the increased regulatory oversight of the financial services industry generally; new laws and regulations affecting the financial services industry and ever-changing regulatory interpretations of existing laws and regulations, have made this an increasingly challenging and costly regulatory environment in which to operate. These examinations or investigations could result in the identification of matters that may require remediation activities or enforcement proceedings by the regulator. The direct and indirect costs of responding to these examinations, or of defending ourselves in any litigation could be significant. Additionally, actions brought against us may result in settlements, awards, injunctions, fines and penalties. The outcome of litigation or regulatory action is inherently difficult to predict and could have an adverse effect on our ability to offer some of our products and services.

Consolidation within our target markets may affect our business. Merger and acquisition activity between banks and other financial institutions could reduce the number of existing and prospective clients or reduce the amount of revenue we receive from retained clients. Consolidation activities may also cause larger institutions to internalize some or all of our services. These factors may negatively impact our ability to generate future growth in revenues and earnings.

We are dependent upon third party approvals. Many of the investment advisors through which we distribute our investment offerings are affiliated with independent broker-dealers or other networks, which have regulatory responsibility for the advisor's practice. As part of the regulatory oversight, these broker-dealers or networks must

approve the use of our investment products by affiliated advisors within their networks. Failure to receive such approval, or the withdrawal of such approval, could adversely affect the marketing of our investment products. We are subject to financial and non-financial covenants which may restrict our ability to manage liquidity needs. Our \$300.0 million five-year senior unsecured revolving credit facility (Credit Facility) contains financial and non-financial covenants. The non-financial covenants include restrictions on indebtedness, mergers and acquisitions, sale of assets and investments. In the event of default, we have restrictions on paying dividends and repurchasing our common stock. We have one financial covenant, the Leverage Ratio, which restricts the level of indebtedness we can incur to a maximum of 1.75 times earnings before interest, taxes, depreciation and amortization (EBITDA). We believe our primary risk is with the financial covenant if

we were to incur significant unexpected losses that would impact the EBITDA calculation. This would increase the Leverage Ratio and restrict the amount we could borrow under the Credit Facility. A restriction on our ability to fully utilize our Credit Facility may negatively affect our operating results, liquidity and financial condition.

Changes in, or interpretation of, accounting principles could affect our revenues and earnings. We prepare our consolidated financial statements in accordance with generally accepted accounting principles. A change in these principles can have a significant effect on our reported results and may even retrospectively affect previously reported results.

Changes in, or interpretations of, tax rules and regulations may adversely affect our effective tax rates. Unanticipated changes in our tax rates could affect our future results of operations. Our future effective tax rates could be adversely affected by changes in tax laws or the interpretation of tax laws. We are subject to possible examinations of our income tax returns by the Internal Revenue Service and state and foreign tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations to determine the adequacy of our provision for income taxes, however, there can be no assurance that the final determination of any examination will not have an adverse effect on our operating results or financial position.

Currency fluctuations could negatively affect our future revenues and earnings as our business grows globally. We operate and invest globally to expand our business into foreign markets. Our foreign subsidiaries use the local currency as the functional currency. As these businesses evolve, our exposure to changes in currency exchange rates may increase. Adverse movements in currency exchange rates may negatively affect our operating results, liquidity and financial condition.

Changes in interest rates may affect the value of our fixed-income investment securities. We own Government National Mortgage Association (GNMA) mortgage-backed securities for the sole purpose of satisfying applicable regulatory requirements imposed on our wholly-owned limited purpose federal thrift subsidiary, SPTC. The valuations of these securities are impacted by fluctuations in interest rates. Interest rates during the past several years have remained relatively low. The effect of a rising interest rate environment may negatively impact the value of these securities and thereby negatively affect our financial position and earnings.

We rely on our executive officers and senior management. Most of our executive officers and senior management personnel do not have employment agreements with us. The loss of these individuals may have a material adverse effect on our future operations.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our corporate headquarters is located in Oaks, Pennsylvania and consists of nine buildings situated on approximately 90 acres. We own and operate the land and buildings, which encompass approximately 524,000 square feet of office space and 34,000 square feet of data center space. We lease other offices which aggregate 65,000 square feet. We also own a 3,400 square foot condominium that is used for business purposes in New York, New York.

Item 3. Legal Proceedings.

SEI has been named in six lawsuits filed in Louisiana. Five lawsuits were filed in the 19th Judicial District Court for the Parish of East Baton Rouge. One of the five actions purports to set forth claims on behalf of a class and also names SPTC as a defendant. Two of the other actions also name SPTC as a defendant. All five actions name various defendants in addition to SEI, and, in all five actions, the plaintiffs purport to bring a cause of action against SEI and/or SPTC under the Louisiana Securities Act. Two of the five actions include claims for violations of the Louisiana Racketeering Act and possibly conspiracy. In addition, another group of plaintiffs filed a lawsuit in the 23rd Judicial District Court for the Parish of Ascension against SEI and SPTC and other defendants, asserting claims of negligence, breach of contract, breach of fiduciary duty, violations of the uniform fiduciaries law, negligent misrepresentation, detrimental reliance, violations of the Louisiana Securities Act and Louisiana Racketeering Act, and conspiracy. The underlying allegations in all actions relate to the purported role of SPTC in providing back-office services to Stanford Trust Company. The petitions allege that SEI and SPTC aided and abetted or otherwise participated in the sale of "certificates of deposit" issued by Stanford International Bank.

The case filed in Ascension Parish was removed to federal court and transferred by the Judicial Panel on Multidistrict Litigation to the United States District Court for the Northern District of Texas. The schedule for responding to that petition has not yet been established.

The plaintiffs in two of the cases filed in East Baton Rouge have granted SEI and SPTC an indefinite extension to respond to the petitions.

In a third East Baton Rouge action, brought as a class action, SEI and SPTC filed exceptions, which the Court granted in part, dismissing the claims under the Louisiana Unfair Trade Practices Act. Plaintiffs then filed a motion for class certification, and SEI and SPTC also filed a motion for summary judgment. The Court deferred the motion for summary judgment, stating that the motion would not be set for hearing until after the hearing on class certification. After the Court held a hearing on class certification, it certified a class composed of persons who purchased or renewed any Stanford International Bank certificates of deposit (SIB CDs) in Louisiana between January 1, 2007 and February 13, 2009 or any person for whom the Stanford Trust Company purchased SIB CDs in Louisiana between January 1, 2007 and February 13, 2009. SEI and SPTC filed motions for appeal from the class certification judgments. On February 1, 2013, plaintiffs filed a motion for Leave to File a First Amended and Restated Class Action Petition in which they asked the Court to allow them to amend the petition and add claims against certain of SEI's insurance carriers. On February 5, 2013, the Court granted two of the motions for appeal and the motion for leave to amend. On February 28, 2013, SEI responded to the First Amended and Restated Class Action Petition by seeking dismissal of the action. On March 11, 2013, the newly-added insurance carrier defendants removed the case to the Middle District of Louisiana. SEI notified the Judicial Panel on Multidistrict Litigation (MDL) of this case as a potential tag-along action. Plaintiffs filed a motion to remand the action to state court. On March 25, 2013, SEI filed a motion requesting that the federal court decline to adopt the state court's order regarding class certification, which the court dismissed without prejudice to renew upon a determination of the jurisdictional issue. On August 7, 2013, the MDL Panel transferred the matter against SEI to the Northern District of Texas. On October 1, 2014, SEI filed a renewed motion to dismiss in the Northern District of Texas, and on October 6, 2014, the District Court denied plaintiffs' motion to remand. This case is now pending in the Northern District of Texas, and SEI is awaiting a ruling on its motion to dismiss.

In the two other cases filed in East Baton Rouge, brought by the same counsel who filed the class action, virtually all of the litigation to date has involved motions practice and appellate litigation regarding the existence of federal subject matter jurisdiction under the federal Securities Litigation Uniform Standards Act (SLUSA). After the matter was removed to the United States District Court for the Northern District of Texas, that court dismissed the action under SLUSA. The Court of Appeals for the Fifth Circuit reversed that order, and the Supreme Court of the United States affirmed the Court of Appeals judgment on February 26, 2014. The matter was remanded to state court and no material activity has taken place since that date.

While the outcome of this litigation is uncertain given its early phase, SEI and SPTC believe that they have valid defenses to plaintiffs' claims and intend to defend the lawsuits vigorously. Because of the uncertainty of the make-up of the classes, the specific theories of liability that may survive a motion for summary judgment or other dispositive motion, the lack of discovery regarding damages, causation, mitigation and other aspects that may ultimately bear upon loss, the Company is not reasonably able to provide an estimate of loss, if any, with respect to the foregoing lawsuits.

A lawsuit entitled *Steven Curd and Rebel Curd v. SEI Investments Management Corporation* was filed against SIMC in the United States District Court for the Eastern District of Pennsylvania on December 11, 2013. On August 28, 2014, the Court granted SIMC's motion to dismiss the initial complaint in the lawsuit, but also granted plaintiffs leave to amend the complaint. On October 2, 2014, plaintiffs filed an amended complaint. In the amended complaint, SEI Investments Global Funds Services (SGFS) was added as a defendant. The plaintiffs bring the case as a shareholder derivative action against SIMC and SGFS on behalf of certain SEI funds. The claims are based on Section 36(b) of the Investment Company Act of 1940, as amended, which allows shareholders of a mutual fund to sue the investment adviser of the fund or its affiliates for an alleged breach of fiduciary duty with respect to compensation received by the adviser or its affiliates. The plaintiffs have brought the suit against SIMC and SGFS with respect to five specific SEI Funds: the High Yield Bond, Tax-Managed Large Cap, and Tax-Managed Small/Mid Cap Funds, each of which is a series of the SEI Institutional Managed Trust, the Intermediate Term Municipal Fund, which is a series of the SEI Tax Exempt Trust, and the International Equity Fund, which is a series of the SEI Institutional International Trust (the SEI Funds). The plaintiffs seek: (1) damages for the SEI Funds in the amount of the alleged "excessive" fees earned by SIMC and SGFS beginning from the one year period prior to the filing of the lawsuit, plus interest, costs, and fees; (2) orders declaring that SIMC and SGFS allegedly violated Section 36(b) and enjoining SIMC and SGFS from further

alleged violations; and (3) rescission of SIMC's and SGFS's contracts with the funds, and restitution of all allegedly excessive fees paid beginning from the one year period prior to the filing of the lawsuit, plus interest, costs, and fees. On November 24, 2014, SIMC and SGFS filed a motion to dismiss the amended complaint. The court has not yet ruled on that motion. While the outcome of this litigation is uncertain given its early phase, SIMC and SGFS believe that they have valid defenses to plaintiffs' claims and intend to defend the lawsuit vigorously, and SIMC and SGFS are not reasonably able to provide an estimate of the ultimate loss, if any, with respect to this lawsuit.

On November 26, 2014, a Writ of Summons was issued to two of our subsidiaries, SEI Investments - Global Fund Services Limited (GFSL) and SEI Investments - Trustee & Custodial Services (Ireland) Limited (T&C), to appear before the Court of First Instance Antwerp, Belgium on March 11, 2015. The plaintiffs in this case allege that through their initial investments in collective investment funds domiciled in Netherlands and subsequent transfer of claim rights to a Belgium domiciled partnership, they are beneficial owners of a portfolio of life settlement policies (the Portfolio) which lapsed due to a failure to make premium payments. The plaintiffs seek to recover jointly and severally from nine defendants including GFSL and T&C, damages of approximately \$84 million. GFSL and T&C's involvement in the litigation appears to arise out of their historical

provision of administration and custody services respectively, to the Strategic Life Settlement Fund PLC, who, together with its managers, appear to be the principal defendants in this claim. While the outcome of this action is uncertain given its early phase and the lack of specific theories of liability asserted against GFSL and T&C, each of GFSL and T&C believe that they have valid defenses to plaintiffs' claims and intend to defend the lawsuit vigorously.

Executive Officers of the Registrant

Information about our executive officers is contained in Item 10 of this report and is incorporated by reference into this Part I.

Item 4. Mine Safety Disclosures.

None.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Price Range of Common Stock and Dividends:

Our common stock is traded on The Nasdaq Global Select Market® (NASDAQ) under the symbol "SEIC." The following table shows the high and low sales prices for our common stock as reported by NASDAQ and the dividends declared on our common stock for the last two years. Our Board of Directors intends to declare future dividends on a semiannual basis.

	High	Low	Dividends
2014			
First Quarter	\$35.57	\$32.38	\$—
Second Quarter	33.80	29.93	0.22
Third Quarter	38.14	31.90	—
Fourth Quarter	41.22	32.95	0.24
2013	High	Low	Dividends
First Quarter	\$29.22	\$23.80	\$—
Second Quarter	31.29	27.08	0.20
Third Quarter	32.64	27.84	—
Fourth Quarter	34.97	30.19	0.22

According to the records of our transfer agent, there were 332 holders of record of our common stock on January 30, 2015. Because many of such shares are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

For information on our equity compensation plans, refer to Note 8 to the Consolidated Financial Statements and Item 12 of this Annual Report on Form 10-K.

ASSUMES \$100 INVESTED ON JANUARY 1, 2010 & DIVIDENDS REINVESTED
FISCAL YEAR ENDED DECEMBER 31,

Issuer Purchases of Equity Securities:

Our Board of Directors has authorized the repurchase of up to \$2.578 billion worth of our common stock through multiple authorizations. Currently, there is no expiration date for our common stock repurchase program (See Note 8 to the Consolidated Financial Statements).

Information regarding the repurchase of common stock during the three months ended December 31, 2014 is:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
October 1 – 31, 2014	140,000	\$38.12	140,000	\$ 59,937,000
November 1 – 30, 2014	588,000	39.12	588,000	36,928,000
December 1 – 31, 2014	855,000	40.04	855,000	102,713,000
Total	1,583,000	\$39.53	1,583,000	

Item 6. Selected Financial Data.

(In thousands, except per-share data)

This table presents selected consolidated financial information for the five-year period ended December 31, 2014.

This data should be read in conjunction with the financial statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in this Annual Report on Form 10-K.

Year Ended December 31,	2014	2013	2012	2011	2010
Revenues	\$1,266,005	\$1,126,132	\$992,522	\$929,727	\$900,835
Total expenses	913,221	877,723	780,956	725,662	683,302
Income from operations	352,784	248,409	211,566	204,065	217,533
Other income (expense)	136,878	186,989	117,930	114,422	152,248
Income before income taxes	489,662	435,398	329,496	318,487	369,781
Income taxes	170,949	146,924	121,462	111,837	136,461
Net income	318,713	288,474	208,034	206,650	233,320
Less: Net income attributable to the noncontrolling interest	—	(350)	(1,186)	(1,691)	(1,633)
Net income attributable to SEI Investments	318,713	288,124	206,848	204,959	231,687
Basic earnings per common share	\$1.8				