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

FORM 10-Q

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

For the quarterly period ended March 31, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OF 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)

(610) 676-1000
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	SEIC	The NASDAQ Stock Market LLC

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 x No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes x No ☐

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

Large accelerated filer	x	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares outstanding of the registrant's common stock, as of the close of business on April 21, 2022:

Common Stock, $0.01 par value	**137,265,550**

SEI INVESTMENTS COMPANY

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements.

SEI Investments Company
Consolidated Balance Sheets
(unaudited)
(In thousands, except par value)

	March 31, 2022	December 31, 2021
Assets		
Current Assets:		
Cash and cash equivalents	$ 907,831	$ 831,407
Restricted cash	351	351
Receivables from investment products	57,584	59,036
Receivables, net of allowance for doubtful accounts of $1,388 and $1,602	437,844	441,609
Securities owned	31,258	28,267
Other current assets	46,115	43,559
Total Current Assets	1,480,983	1,404,229
Property and Equipment, net of accumulated depreciation of $417,041 and $409,248	180,458	178,869
Operating Lease Right-of-Use Assets	31,024	33,614
Capitalized Software, net of accumulated amortization of $558,861 and $545,307	236,481	243,446
Available for Sale and Equity Securities	134,717	129,541
Investments in Affiliated Funds, at fair value	7,270	6,916
Investment in Unconsolidated Affiliate	52,778	107,918
Goodwill	117,434	117,232
Intangible Assets, net of accumulated amortization of $20,969 and $17,716	65,339	68,782
Deferred Contract Costs	35,847	36,236
Deferred Income Taxes	2,706	2,983
Other Assets, net	27,569	24,936
Total Assets	$ 2,372,606	$ 2,354,702

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company
Consolidated Balance Sheets
(unaudited)
(In thousands, except par value)

	March 31, 2022	December 31, 2021
Liabilities and Equity		
Current Liabilities:		
Accounts payable	$ 8,037	$ 10,312
Accrued liabilities	250,468	324,382
Current portion of long-term operating lease liabilities	11,219	11,328
Deferred revenue	15,422	9,721
Total Current Liabilities	285,146	355,743
Borrowings Under Revolving Credit Facility	30,000	40,000
Long-term Income Taxes Payable	803	803
Deferred Income Taxes	36,561	48,876
Long-term Operating Lease Liabilities	24,997	27,639
Other Long-term Liabilities	22,016	20,878
Total Liabilities	399,523	493,939
Commitments and Contingencies		
Shareholders' Equity:		
Common stock, $0.01 par value, 750,000 shares authorized; 137,219 and 138,449 shares issued and outstanding	1,372	1,384
Capital in excess of par value	1,266,320	1,246,608
Retained earnings	733,572	632,614
Accumulated other comprehensive loss, net	(28,181)	(19,843)
Total Shareholders' Equity	1,973,083	1,860,763
Total Liabilities and Shareholders' Equity	$ 2,372,606	$ 2,354,702

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company
Consolidated Statements of Operations
(unaudited)
(In thousands, except per share data)

	Three Months Ended March 31,	
	2022	2021
Revenues:		
Asset management, administration and distribution fees	$ 394,097	$ 367,646
Information processing and software servicing fees	187,346	88,040
Total revenues	581,443	455,686
Expenses:		
Subadvisory, distribution and other asset management costs	53,128	50,164
Software royalties and other information processing costs	7,547	5,742
Compensation, benefits and other personnel	160,484	137,221
Stock-based compensation	10,566	9,752
Consulting, outsourcing and professional fees	62,491	54,340
Data processing and computer related	29,816	25,721
Facilities, supplies and other costs	17,627	17,248
Amortization	16,887	14,352
Depreciation	8,098	8,309
Total expenses	366,644	322,849
Income from operations	214,799	132,837
Net (loss) gain from investments	(489)	332
Interest and dividend income	848	945
Interest expense	(250)	(123)
Equity in earnings of unconsolidated affiliate	32,459	33,350
Income before income taxes	247,367	167,341
Income taxes	57,059	37,871
Net income	$ 190,308	$ 129,470
Basic earnings per common share	$ 1.38	$ 0.90
Shares used to compute basic earnings per share	137,935	143,201
Diluted earnings per common share	$ 1.36	$ 0.89
Shares used to compute diluted earnings per share	139,712	145,306

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company
Consolidated Statements of Comprehensive Income
(unaudited)
(In thousands)

	Three Months Ended March 31,	
	2022	2021
Net income	$ 190,308	$ 129,470
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustments	(4,558)	1,685
Unrealized loss on investments:		
Unrealized losses during the period, net of income taxes of $1,186 and $160	(3,969)	(543)
Reclassification adjustment for losses realized in net income, net of income taxes of $(57) and $(74)	189	253
Total other comprehensive (loss) income, net of tax	(8,338)	1,395
Comprehensive income	$ 181,970	$ 130,865

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company
Consolidated Statements of Changes in Equity
(unaudited)
(In thousands)

	Shares of Common Stock	Common Stock	Capital In Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
	For the Three Months Ended March 31, 2022					
Balance, January 1, 2022	138,449	$ 1,384	$ 1,246,608	$ 632,614	$ (19,843)	$ 1,860,763
Net income	—	—	—	190,308	—	190,308
Other comprehensive loss	—	—	—	—	(8,338)	(8,338)
Purchase and retirement of common stock	(1,713)	(17)	(10,723)	(89,350)	—	(100,090)
Issuance of common stock under employee stock purchase plan	23	—	1,168	—	—	1,168
Issuance of common stock upon exercise of stock options	460	5	18,701	—	—	18,706
Stock-based compensation	—	—	10,566	—	—	10,566
Balance, March 31, 2022	137,219	$ 1,372	$ 1,266,320	$ 733,572	$ (28,181)	$ 1,973,083

	Shares of Common Stock	Common Stock	Capital In Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
	For the Three Months Ended March 31, 2021					
Balance, January 1, 2021	143,396	$ 1,434	$ 1,190,001	$ 565,270	$ (16,798)	$ 1,739,907
Net income	—	—	—	129,470	—	129,470
Other comprehensive income	—	—	—	—	1,395	1,395
Purchase and retirement of common stock	(1,152)	(11)	(6,839)	(60,089)	—	(66,939)
Issuance of common stock under employee stock purchase plan	24	—	1,139	—	—	1,139
Issuance of common stock upon exercise of stock options	433	4	14,380	—	—	14,384
Stock-based compensation	—	—	9,752	—	—	9,752
Balance, March 31, 2021	142,701	$ 1,427	$ 1,208,433	$ 634,651	$ (15,403)	$ 1,829,108

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company
Consolidated Condensed Statements of Cash Flows
(unaudited)
(In thousands)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Cash flows from operating activities:		
Net income	$ 190,308	$ 129,470
Adjustments to reconcile net income to net cash provided by operating activities (See Note 1)	70,119	7,103
Net cash provided by operating activities	260,427	136,573
Cash flows from investing activities:		
Additions to property and equipment	(9,283)	(4,218)
Additions to capitalized software	(6,589)	(6,360)
Purchases of marketable securities	(49,333)	(51,524)
Prepayments and maturities of marketable securities	35,397	42,446
Sales of marketable securities	48	—
Other investing activities	(2,000)	(11,000)
Net cash used in investing activities	(31,760)	(30,656)
Cash flows from financing activities:		
Repayments under revolving credit facility	(10,000)	—
Payment of contingent consideration	(868)	(702)
Purchase and retirement of common stock	(100,155)	(71,206)
Proceeds from issuance of common stock	19,874	15,523
Payment of dividends	(55,503)	(53,127)
Net cash used in financing activities	(146,652)	(109,512)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(5,591)	1,551
Net increase (decrease) in cash, cash equivalents and restricted cash	76,424	(2,044)
Cash, cash equivalents and restricted cash, beginning of period	831,758	787,727
Cash, cash equivalents and restricted cash, end of period	$ 908,182	$ 785,683

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

(all figures are in thousands except share and per share data)

Note 1. Summary of Significant Accounting Policies

Nature of Operations

SEI Investments Company (the Company), a Pennsylvania corporation, provides comprehensive platforms, services and infrastructure–encompassing technology, operational, and investment management services–to help wealth managers, financial advisors, investment managers, family offices, institutional and private investors create and manage wealth.

Investment processing platforms provide technologies and business process outsourcing services for wealth managers and investment advisors. These solutions include investment advisory, client relationship, and other technology-enabled capabilities for the front office; administrative and investment services for the middle office; and accounting and processing services for the back office. Revenues from investment processing platforms are recognized in Information processing and software servicing fees on the accompanying Consolidated Statements of Operations.

Investment operations platforms provide business process outsourcing services for investment managers and asset owners. These platforms support a broad range of traditional and alternative investments and provide technology-enabled information analytics and investor capabilities for the front office; administrative and investment services for the middle office; and fund administration and accounting services for the back office. Revenues from investment operations platforms are recognized in Asset management, administration and distribution fees on the accompanying Consolidated Statements of Operations.

Investment management platforms provide comprehensive solutions for managing personal and institutional wealth. These platforms include goals-based investment strategies; SEI-sponsored investment products, including mutual funds, collective investment products, alternative investment portfolios and separately managed accounts (SMA); and other market-specific advice, technology and operational components. These platforms are offered to wealth managers as part of a complete goals-based investment program for their end-investors. For institutional investors, the Company provides Outsourced Chief Investment Officer (OCIO) solutions that include investment management programs, as well as advisory and administrative services. Revenues from investment management platforms are recognized in Asset management, administration and distribution fees on the accompanying Consolidated Statements of Operations.

Basis of Presentation

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Certain financial information and accompanying note disclosure normally included in the Company's Annual Report on Form 10-K have been condensed or omitted. The interim financial information is unaudited but reflects all adjustments (consisting of only normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of financial position of the Company as of March 31, 2022, the results of operations for the three months ended March 31, 2022 and 2021, and cash flows for the three-months ended March 31, 2022 and 2021. These interim Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

There have been no significant changes in significant accounting policies during the three months ended March 31, 2022 as compared to the significant accounting policies described in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

Variable Interest Entities

The Company or its affiliates have created numerous investment products for its clients in various types of legal entity structures. The Company serves as the Manager, Administrator and Distributor for these investment products and may also serve as the Trustee for some of the investment products. The Company receives asset management, distribution, administration and custodial fees for these services. Clients are the equity investors and participate in proportion to their ownership percentage in the net income or loss and net capital gains or losses of the products, and, on liquidation, will participate in proportion to their ownership percentage in the remaining net assets of the products after satisfaction of outstanding liabilities. The Company has concluded that it is not the primary beneficiary of the entities and, therefore, is not required to consolidate any of the pooled investment vehicles for which it receives asset management, distribution, administration and custodial fees under the VIE model.

The Company is a party to expense limitation agreements with certain SEI-sponsored money market funds subject to Rule 2a-7 of the Investment Company Act of 1940 which establish a maximum level of ordinary operating expenses incurred by the fund in any fiscal year including, but not limited to, fees of the administrator or its affiliates. Under the terms of these agreements, the Company waived $11,185 and $10,233 in fees during the three months ended March 31, 2022 and 2021, respectively.

Revenue Recognition

Revenue is recognized when the transfer of control of promised goods or services under the terms of a contract with customers are satisfied in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those promised goods or services. Certain portions of the Company's revenues involve a third party in providing goods or services to its customers. In such circumstances, the Company must determine whether the nature of its promise to the customer is to provide the underlying goods or services (the Company is the principal in the transaction and reports the transaction gross) or to arrange for a third party to provide the underlying goods or services (the entity is the agent in the transaction and reports the transaction net). See Note 13 for related disclosures regarding revenue recognition.

Cash and Cash Equivalents

Cash and cash equivalents includes $299,843 and $290,256 at March 31, 2022 and December 31, 2021, respectively, primarily invested in SEI-sponsored open-ended money market mutual funds.

Restricted Cash

Restricted cash includes $250 at March 31, 2022 and December 31, 2021 segregated for regulatory purposes related to trade-execution services conducted by SEI Investments (Europe) Limited. Restricted cash also includes $101 at March 31, 2022 and December 31, 2021 segregated in special reserve accounts for the benefit of customers of the Company's broker-dealer subsidiary, SEI Investments Distribution Co. (SIDCO), in accordance with certain rules established by the Securities and Exchange Commission (SEC) for broker-dealers.

Capitalized Software

The Company capitalized $6,589 and $6,360 of software development costs during the three months ended March 31, 2022 and 2021, respectively. The Company's software development costs primarily relate to significant enhancements to the SEI Wealth Platform℠ (SWP). As of March 31, 2022, the net book value of SWP was $230,363. The net book value includes $31,108 of capitalized software development costs in-progress associated with future releases of SWP. Capitalized software development costs in-progress associated with future releases of SWP were $29,253 as of December 31, 2021. SWP has a weighted average remaining life of 10.2 years. Amortization expense for SWP was $12,104 and $11,923 during the three months ended March 31, 2022 and 2021, respectively.

Earnings per Share

The calculations of basic and diluted earnings per share for the three months ended March 31, 2022 and 2021 are:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net income	$ 190,308	$ 129,470
Shares used to compute basic earnings per common share	137,935,000	143,201,000
Dilutive effect of stock options	1,777,000	2,105,000
Shares used to compute diluted earnings per common share	139,712,000	145,306,000
Basic earnings per common share	$ 1.38	$ 0.90
Diluted earnings per common share	$ 1.36	$ 0.89

During the three months ended March 31, 2022 and 2021, employee stock options to purchase 12,218,000 and 11,715,000 shares of common stock with an average exercise price of $60.28 and $57.99, respectively, were outstanding but not included in the computation of diluted earnings per common share. These options for the three month periods were not included in the computation of diluted earnings per common share because either the performance conditions have not been satisfied or would not have been satisfied if the reporting date was the end of the contingency period or the options' exercise price was greater than the average market price of the Company's common stock and the effect on diluted earnings per common share would have been anti-dilutive.

Recently Adopted Accounting Pronouncements

In July 2021, the FASB issued ASU 2021-05, Leases (Topic 842): Lessors – Certain Leases with Variable Lease Payments (ASU 2021-05) which requires a lessor to classify a lease with entirely or partially variable payments that do not depend on an index or rate as an operating lease if a different classification would result in a commencement date selling loss (Day 1 loss). The Company adopted ASU 2021-05 on January 1, 2022. There was no material impact to the Company's consolidated financial statements from the implementation of ASU 2021-05.

Statements of Cash Flows

For purposes of the Consolidated Statements of Cash Flows, the Company considers investment instruments purchased with an original maturity of three months or less to be cash equivalents.

The following table provides the details of the adjustments to reconcile net income to net cash provided by operating activities for the three months ended March 31:

	2022	2021
Net income	$ 190,308	$ 129,470
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	8,098	8,309
Amortization	16,887	14,352
Equity in earnings of unconsolidated affiliate	(32,459)	(33,350)
Distributions received from unconsolidated affiliate	32,961	28,774
Stock-based compensation	10,566	9,752
Provision for losses on receivables	(214)	1,207
Deferred income tax expense	(10,908)	(3,915)
Net loss (gain) from investments	489	(332)
Change in other long-term liabilities	1,138	1,043
Change in other assets	(706)	507
Contract costs capitalized, net of amortization	389	351
Other	1,228	992
Change in current assets and liabilities		
(Increase) decrease in		
Receivables from investment products	1,452	(2,020)
Receivables	3,979	(22,016)
Other current assets	(2,556)	(4,113)
Advances due from unconsolidated affiliate	54,636	51,266
(Decrease) increase in		
Accounts payable	(2,273)	(2,237)
Accrued liabilities	(18,078)	(41,717)
Deferred revenue	5,490	250
Total adjustments	70,119	7,103
Net cash provided by operating activities	$ 260,427	$ 136,573

Note 2. Investment in Unconsolidated Affiliate

LSV Asset Management

The Company has an investment in LSV Asset Management (LSV), a registered investment advisor that provides investment advisory services primarily to institutions, including pension plans and investment companies. LSV is currently an investment sub-advisor for a limited number of SEI-sponsored investment products. The Company's partnership interest in LSV as of March 31, 2022 was 38.7%. The Company accounts for its interest in LSV using the equity method because of its less than 50% ownership. The Company’s interest in the net assets of LSV is reflected in Investment in unconsolidated affiliate on the accompanying Consolidated Balance Sheets and its interest in the earnings of LSV is reflected in Equity in earnings of unconsolidated affiliate on the accompanying Consolidated Statements of Operations.

At March 31, 2022, the Company’s total investment in LSV was $52,778. The Company receives partnership distributions from LSV on a quarterly basis. The Company received partnership distributions from LSV of $32,961 and $28,774 in the three months ended March 31, 2022 and 2021, respectively. As such, the Company considers these distribution payments as returns on investment rather than returns of the Company's original investment in LSV and has therefore classified the associated cash inflows as an operating activity on the Consolidated Statements of Cash Flows.

The Company's proportionate share in the earnings of LSV was $32,459 and $33,350 during the three months ended March 31, 2022 and 2021, respectively.

These tables contain condensed financial information of LSV:

Condensed Statement of Operations	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Revenues	$ 108,450	$ 110,837
Net income	83,791	85,920

Condensed Balance Sheets	March 31, 2022	December 31, 2021
Current assets	$ 128,362	$ 171,058
Non-current assets	5,028	4,792
Total assets	$ 133,390	$ 175,850
Current liabilities	$ 41,767	$ 82,858
Non-current liabilities	3,665	3,863
Partners' capital	87,958	89,129
Total liabilities and partners' capital	$ 133,390	$ 175,850

On April 1, 2022, LSV provided an interest in the partnership to select key employees which reduced the ownership percentage of each existing partner on a pro-rata basis. As a result, the Company's total partnership interest in LSV was reduced slightly to approximately 38.6% from approximately 38.7%.

Note 3. Composition of Certain Financial Statement Captions

Receivables

Receivables on the accompanying Consolidated Balance Sheets consist of:

	March 31, 2022	December 31, 2021
Trade receivables	$ 101,117	$ 111,209
Fees earned, not billed	330,678	315,255
Other receivables	7,437	16,747
	439,232	443,211
Less: Allowance for doubtful accounts	(1,388)	(1,602)
	$ 437,844	$ 441,609

Fees earned, not billed represents receivables from contracts with customers earned but unbilled and results from timing differences between services provided and contractual billing schedules. These billing schedules generally provide for fees to be billed on a quarterly basis. In addition, certain fees earned from investment operations services are calculated based on assets under administration that have an extended valuation process. Billings to these clients occur once the asset valuation processes are completed.

Receivables from investment products on the accompanying Consolidated Balance Sheets primarily represent fees receivable for distribution, investment advisory, and administration services to various regulated investment companies and other investment products sponsored by SEI.

Property and Equipment

Property and Equipment on the accompanying Consolidated Balance Sheets consists of:

	March 31, 2022	December 31, 2021
Buildings	$ 209,834	$ 209,766
Equipment	161,426	153,158
Land	25,825	24,651
Purchased software	156,529	156,387
Furniture and fixtures	21,328	21,254
Leasehold improvements	21,564	21,946
Construction in progress	993	955
	597,499	588,117
Less: Accumulated depreciation	(417,041)	(409,248)
Property and Equipment, net	$ 180,458	$ 178,869

The Company recognized $8,098 and $8,309 in depreciation expense related to property and equipment for the three months ended March 31, 2022 and 2021, respectively.

Deferred Contract Costs

Deferred contract costs, which primarily consist of deferred sales commissions, were $35,847 and $36,236 as of March 31, 2022 and December 31, 2021, respectively. The Company deferred expenses related to contract costs of $3,519 and $2,372 during the three months ended March 31, 2022 and 2021, respectively. Amortization expense related to deferred contract costs were $3,908 and $2,723 during the three months ended March 31, 2022 and 2021, respectively. Amortization expense during the three months ended March 31, 2022 includes $1,784 in expense accelerated as a result of the termination of a contractual agreement with a significant client (See Note 13). Amortization expense related to deferred contract costs is included in Compensation, benefits and other personnel on the accompanying Consolidated Statements of Operations. There was no impairment loss in relation to deferred contract costs during the three months ended March 31, 2022.

Accrued Liabilities

Accrued liabilities on the accompanying Consolidated Balance Sheets consist of:

	March 31, 2022	December 31, 2021
Accrued employee compensation	$ 42,053	$ 107,933
Accrued employee benefits and other personnel	7,117	13,951
Accrued consulting, outsourcing and professional fees	44,175	36,411
Accrued sub-advisory, distribution and other asset management fees	58,087	58,661
Accrued dividend payable	—	55,452
Accrued income taxes	55,278	—
Other accrued liabilities	43,758	51,974
Total accrued liabilities	$ 250,468	$ 324,382

Note 4. Fair Value Measurements

The fair value of the Company's financial assets and liabilities, except for the Company's investment funds sponsored by LSV, is determined in accordance with the fair value hierarchy. The fair value of the Company's Level 1 financial assets consist mainly of investments in open-ended mutual funds that are quoted daily. Level 2 financial assets consist of GNMA mortgage-backed securities held by the Company's wholly-owned limited purpose federal thrift subsidiary, SEI Private Trust Company (SPTC), Federal Home Loan Bank (FHLB) and other U.S. government agency short-term notes held by SIDCO. The financial assets held by SIDCO were purchased as part of a cash management program requiring only short term, top-tier investment grade government and corporate securities. The financial assets held by SPTC are debt securities issued by GNMA and are backed by the full faith and credit of the U.S. government. These securities were purchased for the sole purpose of satisfying applicable regulatory requirements and have maturity dates which range from 2023 to 2041.

The fair value of the Company's investment funds sponsored by LSV is measured using the net asset value per share (NAV) as a practical expedient. The NAVs of the funds are calculated by the funds' independent custodian and are derived from the fair values of the underlying investments as of the reporting date. The funds allow for investor redemptions at the end of each calendar month. This investment has not been classified in the fair value hierarchy but is presented in the tables below to permit reconciliation to the amounts presented on the accompanying Consolidated Balance Sheets.

The valuation of the Company's Level 2 financial assets held by SIDCO and SPTC are based upon securities pricing policies and procedures utilized by third-party pricing vendors.

The pricing policies and procedures applied for our Level 1 and Level 2 financial assets during the three months ended March 31, 2022 were consistent with those as described in the Company's Annual Report on Form 10-K at December 31, 2021. The Company had no Level 3 financial assets at March 31, 2022 or December 31, 2021 that were required to be measured at fair value on a recurring basis. Level 3 financial liabilities at March 31, 2022 and December 31, 2021 consist entirely of the estimated contingent consideration resulting from an acquisition (See Note 12). The fair value of the contingent consideration was determined using a Monte-Carlo simulation model. Key assumptions for the Monte-Carlo simulation model include expected revenues, expected volatility, risk-free rate and other factors. There were no transfers of financial assets between levels within the fair value hierarchy during the three months ended March 31, 2022.

The fair value of certain financial assets of the Company was determined using the following inputs:

		Fair Value Measurements at the End of the Reporting Period Using	
Assets	March 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Equity securities	$ 11,903	$ 11,903	$ —
Available-for-sale debt securities	122,814	—	122,814
Fixed-income securities owned	31,258	—	31,258
Investment funds sponsored by LSV (1)	7,270		
	$ 173,245	$ 11,903	$ 154,072

		Fair Value Measurements at the End of the Reporting Period Using	
Assets	December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Equity securities	$ 12,406	$ 12,406	$ —
Available-for-sale debt securities	117,135	—	117,135
Fixed-income securities owned	28,267	—	28,267
Investment funds sponsored by LSV (1)	6,916		
	$ 164,724	$ 12,406	$ 145,402

(1) The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the accompanying Consolidated Balance Sheets (See Note 5).

Note 5. Marketable Securities

Marketable securities include investments in money market funds and commercial paper classified as cash equivalents, available-for-sale debt securities, investments in SEI-sponsored and non-SEI-sponsored mutual funds, equities, investments in funds sponsored by LSV and securities owned by SIDCO.

Cash Equivalents

Investments in money market funds and commercial paper classified as cash equivalents had a fair value of $422,635 and $422,838 at March 31, 2022 and December 31, 2021, respectively. There were no material unrealized or realized gains or losses from these investments during the three months ended March 31, 2022 and 2021. Investments in money market funds and commercial paper are Level 1 assets.

Available for Sale and Equity Securities

Available For Sale and Equity Securities on the accompanying Consolidated Balance Sheets consist of:

	At March 31, 2022			
	Cost Amount	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Available-for-sale debt securities	$ 127,804	$ —	$ (4,990)	$ 122,814
SEI-sponsored mutual funds	6,353	505	(21)	6,837
Equities and other mutual funds	4,837	229	—	5,066
	$ 138,994	$ 734	$ (5,011)	$ 134,717

	At December 31, 2021			
	Cost Amount	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Available-for-sale debt securities	$ 117,215	$ —	$ (80)	$ 117,135
SEI-sponsored mutual funds	6,748	463	—	7,211
Equities and other mutual funds	4,935	260	—	5,195
	$ 128,898	$ 723	$ (80)	$ 129,541

Net unrealized losses at March 31, 2022 of available-for-sale debt securities were $3,842 (net of income tax benefit of $1,148). Net unrealized losses at December 31, 2021 of available-for-sale debt securities were $62 (net of income tax benefit of $18). These unrealized losses are associated with the Company’s investments in mortgage-backed securities issued by GNMA and were caused by interest rate increases (See Note 4). The contractual cash flows of these securities are guaranteed by an agency of the U.S. government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost bases of the Company's investments. The Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases. These net unrealized losses are reported as a separate component of Accumulated other comprehensive loss on the accompanying Consolidated Balance Sheets.

There were gross realized losses of $246 and $327 from available-for-sale debt securities during the three months ended March 31, 2022 and 2021, respectively. There were no gross realized gains from available-for-sale debt securities during the three months ended March 31, 2022 and 2021. Realized losses from available-for-sale debt securities, including amounts reclassified from accumulated comprehensive loss, are reflected in Net (loss) gain from investments on the accompanying Consolidated Statements of Operations.

There were gross realized gains of $5 and gross realized losses of $579 from mutual funds and equities during the three months ended March 31, 2022. Gains and losses from mutual funds and equities are reflected in Net (loss) gain from investments on the accompanying Consolidated Statements of Operations.

Investments in Affiliated Funds

The Company has an investment in funds sponsored by LSV. The Company records this investment on the accompanying Consolidated Balance Sheets at fair value. Unrealized gains and losses from the change in fair value of these funds are recognized in Net (loss) gain from investments on the accompanying Consolidated Statements of Operations.

The funds had a fair value of $7,270 and $6,916 at March 31, 2022 and December 31, 2021, respectively. The Company recognized unrealized gains of $354 and $457 during the three months ended March 31, 2022 and 2021, respectively, from the change in fair value of the funds.

Securities Owned

The Company’s broker-dealer subsidiary, SIDCO, has investments in U.S. government agency securities with maturity dates less than one year. These investments are reflected as Securities owned on the accompanying Consolidated Balance Sheets. Due to specialized accounting practices applicable to investments by broker-dealers, the securities are reported at fair value and changes in fair value are recorded in current period earnings. The securities had a fair value of $31,258 and $28,267 at March 31, 2022 and December 31, 2021, respectively. There were no material net gains or losses related to the securities during the three months ended March 31, 2022 and 2021.

Note 6. Line of Credit

The Company has a five-year $325,000 Credit Agreement (the Credit Facility) with Wells Fargo Bank, N.A., and a syndicate of other lenders. The Credit Facility is scheduled to expire in April 2026, at which time any aggregate principal amount of loans outstanding becomes payable in full. Any borrowings made under the Credit Facility will accrue interest at rates that, at the Company's option, are based on a base rate (the Base Rate) plus a premium that can range from 0.25% to 1.00% or the London InterBank Offered Rate (LIBOR) plus a premium that can range from 1.25% to 2.00% depending on the Company’s Leverage Ratio (a ratio of consolidated indebtedness to consolidated EBITDA for the four preceding fiscal quarters, all as defined in the related agreement). The Base Rate is defined as the highest of a) the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 0.50%, b) the prime commercial lending rate of Wells Fargo, c) the applicable LIBOR plus 1.00%, or d) 0%. The Credit Facility includes fallback language clearly defining an alternative reference rate which provides for specified replacement rates upon a LIBOR cessation event. At the time of a LIBOR cessation event, the replacement rate, the Secured Overnight Financing Rate (SOFR), self-executes without the need for negotiations or a formal amendment process.

The Company also pays quarterly commitment fees based on the unused portion of the Credit Facility. The quarterly fees for the Credit Facility can range from 0.15% of the amount of the unused portion to 0.30%, depending on the Company’s Leverage Ratio. Certain wholly-owned subsidiaries of the Company have guaranteed the obligations of the Company under the agreement. The aggregate amount of the Credit Facility may be increased by an additional $100,000 under certain conditions set forth in the agreement. The Company may issue up to $15,000 in letters of credit under the terms of the Credit Facility. The Company pays a periodic commission fee of 1.25% plus an issuance fee of 0.200% of the aggregate face amount of the outstanding letters of credit issued under the Credit Facility.

The Credit Facility contains covenants with restrictions on the ability of the Company to do transactions with affiliates other than wholly-owned subsidiaries or to incur liens or certain types of indebtedness as defined in the agreement. In the event of a default under the Credit Facility, the Company would also be restricted from paying dividends on, or repurchasing, its common stock without the approval of the lenders. Upon the occurrence of certain financial or economic events, significant corporate events, or certain other events of default constituting an event of default under the Credit Facility, all loans outstanding may be declared immediately due and payable and all commitments under the agreement may be terminated.

In November 2021, the Company borrowed $40,000 under the Credit Facility for the funding of an acquisition (See Note 12). In February 2022, the Company made a principal payment of $10,000 against the outstanding balance of the Credit Facility. As of March 31, 2022, the outstanding balance of the Credit Facility was $30,000 and is included in Borrowings Under Revolving Credit Facility on the accompanying Consolidated Balance Sheets.

As of April 21, 2022, the Company had outstanding letters of credit of $6,264 under the Credit Facility. These letters of credit were issued primarily for the expansion of the Company's headquarters and are scheduled to expire during 2022. The amount of the Credit Facility that is available for general corporate purposes as of April 21, 2022 was $288,736.

The Company considers the book value of long-term debt related to the borrowing through the Credit Facility to be representative of its fair value.

The Company was in compliance with all covenants of the credit facilities during the three months ended March 31, 2022.

Note 7. Shareholders’ Equity

Stock-Based Compensation

The Company has only non-qualified stock options and restricted stock units outstanding under its equity compensation plans. All outstanding stock options have performance-based vesting provisions specific to each option grant that tie the vesting of the applicable stock options to the Company’s financial performance. The Company’s stock options vest at a rate of 50% when a specified financial vesting target is achieved, and the remaining 50% when a second, higher specified financial vesting target is achieved. Options vest as a result of achievement of the financial vesting targets. Options granted in December 2017 and thereafter include a service condition which requires a minimum two or four year waiting period from the grant date along with the attainment of the applicable financial vesting target. The targets are measured annually on December 31. The amount of stock-based compensation expense recognized in the period is based upon management's estimate of when the financial vesting targets may be achieved. Any change in management's estimate could result in the remaining amount of stock-based compensation expense to be accelerated, spread out over a longer period, or reversed. This may cause volatility in the recognition of stock-based compensation expense in future periods and could materially affect the Company's earnings. The Company's restricted stock units outstanding vest ratably over four years commencing March 31, 2022.

The Company recognized stock-based compensation expense in its Consolidated Financial Statements in the three months ended March 31, 2022 and 2021, respectively, as follows:

	Three Months Ended March 31,	
	2022	2021
Stock-based compensation expense	$ 10,566	$ 9,752
Less: Deferred tax benefit	(2,096)	(1,854)
Stock-based compensation expense, net of tax	$ 8,470	$ 7,898

As of March 31, 2022, there was approximately $92,057 of unrecognized compensation cost remaining related to unvested employee stock options that management expects will vest and is being amortized.

The Company issues new common shares associated with the exercise of stock options. The total intrinsic value of options exercised during the three months ended March 31, 2022 was $8,966. The total options exercisable as of March 31, 2022 had an intrinsic value of $103,527. The total intrinsic value for options exercisable is calculated as the difference between the market value of the Company's common stock as of March 31, 2022 and the weighted average exercise price of the options. The market value of the Company's common stock as of March 31, 2022 was $60.21 as reported by the Nasdaq Stock Market, LLC. The weighted average exercise price of the options exercisable as of March 31, 2022 was $49.16. Total options that were outstanding as of March 31, 2022 were 18,467,000. Total options that were exercisable as of March 31, 2022 were 8,153,000.

Common Stock Buyback

The Company's Board of Directors, under multiple authorizations, has authorized the repurchase of common stock on the open market or through private transactions. The Company purchased 1,713,000 shares at a total cost of $100,090 during the three months ended March 31, 2022, which reduced the total shares outstanding of common stock. The cost of stock purchases during the period includes the cost of certain transactions that settled in the following quarter. As of March 31, 2022, the Company had approximately $131,203 of authorization remaining for the purchase of common stock under the program.

The Company immediately retires its common stock when purchased. Upon retirement, the Company reduces Capital in excess of par value for the average capital per share outstanding and the remainder is charged against Retained earnings. If the Company reduces its Retained earnings to zero, any subsequent purchases of common stock will be charged entirely to Capital in excess of par value.

Note 8. Accumulated Other Comprehensive Loss

The components of Accumulated other comprehensive loss, net of tax, are as follows:

	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Investments	Accumulated Other Comprehensive Loss
Balance, January 1, 2022	$ (19,781)	$ (62)	$ (19,843)
Other comprehensive loss before reclassifications	(4,558)	(3,969)	(8,527)
Amounts reclassified from accumulated other comprehensive loss	—	189	189
Net current-period other comprehensive loss	(4,558)	(3,780)	(8,338)
Balance, March 31, 2022	$ (24,339)	$ (3,842)	$ (28,181)

Note 9. Business Segment Information

The Company's reportable business segments are:

Private Banks – Provides outsourced investment processing and investment management platforms to banks and trust institutions, independent wealth advisers and financial advisors worldwide;

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

Institutional Investors – Provides OCIO solutions, including investment management and administrative outsourcing platforms to retirement plan sponsors, healthcare systems, higher education and other not-for-profit organizations worldwide;

Investment Managers – Provides investment operations outsourcing platforms to fund companies, banking institutions, traditional and non-traditional investment managers worldwide and family offices in the United States; and

Investments in New Businesses – Focuses on providing investment management solutions to ultra-high-net-worth families residing in the United States; developing network and data protection services; modularizing larger technology platforms into stand-alone components; entering new markets; and conducting other research and development activities.

The information in the following tables is derived from internal financial reporting used for corporate management purposes. There are no inter-segment revenues for the three months ended March 31, 2022 and 2021. Assets are not allocated to segments for internal reporting purposes. The accounting policies of the reportable business segments are the same as those described in Note 1 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

The following tables highlight certain financial information about each of the business segments for the three months ended March 31, 2022 and 2021:

	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
	For the Three Months Ended March 31, 2022					
Revenues	$ 213,548	$ 119,230	$ 86,839	$ 156,901	$ 4,925	$ 581,443
Expenses	121,955	64,520	45,358	98,837	11,950	342,620
Operating profit (loss)	$ 91,593	$ 54,710	$ 41,481	$ 58,064	$ (7,025)	$ 238,823

	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
	For the Three Months Ended March 31, 2021					
Revenues	$ 117,608	$ 113,294	$ 84,499	$ 136,419	$ 3,866	$ 455,686
Expenses	110,724	55,027	39,158	83,020	13,404	301,333
Operating profit (loss)	$ 6,884	$ 58,267	$ 45,341	$ 53,399	$ (9,538)	$ 154,353

A reconciliation of the total operating profit reported for the business segments to income from operations in the Consolidated Statements of Operations for the three months ended March 31, 2022 and 2021 is as follows:

	2022	2021
Total operating profit from segments	$ 238,823	$ 154,353
Corporate overhead expenses	(24,024)	(21,516)
Income from operations	$ 214,799	$ 132,837

The following tables provide additional information for the three months ended March 31, 2022 and 2021 pertaining to the business segments:

	Capital Expenditures (1)		Depreciation	
	2022	2021	2022	2021
Private Banks	$ 7,222	$ 5,829	$ 5,106	$ 4,132
Investment Advisors	3,027	2,308	456	1,289
Institutional Investors	949	511	289	358
Investment Managers	4,024	1,631	2,020	2,053
Investments in New Businesses	205	139	44	146
Total from business segments	$ 15,427	$ 10,418	$ 7,915	$ 7,978
Corporate overhead	445	160	183	331
	$ 15,872	$ 10,578	$ 8,098	$ 8,309

(1) Capital expenditures include additions to property and equipment and capitalized software.

	Amortization	
	2022	2021
Private Banks	$ 8,539	$ 8,576
Investment Advisors	3,233	2,627
Institutional Investors	2,283	426
Investment Managers	2,576	2,480
Investments in New Businesses	185	185
Total from business segments	$ 16,816	$ 14,294
Corporate overhead	71	58
	$ 16,887	$ 14,352

Note 10. Income Taxes

The gross liability for unrecognized tax benefits at March 31, 2022 and December 31, 2021 was $15,768 and $14,887, respectively, exclusive of interest and penalties, of which $15,251 and $14,382 would affect the effective tax rate if the Company were to recognize the tax benefit.

The Company classifies interest and penalties on unrecognized tax benefits as income tax expense. As of March 31, 2022 and December 31, 2021, the combined amount of accrued interest and penalties related to tax positions taken on tax returns was $1,445 and $1,338, respectively.

	March 31, 2022	December 31, 2021
Gross liability for unrecognized tax benefits, exclusive of interest and penalties	$ 15,768	$ 14,887
Interest and penalties on unrecognized benefits	1,445	1,338
Total gross uncertain tax positions	$ 17,213	$ 16,225
Amount included in Current liabilities	$ 4,272	$ 4,253
Amount included in Other long-term liabilities	12,941	11,972
	$ 17,213	$ 16,225

The effective income tax rate for the three months ended March 31, 2022 and 2021 differs from the federal income tax statutory rate due to the following:

	Three Months Ended March 31,	
	2022	2021
Statutory rate	21.0 %	21.0 %
State taxes, net of federal tax benefit	2.9	3.1
Foreign tax expense and tax rate differential	(0.1)	(0.1)
Tax benefit from stock option exercises	(0.4)	(1.1)
Other, net	(0.3)	(0.3)
	23.1 %	22.6 %

The increase in the Company's effective tax rate for the three months ended March 31, 2022 was primarily due to decreased tax benefits related to the lower volume of stock option exercises in 2022 compared to the prior year period.

The Company files income tax returns in the United States on a consolidated basis and in many U.S. state and foreign jurisdictions. The Company is subject to examination of income tax returns by the Internal Revenue Service (IRS) and other domestic and foreign tax authorities. The Company is no longer subject to U.S. federal income tax examination for years before 2018 and is no longer subject to state, local or foreign income tax examinations by authorities for years before 2015.

The Company estimates it will recognize $4,272 of gross unrecognized tax benefits. This amount is expected to be paid within one year or to be removed at the expiration of the statute of limitations and resolution of income tax audits and is netted against the current payable account. These unrecognized tax benefits are related to tax positions taken on certain federal, state, and foreign tax returns. However, the timing of the resolution of income tax examinations is highly uncertain, and the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year. While it is reasonably possible that some issues under examination could be resolved in the next twelve months, based upon the current facts and circumstances, the Company cannot reasonably estimate the timing of such resolution or the total range of potential changes as it relates to the current unrecognized tax benefits that are recorded as part of the Company’s financial statements.

Note 11. Commitments and Contingencies

In the ordinary course of business, the Company from time to time enters into contracts containing indemnification obligations of the Company. These obligations may require the Company to make payments to another party upon the occurrence of certain events including the failure by the Company to meet its performance obligations under the contract. These contractual indemnification provisions are often standard contractual terms of the nature customarily found in the type of contracts entered into by the Company. In many cases, there are no stated or notional amounts included in the indemnification provisions. There are no amounts reflected on the Consolidated Balance Sheets as of March 31, 2022 and December 31, 2021 related to these indemnifications.

Stanford Trust Company Litigation

SEI has been named in seven lawsuits filed in Louisiana courts; four of the cases also name SPTC as a defendant. The underlying allegations in all actions relate to the purported role of SPTC in providing back-office services to Stanford Trust Company. The complaints allege that SEI and SPTC participated in some manner in the sale of “certificates of deposit” issued by Stanford International Bank so as to be a “seller” of the certificates of deposit for purposes of primary liability under the Louisiana Securities Law or so as to be secondarily liable under that statute for sales of certificates of deposit made by Stanford Trust Company. Two of the actions also include claims for violations of the Louisiana Racketeering Act and possibly conspiracy, and a third also asserts claims of negligence, breach of contract, breach of fiduciary duty, violations of the uniform fiduciaries law, negligent misrepresentation, detrimental reliance, violations of the Louisiana Racketeering Act, and conspiracy.

This litigation is comprised of two federal class actions that are based on similar theories, the *Lillie* and the *Adhers* litigations, and five ancillary but related actions, all of which have all been dormant as the *Lillie* and *Adhers* matters were litigated.

All claims in the *Lillie* and *Adhers* litigations have been dismissed by the United States District Court. These dismissals have been upheld on appeal by the United States Court of Appeals for the Fifth Circuit. The only potential recourse left for plaintiffs is to seek a writ of certiorari from the United States Supreme Court for leave to appeal to the Fifth Circuit decision. The plaintiffs in these actions did not seek a writ of certiorari within the time period for filing, consequently these matters are now closed.

SEI is also named as a relief defendant in another matter, *Janvey v. Alguire*, where SEI is not a defendant but custodian of the assets subject to the litigation.

While SEI expects all remaining ancillary litigations to be resolved in its favor, counsel is in the process of having these cases dismissed as a consequence of the final resolution of the *Lillie* and *Adhers cl*ass action litigations:

- In two of the state cases pending in the District Court in Louisiana*, Milford Wampold, III, et. al. v. Pershing, LLC, et. al.,* and *Numa L. Marquette, et al.* v. *Pershing, LLC, et. al.,* both plaintiffs have agreed to dismiss all claims against SEI, and SEI and plaintiffs will be filing joint motions to dismiss with prejudice plaintiffs' claims against SEI and SPTC.
- The two other state cases, *Farr* and *Rolland*, are based on similar claims as in *Lillie* and *Adhers*, and plaintiffs are represented by the same counsel as in the *Lillie* matter. The Company is awaiting receipt of information requested from plaintiff's counsel concerning individuals that opted out of the *Lillie* class prior to seeking dismissal of these two matters based on the *Lille* and *Adhers* precedent.
- The last action in federal court, *Jackson*, remains pending. The opt-out information the Company is gathering from plaintiff's counsel in the *Lillie* matter will inform next steps in the process to dismiss this matter.

While the ultimate outcome of this litigation remains uncertain, SEI and SPTC believe that they have valid defenses to plaintiffs' claims and intend to defend the lawsuits vigorously. Because of uncertainty in the make-up of the Lillie class, the specific theories of liability that may survive a motion for summary judgment or other dispositive motion, the relative 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.

SS&C Advent Litigation

On February 28, 2020, SEI Global Services, Inc. (SGSI), a wholly-owned subsidiary of the Company, filed a complaint under seal in the United States District Court for the Eastern District of Pennsylvania against SS&C Advent (Advent) and SS&C Technologies Holdings, Inc. (SS&C) alleging that SS&C and Advent breached the terms of the contract between the parties and asking the Court to hold SS&C and Advent to their bargained-for obligations (the Advent Matter). In addition to Breach of Contract, the complaint also includes counts for Declaratory Judgment, Tortious Interference with Existing and Prospective Contractual Relations, Violation of the New York General Business Law Section 349, Violations of Section 2 of the Sherman Antitrust Act, Promissory Estoppel and Breach of the Covenant of Good Faith and Fair Dealing. SGSI seeks various forms of relief, including declaratory judgment, specific performance under the contract, and monetary damages, including punitive damages, treble damages and attorney's fees.

Following various procedural actions, including an amendment of SGSI's complaint to include additional breach of contract claims, Advent filed a motion to dismiss SGSI's complaint.

On October 23, 2020, the United States District Court for the Eastern District of Pennsylvania dismissed SEI's federal antitrust claims and declined to rule on the state law claims on the basis that in the absence of the anti-trust claim, the court had no jurisdiction over the state law claims. SGSI has appealed the dismissal of the federal anti-trust claims to the Third Circuit Court of Appeals, which is currently pending.

Since October 23, 2020, Advent and SGSI have been litigating the remaining breach of contract, breach of the implied duty of good faith and fair dealing, and tortious interference with contract claims in New York State Court. Additionally, SGSI made motions for injunctive relief to insure that Advent provided SGSI with access to the Geneva, Moxy and APX software modules as SGSI believes is required pursuant to the terms of a valid contract. On January 13, 2021, Judge Borrok of the Supreme Court of the State of New York, granted SGSI's motion for injunctive relief and issued an Order in which he characterized the basis for Advent's claim for breach of contract as appearing to be "pre-textual" and found that SGSI's claims for breach of contract would likely succeed on the merits. Judge Borrok granted SGSI's motion for injunctive relief, on a preliminary basis, and precluded SS&C Advent from:

- Dishonoring their contractual obligations and commitments under the SLSA, including, denying SEI's licenses, rights, and privileges under the SLSA;
- Failing to provide new license keys for the license keys due to Geneva, Moxy, and APX, and other software products licensed by SEI pursuant to the SLSA (such new license keys to be provided no later than January 15, 2021 at 10 A.M.);
- Denying to SEI any and all access to the Geneva, Moxy, and APX software and related modules as are reasonably necessary to provide access to such software to SEI's clients; and
- Denying to SEI any and all support, maintenance and technical support services for Geneva, Moxy, and APX.

Pursuant to the Court's injunction order, SS&C Advent provided SEI with the necessary access to the Geneva, Moxy and APX software modules on January 14, 2021. These were tested, verified and are now running in the SEI production environment.

On January 15, 2021, SS&C Advent appealed Judge Borrok's order granting SEI's motion for preliminary injunctive relief to the Appellate Division of the Supreme Court of the State of New York, First Department. The Appellate Division unanimously affirmed the injunction order on June 15, 2021.

On March 1, 2021, SS&C Advent moved to dismiss SGSI's breach of contract and tortious interference with contract counter claims. These counter-claims were:

1. breach of contract;
2. declaratory judgment;
3. tortious interference with existing and prospective contractual relations;
4. deceptive trade practices in violation of New York Statutes;
5. breach of the covenant of good faith and fair dealing; and
6. promissory estoppel.

The parties agreed to toll the litigation while endeavoring to resolve their dispute through a settlement mediation process moderated by Judge Borrok. The parties were unable to reach an agreement as to a settlement of the litigation and reengaged in the litigation process.

On October 5, 2021, Judge Borrok issued an order partially denying and partially granting SS&C's Advent's motion to dismiss SGSI's breach of contract and tortious interference with contract counter claims.

Judge Borrok dismissed the third claim with respect to prospective contractual relationships only, as well as the fourth claim and the sixth claim. The remaining claims directed to proceed were:

1. breach of contract;
2. declaratory judgment;
3. tortious interference with existing a contractual relations; and
4. breach of the covenant of good faith and fair dealing.

On December 1, 2021, SGSI filed a motion for partial summary judgment in the New York state court action. This motion applies to Count I of SS&C Advent's complaint (SS&C Advent's request for a declaratory judgment that its termination of the SGSI license agreements was proper); and Counts I and II of SGSI's counterclaims (SGSI's request for a declaratory judgment that SS&C Advent's termination of the contract was improper because the licenses are perpetual unless SGSI chooses to not renew them or breaches the terms). SS&C Advent filed a cross-motion for summary judgment for a declaration that it was entitled to not renew SGSI's contracts. It also argued that if SGSI prevailed on its breach of contract claims, then its breach of implied duty of good faith and fair dealing claim must be dismissed in turn.

On December 7, 2021, SGSI filed its appellate brief with the Third Circuit Court of Appeals. SS&C Advent filed its appellate brief on January 7, 2022. SGSI filed its Reply brief on January 27, 2022. A disposition date, which could include oral argument, before the Third Circuit Court of Appeals currently is scheduled for June 10, 2022. On December 31, 2021, SGSI received the license key for another year of access to the product. This ensures SGSI access to Advent and Moxy through January 31, 2023.

On April 15, 2022, Judge Borrok held a hearing on SGSI's motion for partial summary judgement and issued an order on the same day granting SGSI's motion in its entirety and denying SS&C's cross motion. Specifically, the Court:

1. Rejected SS&C Advent's argument that the license is not perpetual;
2. Determined that SS&C Advent's purported termination was "pretextual" and breached the parties' contract;

3. Determined that SS&C Advent's attempt to not renew breached the parties' contracts because "Advent did not have the right not to renew," after dismissing SS&C Advent's argument that it shared the same nonrenewal rights as SGSI as a "false narrative;" and
4. Rejected SS&C Advent's second attempt to dismiss SGSI's breach of implied duty of good faith and fair dealing claim.

SEI continues to believe that it will not have to change providers under the current terms of its contract with SS&C Advent and that the process of litigating its rights under this contract may be a multi-year process.

SEI believes SGSI has a strong basis for proving the actions it alleges in the Advent Matter and looks forward to the opportunity to pursue its remaining tort and breach of implied covenant and good faith and fair dealing claims continue to assert all of its rights in tort and under the contract and prove the damages that it has suffered as a consequence of the behavior by SS&C Advent that SGSI alleges. SEI expects the financial impact of litigating the Advent Matter to be immaterial.

Other Matters

The Company and certain of its subsidiaries are party to various other examinations, investigations, actions and claims arising in the normal course of business that the Company does not believe are material. The Company believes that the ultimate resolution of these matters will not have a material adverse effect on the Company's financial position or the manner in which the Company conducts its business. Currently, the Company does not believe the amount of losses associated with these matters can be estimated. While the Company does not believe that the amount of such losses will, when liquidated or estimable, be material to its financial position, the assumptions may be incorrect and any such loss could have a material adverse effect on the Company's results of operations or the manner in which the Company conducts its business in the period(s) during which the underlying matters are resolved.

Note 12. Goodwill and Intangible Assets

The changes in the carrying amount of the Company's goodwill by segment are as follows:

	Institutional Investors	Investment Managers	Investments in New Businesses	Total
Balance, December 31, 2021	$ 48,911	$ 56,822	$ 11,499	$ 117,232
Measurement period adjustments	—	211	—	211
Foreign currency translation adjustments	—	(9)	—	(9)
Balance, March 31, 2022	$ 48,911	$ 57,024	$ 11,499	$ 117,434

In October 2021, the Company acquired all ownership interests of Finomial Corporation (Finomial). The excess purchase price over the estimated value of the net tangible and identifiable intangible assets was allocated to goodwill. The total amount of goodwill from this transaction amounted to $4,036 and is included in the accompanying Consolidated Balance Sheets.

In November 2021, the Company acquired all ownership interests of Novus Partners (Novus). The excess purchase price over the estimated value of the net tangible and identifiable intangible assets was allocated to goodwill. The total amount of goodwill from this transaction amounted to $48,911 and is included in the accompanying Consolidated Balance Sheets.

In addition to the intangible assets acquired through the acquisitions of Finomial and Novus, during 2021, the Company also acquired intangible assets through the purchase of a technology platform providing digital collaboration tools for financial advisors and the purchase of the Atlas Master Trust, a defined contribution master trust in the United Kingdom.

In April 2018, the Company acquired all ownership interests of Huntington Steele, LLC (Huntington Steele). The total purchase price was allocated to Huntington Steele's net tangible and intangible assets based upon their estimated fair values at the date of purchase. The excess purchase price over the value of the identifiable intangible assets was recorded as goodwill. The total amount of goodwill from this transaction amounted to $11,499 and is included on the accompanying Consolidated Balance Sheets. The total purchase price for Huntington Steele included a contingent purchase price payable to the sellers upon the attainment of specified financial measures determined at various intervals occurring between 2019 and 2023. The Company made payments of $868 and $702 during the three months ended March 31, 2022 and 2021, respectively, to the sellers. As of March 31, 2022, the remaining amount of the contingent consideration of $9,011 is included in Other long-term liabilities on the accompanying Balance Sheet.

The Company recognized $3,253 and $921 of amortization expense related to the intangible assets acquired through acquisitions during the three months ended March 31, 2022 and 2021, respectively.

Note 13. Revenues from Contracts with Customers

The Company’s principal sources of revenues are: (1) asset management, administration and distribution fees primarily earned based upon a contractual percentage of net assets under management or administration; and (2) information processing and software servicing fees that are either recurring and primarily earned based upon the number of trust accounts being serviced or a percentage of the market value of the clients' assets processed on the Company's platforms, or non-recurring and based upon project-oriented contractual agreements related to client implementations.

Disaggregation of Revenue

The following tables provide additional information pertaining to our revenues disaggregated by major product line and primary geographic market based on the location of the use of the products or services for each of the business segments for the three months ended March 31, 2022 and 2021:

	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
Major Product Lines:	For the Three Months Ended March 31, 2022					
Investment management fees from pooled investment products	$ 33,118	$ 71,993	$ 13,866	$ 84	$ 367	$ 119,428
Investment management fees from investment management agreements	255	42,008	68,460	—	4,126	114,849
Investment operations fees	360	—	—	145,379	—	145,739
Investment processing fees - PaaS	56,455	—	—	—	—	56,455
Investment processing fees - SaaS	29,559	—	3,110	3,658	—	36,327
Professional services fees (1)	92,729	—	—	389	—	93,118
Account fees and other	1,072	5,229	1,403	7,391	432	15,527
Total revenues	$ 213,548	$ 119,230	$ 86,839	$ 156,901	$ 4,925	$ 581,443
Primary Geographic Markets:						
United States	$ 80,886	$ 119,230	$ 70,563	$ 144,025	$ 4,925	$ 419,629
United Kingdom	116,663	—	12,749	—	—	129,412
Canada	11,800	—	1,242	—	—	13,042
Ireland	4,199	—	2,167	9,822	—	16,188
Luxembourg	—	—	—	3,054	—	3,054
Other	—	—	118	—	—	118
Total revenues	$ 213,548	$ 119,230	$ 86,839	$ 156,901	$ 4,925	$ 581,443

(1) Professional services fees of the Private Banks segment includes one-time early termination fees of $88,000 related to a contractual agreement with a significant client of the Company. In accordance with Accounting Standards Codification 606, the entire amount of the fees received were recorded during the three months ended March 31, 2022 as there were no future performance obligations of the Company related to the agreement upon termination.

Major Product Lines:	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
	For the Three Months Ended March 31, 2021					
Investment management fees from pooled investment products	$ 32,564	$ 72,654	$ 14,088	$ 59	$ 329	$ 119,694
Investment management fees from investment management agreements	473	34,714	69,943	—	3,386	108,516
Investment operations fees	369	—	—	125,161	—	125,530
Investment processing fees - PaaS	50,876	—	—	—	—	50,876
Investment processing fees - SaaS	27,810	—	—	3,706	—	31,516
Professional services fees	4,407	—	—	1,147	—	5,554
Account fees and other	1,109	5,926	468	6,346	151	14,000
Total revenues	$ 117,608	$ 113,294	$ 84,499	$ 136,419	$ 3,866	$ 455,686
Primary Geographic Markets:						
United States	$ 75,095	$ 113,294	$ 66,720	$ 127,016	$ 3,866	$ 385,991
United Kingdom	26,665	—	13,729	—	—	40,394
Canada	11,482	—	1,302	—	—	12,784
Ireland	4,366	—	2,619	9,403	—	16,388
Other	—	—	129	—	—	129
Total revenues	$ 117,608	$ 113,294	$ 84,499	$ 136,419	$ 3,866	$ 455,686

Investment management fees from pooled investment products - Revenues associated with clients' assets invested in Company-sponsored pooled investment products. Contractual fees are stated as a percentage of the market value of assets under management and collected on a monthly basis. Revenues are recognized in Asset management, administration and distribution fees on the accompanying Consolidated Statements of Operations.

Investment management fees from investment management agreements - Revenues based on assets of clients of the Institutional Investors segment primarily invested in Company-sponsored products. Each client is charged an investment management fee that is stated as a percentage of the market value of all assets under management. The client is billed directly on a quarterly basis. Revenues are recognized in Asset management, administration and distribution fees on the accompanying Consolidated Statements of Operations.

Revenues associated with the separately managed account program offered through registered investment advisors located throughout the United States. The contractual fee is stated as a percentage of the market value of all assets invested in the separately managed account and collected on a quarterly basis. Revenues are recognized in Asset management, administration and distribution fees on the accompanying Consolidated Statements of Operations.

Investment operations fees - Revenues earned from accounting and administrative services, distribution support services and regulatory and compliance services to investment management firms and family offices. The Company contracts directly with the investment management firm or family office. The contractual fees are stated as a percentage of net assets under administration and billed when asset valuations are finalized. Revenues are recognized in Asset management, administration and distribution fees on the accompanying Consolidated Statements of Operations.

Investment processing fees - Platform as a Service - Revenues associated with clients that outsource their entire investment operation and back-office processing functions. Through the use of the Company's proprietary platforms, the Company assumes all back-office investment processing services including investment processing, custody and safekeeping of assets, income collections, securities settlement and other related trust activities. The contractual fee is based on a monthly fee plus additional fees determined on a per-account or per-transaction basis. Contractual fees can also be stated as a percentage of the value of assets processed on the Company's platforms each month as long as the fee is in excess of a monthly contractual minimum. The client is billed directly on a monthly basis. Revenues are recognized in Information processing and software servicing fees on the accompanying Consolidated Statements of Operations.

Investment processing fees - Software as a Service - Revenues associated with clients that outsource investment processing technology software and computer processing by accessing the Company's proprietary software and data center remotely but retain responsibility for all investment operations, client administration and other back-office trust operations. The contractual fee is based on a monthly fee plus additional fees determined on a per-account or per-transaction basis. The client is billed directly on a monthly basis.

Revenues associated with portfolio intelligence and workflow solutions offered to clients of the Institutional Investors segment and revenues associated with technology and outsourced services that support the accounting, investment management, and reporting functions for family offices and their service providers offered to clients of the Investment Managers segment. The contractual fee is primarily based on an annual fixed fee for software licenses and data management services. The client is billed in advance with various billing terms. Revenue recorded in advance of the performance of services is deferred and recognized when earned. Revenues are recognized in Information processing and software servicing fees on the accompanying Consolidated Statements of Operations.

Professional services fees - Revenues associated with the business services migration for investment processing clients of the Private Banks segment and investment operations clients of the Investment Managers segment. In addition, Professional services include other services such as business transformation consulting. Typically, fees are stated as a contractual fixed fee. The client is billed directly and fees are collected according to the terms of the agreement.

Account fees and other - Revenues associated with custody account servicing, account terminations, reimbursements received for out-of-pocket expenses, and other fees for the provision of ancillary services.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(In thousands, except asset balances and per share data)

This discussion reviews and analyzes the consolidated financial condition, the consolidated results of operations and other key factors that may affect future performance. This discussion should be read in conjunction with the Consolidated Financial Statements, the Notes to the Consolidated Financial Statements and the Annual Report on Form 10-K for the year ended December 31, 2021.

Overview

Consolidated Summary

SEI is a leading global provider of technology-driven wealth and investment management solutions. We deliver comprehensive platforms, services and infrastructure–encompassing technology, operational, and investment management services–to help wealth managers, financial advisors, investment managers, family offices, institutional and private investors create and manage wealth. Investment processing fees are earned as either monthly fees for contracted services or as a percentage of the market value of our clients' assets processed on our platforms. Investment operations and investment management fees are earned as a percentage of assets under management, administration or advised assets. As of March 31, 2022, through our subsidiaries and partnerships in which we have a significant interest, we manage, advise or administer $1.3 trillion in hedge, private equity, mutual fund and pooled or separately managed assets, including $385.3 billion in assets under management and $899.6 billion in client assets under administration. Our affiliate, LSV Asset Management (LSV), manages $96.0 billion of assets which are included as assets under management.

Condensed Consolidated Statements of Operations for the three months ended March 31, 2022 and 2021 were:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Percent Change*
Revenues	$ 581,443	$ 455,686	28%
Expenses	366,644	322,849	14%
Income from operations	214,799	132,837	62%
Net (loss) gain from investments	(489)	332	NM
Interest income, net of interest expense	598	822	(27)%
Equity in earnings from unconsolidated affiliate	32,459	33,350	(3)%
Income before income taxes	247,367	167,341	48%
Income taxes	57,059	37,871	51%
Net income	190,308	129,470	47%
Diluted earnings per common share	$ 1.36	$ 0.89	53%

* Variances noted "NM" indicate the percent change is not meaningful.

The following items had a significant impact on our financial results for the three months ended March 31, 2022 and 2021:

- Revenue from Asset management, administration and distribution fees increased from higher average assets under administration from market appreciation during 2021 and positive cash flows from new and existing clients. Average assets under administration increased $71.7 billion, or 9%, to $893.4 billion in the first three months of 2022 as compared to $821.6 billion during the first three months of 2021. The decline in market conditions during the first quarter 2022 negatively impacted our revenues from assets under administration and partially offset our revenue growth.
- Average assets under management, excluding LSV, increased $13.2 billion, or 5%, to $293.6 billion in the first three months of 2022 as compared to $280.4 billion during the first three months of 2021. The increase was primarily due to market appreciation during 2021 and was partially offset by the decline in market conditions during the first quarter 2022.
- A significant investment processing client of the Private Banks segment terminated an agreement for convenience. As a result, we recorded one-time early termination fees of $88.0 million during the first three months of 2022. The early termination fee is included in Information processing and software servicing fees on the accompanying Consolidated Statements of Operations.
- Revenues from our acquisitions of SEI Novus and Atlas Master Trust were $3.1 million and $1.3 million, respectively, during the first three months of 2022. SEI Novus and Atlas Master Trust were acquired during the fourth quarter of 2021 and are reported in the Institutional Investors segment (See Note 12 to the Consolidated Financial Statements).

- Earnings from LSV decreased to $32.5 million in the first three months of 2022 as compared to $33.4 million in the first three months of 2021 due to negative cash flows from existing clients and client losses which offset the positive impact from market appreciation during 2021.
- Operating expenses increased primarily from direct costs related to increased revenues and higher personnel costs due to business growth and competitive labor markets.
- The Institutional Investors segment includes personnel, professional fees, amortization and other costs related to SEI Novus and Atlas Master Trust. These expenses are primarily included in Compensation, benefits and other personnel costs, Consulting, outsourcing and professional fees, and Amortization on the accompanying Consolidated Statements of Operations.
- We capitalized $6.6 million in the first three months of 2022 for the SEI Wealth Platform as compared to $6.3 million in the first three months of 2021. Amortization expense related to SWP increased to $12.1 million during the first three months of 2022 as compared to $11.9 million during the first three months of 2021 due to additional enhancements placed in service.
- We continued the stock repurchase program during 2022 and purchased 1.7 million shares for $100.1 million in the three month period.

Ending Asset Balances
(In millions)

	As of March 31, 2022	As of March 31, 2021	Percent Change
Private Banks:			
Equity and fixed-income programs	$ 25,335	$ 25,098	1%
Collective trust fund programs	7	7	—%
Liquidity funds	4,225	3,793	11%
Total assets under management	$ 29,567	$ 28,898	2%
Client assets under administration	4,449	4,379	2%
Total assets	$ 34,016	$ 33,277	2%
Investment Advisors:			
Equity and fixed-income programs	$ 77,614	$ 73,819	5%
Liquidity funds	4,610	3,584	29%
Total Platform assets under management	$ 82,224	$ 77,403	6%
Platform-only assets (E)	14,151	12,538	13%
Total Platform assets (E)	$ 96,375	$ 89,941	7%
Institutional Investors:			
Equity and fixed-income programs	$ 87,358	$ 92,040	(5)%
Collective trust fund programs	6	95	(94)%
Liquidity funds	2,150	2,909	(26)%
Total assets under management	$ 89,514	$ 95,044	(6)%
Client assets under advisement	4,778	4,333	10%
Total assets	$ 94,292	$ 99,377	(5)%
Investment Managers:			
Collective trust fund programs	$ 85,411	$ 78,304	9%
Liquidity funds	284	449	(37)%
Total assets under management	$ 85,695	$ 78,753	9%
Client assets under administration (A)	895,181	831,819	8%
Total assets	$ 980,876	$ 910,572	8%
Investments in New Businesses:			
Equity and fixed-income programs	$ 2,057	$ 1,777	16%
Liquidity funds	305	289	6%
Total assets under management	$ 2,362	$ 2,066	14%
Client assets under advisement	1,401	1,355	3%
Total assets	$ 3,763	$ 3,421	10%
LSV:			
Equity and fixed-income programs (B)	$ 95,962	$ 101,565	(6)%

Total:			
Equity and fixed-income programs (C)	$ 288,326	$ 294,299	(2)%
Collective trust fund programs	85,424	78,406	9%
Liquidity funds	11,574	11,024	5%
Total assets under management	$ 385,324	$ 383,729	—%
Client assets under advisement	6,179	5,688	9%
Client assets under administration (D)	899,630	836,198	8%
Platform-only assets	14,151	12,538	13%
Total assets	$ 1,305,284	$ 1,238,153	5%

(A) Client assets under administration in the Investment Managers segment include $12.9 billion of assets that are at fee levels below our normal full service assets (as of March 31, 2022).

(B) Equity and fixed-income programs include assets managed by LSV in which fees are based on performance only. The ending value of these assets as of March 31, 2022 was $2.3 billion.

(C) Equity and fixed-income programs include $7.4 billion of assets invested in various asset allocation funds at March 31, 2022.

(D) In addition to the numbers presented, SEI also administers an additional $13.3 billion in Funds of Funds assets (as of March 31, 2022) on which SEI does not earn an administration fee.

(E) Platform assets under management and Platform-only assets combined are total Platform assets in the Investment Advisors segment.

Average Asset Balances
(In millions)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Percent Change
Private Banks:			
Equity and fixed-income programs	$ 25,637	$ 25,139	2%
Collective trust fund programs	6	6	—%
Liquidity funds	4,403	3,876	14%
Total assets under management	$ 30,046	$ 29,021	4%
Client assets under administration	4,500	4,317	4%
Total assets	$ 34,546	$ 33,338	4%
Investment Advisors:			
Equity and fixed-income programs	$ 77,576	$ 73,240	6%
Liquidity funds	5,151	3,619	42%
Total Platform assets under management	$ 82,727	$ 76,859	8%
Platform-only assets (E)	13,978	12,206	15%
Total Platform assets (E)	$ 96,705	$ 89,065	9%
Institutional Investors:			
Equity and fixed-income programs	$ 89,250	$ 91,349	(2)%
Collective trust fund programs	5	96	(95)%
Liquidity funds	2,223	2,621	(15)%
Total assets under management	$ 91,478	$ 94,066	(3)%
Client assets under advisement	4,889	4,146	18%
Total assets	$ 96,367	$ 98,212	(2)%
Investment Managers:			
Collective trust fund programs	$ 86,633	$ 78,035	11%
Liquidity funds	432	490	(12)%
Total assets under management	$ 87,065	$ 78,525	11%
Client assets under administration (A)	888,854	817,330	9%
Total assets	$ 975,919	$ 895,855	9%
Investments in New Businesses:			
Equity and fixed-income programs	$ 2,025	$ 1,743	16%
Liquidity funds	286	169	69%
Total assets under management	$ 2,311	$ 1,912	21%
Client assets under advisement	1,397	1,327	5%
Total assets	$ 3,708	$ 3,239	14%
LSV:			
Equity and fixed-income programs (B)	$ 96,449	$ 97,476	(1)%

Total:				
Equity and fixed-income programs (C)	$ 290,937	$ 288,947	1%
Collective trust fund programs	86,644	78,137	11%
Liquidity funds	12,495	10,775	16%
Total assets under management	$ 390,076	$ 377,859	3%
Client assets under advisement	6,286	5,473	15%
Client assets under administration (D)	893,354	821,647	9%
Platform-only assets	13,978	12,206	15%
Total assets	$ 1,303,694	$ 1,217,185	7%

(A) Average client assets under administration in the Investment Managers segment for the three months ended March 31, 2022 include $12.7 billion that are at fee levels below our normal full service assets.

(B) Equity and fixed-income programs include assets managed by LSV in which fees are based on performance only. The average value of these assets for the three months ended March 31, 2022 was $2.4 billion.

(C) Equity and fixed-income programs include $7.6 billion of average assets invested in various asset allocation funds for the three months ended March 31, 2022.

(D) In addition to the numbers presented, SEI also administers an additional $13.8 billion of average assets in Funds of Funds assets for the three months ended March 31, 2022 on which SEI does not earn an administration fee.

(E) Platform assets under management and Platform-only assets combined are total Platform assets in the Investment Advisors segment.

In the preceding tables, assets under management are total assets of our clients or their customers invested in equity and fixed-income investment programs, collective trust fund programs, and liquidity funds for which we provide asset management services through our subsidiaries and partnerships in which we have a significant interest. Assets under advisement include assets for which we provide advisory services through a subsidiary to the accounts but do not manage the underlying assets. Assets under administration include total assets of our clients or their customers for which we provide administrative services, including client fund balances for which we provide administration and/or distribution services through our subsidiaries and partnerships in which we have a significant interest. Platform-only assets include total assets of our clients or their customers which are not invested in any SEI-sponsored investment products. The assets presented in the preceding tables do not include assets processed on SWP and are not included in the accompanying Consolidated Balance Sheets because we do not own them.

Business Segments

Revenues, Expenses and Operating Profit (Loss) for our business segments for the three months ended March 31, 2022 compared to the three months ended March 31, 2021 were as follows:

	Three Months Ended March 31,		Percent Change
	2022	2021	
Private Banks:			
Revenues	$ 213,548	$ 117,608	82%
Expenses	121,955	110,724	10%
Operating Profit	$ 91,593	$ 6,884	NM
Operating Margin	43 %	6 %	
Investment Advisors:			
Revenues	$ 119,230	$ 113,294	5%
Expenses	64,520	55,027	17%
Operating Profit	$ 54,710	$ 58,267	(6)%
Operating Margin	46 %	51 %	
Institutional Investors:			
Revenues	$ 86,839	$ 84,499	3%
Expenses	45,358	39,158	16%
Operating Profit	$ 41,481	$ 45,341	(9)%
Operating Margin	48 %	54 %	
Investment Managers:			
Revenues	$ 156,901	$ 136,419	15%
Expenses	98,837	83,020	19%
Operating Profit	$ 58,064	$ 53,399	9%
Operating Margin	37 %	39 %	
Investments in New Businesses:			
Revenues	$ 4,925	$ 3,866	27%
Expenses	11,950	13,404	(11)%
Operating Loss	$ (7,025)	$ (9,538)	NM

For additional information pertaining to our business segments, see Note 9 to the Consolidated Financial Statements.

Private Banks

	Three Months Ended March 31, 2022		2021	Percent Change
Revenues:				
Information processing and software servicing fees	$	181,037	$ 84,303	115%
Asset management, administration & distribution fees		32,511	33,305	(2)%
Total revenues	$	213,548	$ 117,608	82%

Revenues increased $95.9 million, or 82%, in the three month period ended March 31, 2022 and were primarily affected by:

- Early termination fees of $88.0 million from a significant investment processing client; and
- Increased investment processing fees from new SWP client conversions and growth from existing SWP clients, partially due to market appreciation during 2021.

Operating margins increased to 43% compared to 6% in the three month period. Operating income increased by $84.7 million in the three month period and was primarily affected by:

- An increase in revenues; partially offset by
- Increased direct expenses associated with increased investment management fees from existing international clients;
- Increased non-capitalized costs, mainly personnel and consulting costs, related to maintenance, support and client migrations to SWP; and
- Increased amortization expense related to deferred sales commissions.

Investment Advisors

	Three Months Ended March 31, 2022		2021	Percent Change
Revenues:				
Investment management fees-SEI fund programs	$	71,993	$ 72,654	(1)%
Separately managed account fees		42,008	34,714	21%
Other fees		5,229	5,926	(12)%
Total revenues	$	119,230	$ 113,294	5%

Revenues increased $5.9 million, or 5%, in the three month period ended March 31, 2022 and were primarily affected by:

- Increased separately managed account program fees from positive cash flows into our Strategist programs and market appreciation occurring during 2021; partially offset by
- Decreased investment management fees from negative cash flows during 2021 and the decline in market conditions during the first quarter 2022; and
- A decrease in average basis points earned on separately managed account assets.

Operating margin decreased to 46% compared to 51% in the three month period. Operating income decreased $3.6 million, or 6%, in the three month period and was primarily affected by:

- Increased direct expenses associated with increased assets into our separately managed account program; and
- Increased personnel costs as well as increased promotion costs; partially offset by
- An increase in revenues.

Institutional Investors

Revenues increased $2.3 million, or 3%, in the three month period ended March 31, 2022 and were primarily affected by:

- Added revenues from the acquisitions of SEI Novus and Atlas Master Trust during the fourth quarter 2021; and
- The positive impact to investment management fees from market appreciation in 2021 and asset funding from new sales of our OCIO platform; partially offset by
- Decreased investment management fees from defined benefit client losses.

Operating margin decreased to 48% compared to 54% in the three month period. Operating income decreased $3.9 million, or 9%, in the three month period and was primarily affected by:

- Increased personnel, professional fees, amortization and other costs related to the acquisitions of SEI Novus and Atlas Master Trust; partially offset by
- An increase in revenues; and
- Decreased direct expenses associated with investment management fees.

Investment Managers

Revenues increased $20.5 million, or 15%, in the three month period ended March 31, 2022 and were primarily affected by:

- Higher valuations of existing client assets from market appreciation in 2021; and
- Positive cash flows into alternative, traditional and separately managed account offerings from new and existing clients; partially offset by
- Client losses and fund closures.

Operating margin decreased to 37% compared to 39% in the three month period. Operating income increased $4.7 million, or 9%, in the three month period and was primarily affected by:

- An increase in revenues; partially offset by
- Increased costs associated with new business, primarily personnel expenses and third-party vendor costs; and
- Increased non-capitalized investment spending, mainly consulting costs.

Other

Corporate overhead expenses

Corporate overhead expenses primarily consist of general and administrative expenses and other costs not directly attributable to a reportable business segment. Corporate overhead expenses were $24.0 million and $21.5 million in the three months ended March 31, 2022 and 2021, respectively. The increase in corporate overhead expenses is primarily due to an increase in personnel costs, consulting and professional fees.

Other income and expense

Other income and expense items on the accompanying Consolidated Statements of Operations consists of:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net (loss) gain from investments	$ (489)	$ 332
Interest and dividend income	848	945
Interest expense	(250)	(123)
Equity in earnings of unconsolidated affiliate	32,459	33,350
Total other income and expense items, net	$ 32,568	$ 34,504

Equity in earnings of unconsolidated affiliate

Equity in earnings of unconsolidated affiliate reflects our ownership interest in LSV. As of March 31, 2022, our total partnership interest in LSV was 38.7%. The table below presents the revenues and net income of LSV and the proportionate share in LSV's earnings.

	Three Months Ended March 31,		Percent Change
	2022	2021	
Revenues of LSV	$ 108,450	$ 110,837	(2)%
Net income of LSV	83,791	85,920	(2)%
SEI's proportionate share in earnings of LSV	$ 32,459	$ 33,350	(3)%

The decrease in earnings from LSV in the three months ended March 31, 2022 was primarily due to negative cash flows from existing clients and client losses which offset the positive impact from market appreciation during 2021. Average assets under management by LSV decreased $1.1 billion to $96.4 billion during the three months ended March 31, 2022 as compared to $97.5 billion during the three months ended March 31, 2021, a decrease of 1%.

Amortization

Amortization expense on the accompanying Consolidated Statements of Operations consists of:

	Three Months Ended March 31,	
	2022	2021
Capitalized software development costs	$ 13,554	$ 13,373
Intangible assets acquired through acquisitions and asset purchases	3,253	921
Other	80	58
Total amortization expense	$ 16,887	$ 14,352

Capitalized software development costs

Capitalized software development costs are amortized on a project basis using the straight-line method over the estimated economic life of the product or enhancement. The capitalization of the initial development work related to SWP began in mid-2007 when the platform was determined to be ready for its intended use. The amortization expense related to the initial software development costs capitalized in 2007 will end in the second quarter of 2022. As a result, we expect amortization expense related to capitalized software in service as of March 31, 2022 to decline to approximately $6.5 million in the third quarter 2022 (See Note 1 to the Consolidated Financial Statements).

Intangible assets acquired through acquisitions and asset purchases

The increase in amortization expense was due to the acquisitions of Finomial, SEI Novus and Atlas Master Trust during the fourth quarter 2021. Through these transactions, we acquired intangible assets related to technology, trade names and client relationships which are amortized over the estimated useful life of the assets (See Note 12 to the Consolidated Financial Statements).

Income Taxes

The effective income tax rates for the three months ended March 31, 2022 and 2021 differ from the federal income tax statutory rate due to the following:

	Three Months Ended March 31,	
	2022	2021
Statutory rate	21.0 %	21.0 %
State taxes, net of federal tax benefit	2.9	3.1
Foreign tax expense and tax rate differential	(0.1)	(0.1)
Tax benefit from stock option exercises	(0.4)	(1.1)
Other, net	(0.3)	(0.3)
	23.1 %	22.6 %

The increase in the effective tax rate for the three months ended March 31, 2022 was primarily due to decreased tax benefits related to the lower volume of stock option exercises in 2022 compared to the prior year period.

Stock-Based Compensation

We recognized $10.6 million and $9.8 million in stock-based compensation expense during the three months ended March 31, 2022 and 2021, respectively. The amount of stock-based compensation expense we recognize is primarily based upon management's estimate of when the financial vesting targets of outstanding stock options may be achieved. Any change in the estimate could result in the amount of stock-based compensation expense to be accelerated, spread out over a longer period, or reversed. This may cause volatility in the recognition of stock-based compensation expense in future periods and could materially affect earnings.

Fair Value Measurements

The fair value of financial assets and liabilities, except for the investment funds sponsored by LSV, is determined in accordance with the fair value hierarchy. The fair value of the investment funds sponsored by LSV is measured using the net asset value per share (NAV) as a practical expedient. The fair value of all other financial assets are determined using Level 1 or Level 2 inputs and consist mainly of investments in equity or fixed-income mutual funds that are quoted daily and Government National Mortgage Association (GNMA) and other U.S. government agency securities that are single issuer pools that are valued based on current market data of similar assets. Level 3 financial liabilities at March 31, 2022 and December 31, 2021 consist entirely of the estimated contingent consideration resulting from an acquisition (See Note 12 to the Consolidated Financial Statements).

Regulatory Matters

Like many firms operating within the financial services industry, we are experiencing a complex and changing regulatory environment across our markets. Our current scale and reach as a provider to the financial services industry, the introduction and implementation of new solutions for our financial services industry clients, 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, and a greater propensity of regulators to pursue enforcement actions and other sanctions against regulated entities, have made this an increasingly challenging and costly regulatory environment in which to operate.

SEI and some of our regulated subsidiaries have undergone or been scheduled to undergo a range of periodic or thematic reviews, examinations or investigations by numerous regulatory authorities around the world, including the Office of the Comptroller of the Currency, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, the Financial Conduct Authority of the United Kingdom (FCA), the Central Bank of Ireland and others. These regulatory activities typically result in the identification of matters or practices to be addressed by us or our subsidiaries and, in certain circumstances, the regulatory authorities require remediation activities or pursue enforcement proceedings against us or our subsidiaries. From time to time, the regulators in different jurisdictions will elevate their level of scrutiny of our operations as our business expands or is deemed critical to the operations of the relevant financial markets. As described under the caption “Regulatory Considerations” in our Annual Report on Form 10-K, the range of possible sanctions that are available to regulatory authorities include limitations on our ability to engage in business for specified periods of time, the revocation of registration, censures and fines. The direct and indirect costs of responding to these regulatory activities and of complying with new or modified regulations, as well as the potential financial costs and potential reputational impact against us of any enforcement proceedings that might result, is uncertain but could have a material adverse impact on our operating results or financial position.

Liquidity and Capital Resources

	Three Months Ended March 31,	
	2022	2021
Net cash provided by operating activities	$ 260,427	$ 136,573
Net cash used in investing activities	(31,760)	(30,656)
Net cash used in financing activities	(146,652)	(109,512)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(5,591)	1,551
Net increase (decrease) in cash, cash equivalents and restricted cash	76,424	(2,044)
Cash, cash equivalents and restricted cash, beginning of period	831,758	787,727
Cash, cash equivalents and restricted cash, end of period	$ 908,182	$ 785,683

The credit facility provides for borrowings up to $325.0 million and is scheduled to expire in April 2026 (See Note 6 to the Consolidated Financial Statements). In November 2021, we borrowed $40.0 million under the credit facility for the funding of an acquisition (See Note 12 to the Consolidated Financial Statements). We made a principal payment of $10.0 million in February 2022 against the outstanding balance of the credit facility.

As of April 21, 2022, we had outstanding letters of credit of $6.3 million which reduced the amount available under the credit facility. These letters of credit were primarily issued for the expansion of the corporate headquarters and are due to expire in late 2022. As of April 21, 2022, the amount of the credit facility available for corporate purposes was $359.4 million.

The availability of the credit facility is subject to compliance with certain covenants set forth in the agreement. The credit facility contains covenants which restrict our ability to engage in transactions with affiliates other than wholly-owned subsidiaries or to incur liens or certain types of indebtedness as defined in the agreement. In the event of a default under the credit facility, we would also be restricted from paying dividends on, or repurchasing, our common stock. Currently, our ability to borrow from the credit facility is not limited by any covenant of the agreement (See Note 6 to the Consolidated Financial Statements).

The credit facility contains terms that utilize the London InterBank Offered Rate (LIBOR) as a potential component of the interest rate to be applied to any borrowings; however, an alternative reference rate is included under the agreement which provides for a specified replacement rate upon a LIBOR cessation event. At the time of a LIBOR cessation event, the replacement rate, the Secured Overnight Financing Rate (SOFR), self-executes without the need for negotiations or a formal amendment process.

The majority of excess cash reserves are primarily placed in accounts located in the United States that invest entirely in SEI-sponsored money market mutual funds denominated in the U.S. dollar. We also utilize demand deposit accounts or money market accounts at several well-established financial institutions located in the United States. Accounts used to manage these excess cash reserves do not impose any restrictions or limitations that would prevent us from being able to access such cash amounts immediately.

Cash and cash equivalents include accounts managed by subsidiaries that are used in their operations or to cover specific business and regulatory requirements. The availability of this cash for other purposes beyond the operations of these subsidiaries may be limited. We therefore do not include accounts of foreign subsidiaries in the calculation of free and immediately accessible cash for other general corporate purposes. A portion of the undistributed earnings of foreign subsidiaries are deemed repatriated. Any subsequent transfer of available cash related to the repatriated earnings of foreign subsidiaries could significantly increase free and immediately accessible cash.

Cash flows from operations increased $123.9 million in the first three months of 2022 compared to the first three months of 2021 primarily from the increase in net income and the positive impact from the change in the Company's working capital accounts.

Net cash used in investing activities includes:

- *Purchases, sales and maturities of marketable securities.* Purchases, sales and maturities of marketable securities in the first three months of 2022 and 2021 were as follows:

	Three Months Ended March 31,	
	2022	2021
Purchases	$ (49,333)	$ (51,524)
Sales and maturities	35,445	42,446
Net investing activities from marketable securities	$ (13,888)	$ (9,078)

  See Note 5 to the Consolidated Financial Statements for more information related to marketable securities.

- *The capitalization of costs incurred in developing computer software.* We capitalized $6.6 million of software development costs in the first three months of 2022 as compared to $6.4 million in the first three months of 2021. The majority of our software development costs are related to significant enhancements for the expanded functionality of the SEI Wealth Platform.
- *Capital expenditures.* Capital expenditures in the first three months of 2022 were $9.3 million as compared to $4.2 million in the first three months of 2021. Expenditures in 2022 and 2021 include capital outlays for purchased software and equipment for data center operations. We continue to evaluate improvements to our information technology infrastructure which, if implemented, will result in additional expenditures for purchased software and equipment for data center operations.

Net cash used in financing activities includes:

- *Principal repayments on revolving credit facility.* In November 2021, we borrowed $40.0 million for the funding of an acquisition. We made a principal payment of $10.0 million in February 2022 against the outstanding balance of the credit facility and intend to repay the entire remaining balance during 2022.

- *The repurchase of common stock.* Our Board of Directors has authorized the repurchase of common stock through multiple authorizations. Currently, there is no expiration date for the common stock repurchase program. We had total capital outlays of $100.2 million during the first three months of 2022 and $71.2 million during the first three months of 2021 for the repurchase of common stock.
- *Proceeds from the issuance of common stock.* We received $19.9 million in proceeds from the issuance of common stock during the first three months of 2022 as compared to $15.5 million during the first three months of 2021. The increase in proceeds is primarily attributable to a higher level of stock option exercise activity.
- *Dividend payments.* Cash dividends paid were $55.5 million in the first three months of 2022 as compared to $53.1 million in the first three months of 2021.

Cash Requirements

Cash requirements and liquidity needs are primarily funded through cash flow from operations and our capacity for additional borrowing. At March 31, 2022, unused sources of liquidity consisted of cash and cash equivalents and the amount available under our credit facility.

We are obligated to make payments in connection with the credit facility, operating leases, maintenance contracts and other commitments. We believe our operating cash flow, available borrowing capacity, and existing cash and cash equivalents will provide adequate funds for these obligations and ongoing operations. We currently anticipate that our available funds and cash flow from operations will be sufficient to meet our operational cash needs and fund our stock repurchase program for at least the next 12 months and for the foreseeable future.

Forward-Looking Information and Risk Factors

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements. Certain information contained in this discussion is or may be considered forward-looking. Forward-looking statements relate to future operations, strategies, financial results or other developments. Forward-looking statements are based upon estimates and assumptions that involve certain risks and uncertainties, many of which are beyond our control or are subject to change. Although we believe our assumptions are reasonable, they could be inaccurate. Our actual future revenues and income could differ materially from our expected results. We have no obligation to publicly update or revise any forward-looking statements.

Among the risks and uncertainties which may affect our future operations, strategies, financial results or other developments are those risks described in our latest Annual Report on Form 10-K in Part I, Item 1A. These risks include the following:

- changes in capital markets that may affect our revenues and earnings;
- product development risk;
- risk of failure by a third-party service provider;
- pricing pressure from increased competition, disruptive technology and poor investment performance;
- the affect on our earnings and cashflows from the performance of LSV Asset Management;
- consolidation within our target markets;
- external factors affecting the fiduciary management market;
- software defects, development delays or installation difficulties, which would harm our business and reputation and expose us to potential liability;
- data and cyber security risks;
- risk of the disclosure and misuse of personal data;
- risk of outages, data losses, and disruptions of services;
- intellectual property risks;
- third-party service providers in our operations;
- poor investment performance of our investment products or a client preference for products other than those which we offer or for products that generate lower fees;
- investment advisory contracts which may be terminated or may not be renewed on favorable terms;
- operational risks associated with the processing of investment transactions;
- systems and technology risks;
- the affect of extensive governmental regulation;
- litigation and regulatory examinations and investigations;

- our ability to capture the expected value from acquisitions, divestitures, joint ventures, minority stakes or strategic alliances;
- increased costs and regulatory risks from the growth of our business;
- fiduciary or other legal liability for client losses from our investment management operations;
- our ability to receive dividends or other payments in needed amounts from our subsidiaries;
- the exit by the United Kingdom from the European Union;
- the effectiveness of our business, risk management and business continuity strategies, models and processes;
- financial and non-financial covenants which may restrict our ability to manage liquidity needs;
- changes in, or interpretation of, accounting principles or tax rules and regulations;
- fluctuations in foreign currency exchange rates;
- fluctuations in interest rates affecting the value of our fixed-income investment securities;
- our ability to hire and retain qualified employees;
- the competence and integrity of our employees and third-parties;
- stockholder activism efforts;
- retention of executive officers and senior management personnel;
- unforeseen or catastrophic events, including the emergence of pandemic, extreme weather events or other natural disasters; and
- geopolitical unrest and other events.

We conduct operations through many regulated wholly-owned subsidiaries. These subsidiaries include:

- SEI Investments Distribution Co., or SIDCO, a broker-dealer registered with the SEC under the Securities Exchange Act of 1934 and a member of the Financial Industry Regulatory Authority, Inc., or FINRA;
- SEI Investments Management Corporation, or SIMC, an investment advisor registered with the SEC under the Investment Advisers Act of 1940 and with the Commodity Futures Trading Commission, or CFTC, under the Commodity Exchange Act;
- SEI Private Trust Company, or SPTC, a limited purpose federal thrift chartered and regulated by the Office of the Comptroller of the Currency;
- SEI Trust Company, or STC, a Pennsylvania trust company, regulated by the Pennsylvania Department of Banking and Securities;
- SEI Institutional Transfer Agent, Inc., or SITA, a transfer agent registered with the SEC under the Securities Exchange Act of 1934;
- SEI Investments (Europe) Limited, or SIEL, an investment manager and financial institution subject to regulation by the Financial Conduct Authority of the United Kingdom;
- SEI Investments Canada Company, or SEI Canada, an investment fund manager that has various other capacities that is regulated by the Ontario Securities Commission and various provincial authorities;
- SEI Investments Global, Limited, or SIGL, a management company for Undertakings for Collective Investment in Transferable Securities, or UCITS, and for Alternative Investment Funds, or AIFs, that is regulated primarily by the Central Bank of Ireland, or CBI;
- SEI Investments - Global Fund Services, Ltd., or GFSL, an authorized provider of administration services for Irish and non-Irish collective investment schemes that is regulated by the CBI;
- SEI Investments - Depositary and Custodial Services (Ireland) Limited, or D&C, an authorized provider of depositary and custodial services that is regulated by the CBI;
- SEI Investments - Luxembourg S.A., or SEI Lux, a professional of the specialized financial sector subject to regulation by the Commission de Surveillance du Secteur Financier of the Grand Duchy of Luxembourg;
- SEI Investments Global (Cayman), Ltd., a full mutual fund administrator that is regulated by the Cayman Island Monetary Authority; and
- SEI Investments (South Africa) (PTY) Limited, a Private Company that is a licensed Financial Service Provider regulated by the Financial Sector Conduct Authority.

In addition to the regulatory authorities listed above, our subsidiaries are subject to the jurisdiction of regulatory authorities in other foreign countries. In addition to our wholly-owned subsidiaries, we also own a minority interest of approximately 38.6% 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 business process changes required or 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, fines and changes to business processes 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 U.S. and foreign anti-money laundering and financial transparency laws that require implementation of regulations applicable to financial services companies, including standards for verifying client identification and monitoring client transactions and detecting and reporting suspicious activities. 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.

We must comply with economic sanctions and embargo programs administered by the Office of Foreign Assets Control (OFAC) and similar national and multinational bodies and governmental agencies outside the United States, as well as anti-corruption and anti-money laundering laws and regulations throughout the world. We can incur higher costs and face greater compliance risks in structuring and operating our businesses to comply with these requirements. Furthermore, a violation of a sanction or embargo program or anti-corruption or anti-money laundering laws and regulations could subject us and our subsidiaries, and individual employees, to regulatory enforcement actions as well as significant civil and criminal penalties.

Our businesses are also subject to privacy and data protection information security legal requirements concerning the use and protection of certain personal information. These include those adopted pursuant to the Gramm-Leach-Bliley Act and the Fair and Accurate Credit Transactions Act of 2003 in the United States, the General Data Protection Regulation (GDPR) in the EU, Canada’s Personal Information Protection and Electronic Documents Act, the Cayman Islands' Data Protection Law, and various other laws. Privacy and data security legislation is a priority issue in many states and localities in the United States, as well as foreign jurisdictions outside of the EU. For example, California enacted the California Consumer Privacy Act (CCPA) which broadly regulates the sale of the consumer information of California residents and grants California residents certain rights to, among other things, access and delete data about them in certain circumstances. Other states are considering similar proposals. Such attempts by the states to regulate have the potential to create a patchwork of differing and/or conflicting state regulations. Ensuring compliance under ever-evolving privacy legislation, such as GDPR and CCPA, is an ongoing commitment, which involves substantial costs.

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 and continuing legislative activity in the United States 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 and other subject matter experts, review our compliance procedures, solution and service offerings, and business operations, and make changes as we deem necessary or as may be required by the applicable authority. These additional activities and required changes may result in increased expense or may reduce revenues.

Our bank clients are subject to supervision by federal, state, and foreign banking and financial services 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" in our latest Annual Report on Form 10-K for a description of the risks that the current regulatory regimes and proposed regulatory changes may present for our business.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Information required by this item is set forth under the captions "Our revenues and earnings are affected by changes in capital markets and significant changes in the value of financial instruments" and "Changes in interest rates may affect the value of our fixed-income investment securities" in Item 1A Risk Factors and under the caption "Impact of COVID-19" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended December 31, 2021. There have been no material changes to this information as it is disclosed in our Annual Report on Form 10-K for 2021.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report are effective in ensuring that information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. A controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls systems are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

(b) Change in Internal Control over Financial Reporting

No change in our internal control over financial reporting occurred during the quarter ended March 31, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We and certain of our subsidiaries are a party to or have property subject to litigation and other proceedings, examinations and investigations that arise in the ordinary course of our business that we do not believe are material. These types of matters could result in fines, penalties, cost reimbursements or contributions, compensatory or treble damages or non-monetary sanctions or relief. We believe the probability is remote that the outcome of any of these matters will have a material adverse effect on SEI as a whole, notwithstanding that the unfavorable resolution of any matter may have a material effect on our net earnings in any particular interim reporting period. We cannot predict the outcome of legal or other proceedings with certainty. These matters include the proceedings summarized in “Note 11. Commitments and Contingencies” included in our Notes to Consolidated Financial Statements.

Item 1A. Risk Factors.

Information regarding risk factors appears in Part I – Item 1A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2021. There have been no material changes in the risk factors from those disclosed in the Annual Report on Form 10-K for 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(e) Our Board of Directors has authorized the repurchase of up to $5.128 billion worth of our common stock through multiple authorizations. Currently, there is no expiration date for the common stock repurchase program.

Information regarding the repurchase of common stock during the three months ended March 31, 2022 is as follows:

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
January 2022	163,000	$ 56.12	163,000	$ 222,163,000
February 2022	764,000	58.87	764,000	177,187,000
March 2022	786,000	58.46	786,000	131,204,000
Total	1,713,000	$ 58.43	1,713,000	

Item 6. Exhibits.

The following is a list of exhibits filed as part of the Form 10-Q.

31.1	Rule 13a-15(e)/15d-15(e) Certification of Chief Executive Officer.
31.2	Rule 13a-15(e)/15d-15(e) Certification of Chief Financial Officer.
32	Section 1350 Certifications.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEI INVESTMENTS COMPANY

Date:	April 25, 2022	By:	/s/ Dennis J. McGonigle
			Dennis J. McGonigle
			Chief Financial Officer

Exhibit 31.1

CERTIFICATIONS

I, Alfred P. West, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of SEI Investments Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: April 25, 2022

/s/ Alfred P. West, Jr.

Alfred P. West, Jr.
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Dennis J. McGonigle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SEI Investments Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: April 25, 2022

/s/ Dennis J. McGonigle
Dennis J. McGonigle
Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Alfred P. West, Jr., Chairman and Chief Executive Officer, and I, Dennis J. McGonigle, Chief Financial Officer, of SEI Investments Company, a Pennsylvania corporation (the “Company”), hereby certify that, to my knowledge:

(1) The Company’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 (the “Form 10-Q”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 25, 2022	Date: April 25, 2022
/s/ Alfred P. West, Jr.	/s/ Dennis J. McGonigle
Alfred P. West, Jr. Chairman and Chief Executive Officer	Dennis J. McGonigle Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.