

**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 June 30, 2023

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
(State or Other Jurisdiction of
Incorporation or Organization)

23-1707341
(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 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 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

The number of shares outstanding of the registrant's common stock, as of the close of business on July 13, 2023:

Common Stock, \$0.01 par value

132,358,055

SEI INVESTMENTS COMPANY

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

	Page
Item 1. Financial Statements.	2
Consolidated Balance Sheets (Unaudited) -- June 30, 2023 and December 31, 2022	2
Consolidated Statements of Operations (Unaudited) -- For the Three and Six Months Ended June 30, 2023 and 2022	4
Consolidated Statements of Comprehensive Income (Unaudited) -- For the Three and Six Months Ended June 30, 2023 and 2022	5
Consolidated Statements of Changes in Equity (Unaudited) -- For the Three and Six Months Ended June 30, 2023 and 2022	6
Consolidated Condensed Statements of Cash Flows (Unaudited) -- For the Six Months Ended June 30, 2023 and 2022	8
Notes to Consolidated Financial Statements	9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.	27
Item 3. Quantitative and Qualitative Disclosures About Market Risk.	43
Item 4. Controls and Procedures.	43

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.	44
Item 1A. Risk Factors.	44
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.	44
Item 6. Exhibits.	44
Signatures	45

PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements.

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

	June 30, 2023	December 31, 2022
Assets		
Current Assets:		
Cash and cash equivalents	\$ 777,051	\$ 853,008
Restricted cash	300	351
Receivables from investment products	56,304	62,014
Receivables, net of allowance for doubtful accounts of \$936 and \$901	521,600	457,084
Securities owned	31,040	32,148
Other current assets	55,610	48,703
Total Current Assets	1,441,905	1,453,308
Property and Equipment, net of accumulated depreciation of \$458,119 and \$440,861	180,503	181,029
Operating Lease Right-of-Use Assets	22,293	24,992
Capitalized Software, net of accumulated amortization of \$599,557 and \$586,744	242,525	237,302
Available for Sale and Equity Securities	116,791	128,201
Investments in Affiliated Funds, at fair value	6,772	6,366
Investment in Unconsolidated Affiliate	54,318	104,673
Goodwill	115,602	115,599
Intangible Assets, net of accumulated amortization of \$36,450 and \$30,261	49,621	55,532
Deferred Contract Costs	38,561	37,928
Deferred Income Taxes	17,464	4,936
Other Assets, net	38,609	33,687
Total Assets	\$ 2,324,964	\$ 2,383,553

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

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

	June 30, 2023	December 31, 2022
Liabilities and Equity		
Current Liabilities:		
Accounts payable	\$ 7,220	\$ 13,283
Accrued liabilities	237,164	359,363
Current portion of long-term operating lease liabilities	11,076	10,344
Deferred revenue	14,913	14,893
Total Current Liabilities	270,373	397,883
Long-term Income Taxes Payable	803	803
Long-term Operating Lease Liabilities	16,032	18,786
Other Long-term Liabilities	14,203	12,257
Total Liabilities	301,411	429,729
Commitments and Contingencies		
Shareholders' Equity:		
Common stock, \$0.01 par value, 750,000 shares authorized; 132,230 and 134,162 shares issued and outstanding	1,322	1,342
Capital in excess of par value	1,337,538	1,307,162
Retained earnings	724,672	694,287
Accumulated other comprehensive loss, net	(39,979)	(48,967)
Total Shareholders' Equity	2,023,553	1,953,824
Total Liabilities and Shareholders' Equity	\$ 2,324,964	\$ 2,383,553

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues:				
Asset management, administration and distribution fees	\$ 378,821	\$ 382,594	\$ 750,650	\$ 776,691
Information processing and software servicing fees	110,236	99,076	207,526	286,422
Total revenues	489,057	481,670	958,176	1,063,113
Expenses:				
Subadvisory, distribution and other asset management costs	47,247	50,023	94,626	103,151
Software royalties and other information processing costs	8,396	7,407	15,689	14,954
Compensation, benefits and other personnel	175,706	157,921	349,121	318,405
Stock-based compensation	7,405	10,007	15,479	20,573
Consulting, outsourcing and professional fees	61,312	63,271	122,416	125,762
Data processing and computer related	34,945	32,254	68,285	62,070
Facilities, supplies and other costs	23,034	20,133	41,826	37,760
Amortization	9,630	16,508	19,054	33,395
Depreciation	8,781	8,286	17,312	16,384
Total expenses	376,456	365,810	743,808	732,454
Income from operations	112,601	115,860	214,368	330,659
Net gain (loss) from investments	515	(2,620)	1,259	(3,109)
Interest and dividend income	9,550	1,853	18,328	2,701
Interest expense	(139)	(211)	(280)	(461)
Equity in earnings of unconsolidated affiliate	32,711	29,813	61,590	62,272
Income before income taxes	155,238	144,695	295,265	392,062
Income taxes	36,387	33,419	69,399	90,478
Net income	\$ 118,851	\$ 111,276	\$ 225,866	\$ 301,584
Basic earnings per common share	\$ 0.89	\$ 0.82	\$ 1.69	\$ 2.20
Shares used to compute basic earnings per share	132,854	136,435	133,437	137,185
Diluted earnings per common share	\$ 0.89	\$ 0.81	\$ 1.68	\$ 2.17
Shares used to compute diluted earnings per share	133,936	137,817	134,623	138,764
Dividends declared per common share	\$ 0.43	\$ 0.40	\$ 0.43	\$ 0.40

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	\$ 118,851	\$ 111,276	\$ 225,866	\$ 301,584
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	5,684	(14,623)	8,751	(19,181)
Unrealized gain (loss) on investments:				
Unrealized (losses) gains during the period, net of income taxes of \$342, \$923, \$(43) and \$2,109	(1,143)	(3,088)	144	(7,057)
Reclassification adjustment for losses realized in net income, net of income taxes of \$(18), \$(39), \$(29) and \$(96)	58	129	93	318
Total other comprehensive income (loss), net of tax	4,599	(17,582)	8,988	(25,920)
Comprehensive income	<u>\$ 123,450</u>	<u>\$ 93,694</u>	<u>\$ 234,854</u>	<u>\$ 275,664</u>

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 June 30, 2023						
Balance, April 1, 2023	133,268	\$ 1,333	\$ 1,327,591	\$ 729,988	\$ (44,578)	\$ 2,014,334
Net income	—	—	—	118,851	—	118,851
Other comprehensive income	—	—	—	—	4,599	4,599
Purchase and retirement of common stock	(1,290)	(13)	(8,534)	(66,990)	—	(75,537)
Issuance of common stock under employee stock purchase plan	21	—	1,041	—	—	1,041
Issuance of common stock under share-based award plans	231	2	10,035	—	—	10,037
Stock-based compensation	—	—	7,405	—	—	7,405
Dividends declared (\$0.43 per share)	—	—	—	(57,177)	—	(57,177)
Balance, June 30, 2023	132,230	\$ 1,322	\$ 1,337,538	\$ 724,672	\$ (39,979)	\$ 2,023,553

	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 June 30, 2022						
Balance, April 1, 2022	137,219	\$ 1,372	\$ 1,266,320	\$ 733,572	\$ (28,181)	\$ 1,973,083
Net income	—	—	—	111,276	—	111,276
Other comprehensive loss	—	—	—	—	(17,582)	(17,582)
Purchase and retirement of common stock	(1,970)	(20)	(12,328)	(96,945)	—	(109,293)
Issuance of common stock under employee stock purchase plan	22	1	1,089	—	—	1,090
Issuance of common stock under share-based award plans	209	2	7,883	—	—	7,885
Stock-based compensation	—	—	10,007	—	—	10,007
Dividends declared (\$0.40 per share)	—	—	—	(54,378)	—	(54,378)
Balance, June 30, 2022	135,480	\$ 1,355	\$ 1,272,971	\$ 693,525	\$ (45,763)	\$ 1,922,088

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 Six Months Ended June 30, 2023					
Balance, January 1, 2023	134,162	\$ 1,342	\$ 1,307,162	\$ 694,287	\$ (48,967)	\$ 1,953,824
Net income	—	—	—	225,866	—	225,866
Other comprehensive loss	—	—	—	—	8,988	8,988
Purchase and retirement of common stock	(2,651)	(27)	(17,538)	(138,304)	—	(155,869)
Issuance of common stock under employee stock purchase plan	45	—	2,244	—	—	2,244
Issuance of common stock under share-based award plans	674	7	30,191	—	—	30,198
Stock-based compensation	—	—	15,479	—	—	15,479
Dividends declared (\$0.43 per share)	—	—	—	(57,177)	—	(57,177)
Balance, June 30, 2023	<u>132,230</u>	<u>\$ 1,322</u>	<u>\$ 1,337,538</u>	<u>\$ 724,672</u>	<u>\$ (39,979)</u>	<u>\$ 2,023,553</u>

	Shares of Common Stock	Common Stock	Capital In Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
	For the Six Months Ended June 30, 2022					
Balance, January 1, 2022	138,449	\$ 1,384	\$ 1,246,608	\$ 632,614	\$ (19,843)	\$ 1,860,763
Net income	—	—	—	301,584	—	301,584
Other comprehensive loss	—	—	—	—	(25,920)	(25,920)
Purchase and retirement of common stock	(3,683)	(37)	(23,051)	(186,295)	—	(209,383)
Issuance of common stock under employee stock purchase plan	45	1	2,257	—	—	2,258
Issuance of common stock under share-based award plans	669	7	26,584	—	—	26,591
Stock-based compensation	—	—	20,573	—	—	20,573
Dividends declared (\$0.40 per share)	—	—	—	(54,378)	—	(54,378)
Balance, June 30, 2022	<u>135,480</u>	<u>\$ 1,355</u>	<u>\$ 1,272,971</u>	<u>\$ 693,525</u>	<u>\$ (45,763)</u>	<u>\$ 1,922,088</u>

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

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 225,866	\$ 301,584
Adjustments to reconcile net income to net cash provided by operating activities (See Note 1)	(43,412)	29,031
Net cash provided by operating activities	<u>182,454</u>	<u>330,615</u>
Cash flows from investing activities:		
Additions to property and equipment	(16,470)	(19,821)
Additions to capitalized software	(18,036)	(13,809)
Purchases of marketable securities	(48,046)	(96,642)
Prepayments and maturities of marketable securities	60,829	90,553
Sales of marketable securities	893	106
Other investing activities	(4,979)	(2,903)
Net cash used in investing activities	<u>(25,809)</u>	<u>(42,516)</u>
Cash flows from financing activities:		
Repayments under revolving credit facility	—	(40,000)
Payment of contingent consideration	(904)	(868)
Purchase and retirement of common stock	(156,174)	(210,324)
Proceeds from issuance of common stock	32,442	28,849
Payment of dividends	(114,829)	(109,830)
Net cash used in financing activities	<u>(239,465)</u>	<u>(332,173)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	6,812	(15,660)
Net decrease in cash, cash equivalents and restricted cash	(76,008)	(59,734)
Cash, cash equivalents and restricted cash, beginning of period	853,359	831,758
Cash, cash equivalents and restricted cash, end of period	<u>\$ 777,351</u>	<u>\$ 772,024</u>

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. 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 and Enhanced Chief Investment Officer (ECIO) 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 June 30, 2023, the results of operations for the three and six months ended June 30, 2023 and 2022, and cash flows for the six months ended June 30, 2023 and 2022. 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, 2022.

There have been no significant changes in significant accounting policies during the six months ended June 30, 2023 as compared to the significant accounting policies described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

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 \$5,320 and \$9,039 in fees during the three months ended June 30, 2023 and 2022, respectively. During the six months ended June 30, 2023 and 2022, the Company waived \$10,881 and \$20,224, respectively, in fees.

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 \$304,611 and \$305,434 at June 30, 2023 and December 31, 2022, respectively, primarily invested in SEI-sponsored open-ended money market mutual funds.

Restricted Cash

Restricted cash includes \$250 at June 30, 2023 and December 31, 2022 segregated for regulatory purposes related to trade-execution services conducted by SEI Investments (Europe) Limited. Restricted cash also includes \$50 and \$101 at June 30, 2023 and December 31, 2022, respectively, 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 \$18,036 and \$13,809 of software development costs during the six months ended June 30, 2023 and 2022, respectively. The Company's software development costs primarily relate to significant enhancements to the SEI Wealth PlatformSM (SWP). As of June 30, 2023, the net book value of SWP was \$222,853. The net book value includes \$3,127 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 \$14,217 as of December 31, 2022. SWP has a weighted average remaining life of 9.4 years. Amortization expense for SWP was \$12,516 and \$23,859 during the six months ended June 30, 2023 and 2022, respectively.

The Company also capitalized \$8,642 of software development costs during the six months ended June 30, 2023 related to a new platform for the Investment Managers segment. Capitalized software development costs in-progress associated with this platform were \$18,196 and \$9,558 as of June 30, 2023 and December 31, 2022, respectively. The platform is not yet ready for use.

Earnings per Share

The calculations of basic and diluted earnings per share for the three and six months ended June 30, 2023 and 2022 are:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	\$ 118,851	\$ 111,276	\$ 225,866	\$ 301,584
Shares used to compute basic earnings per common share	132,854,000	136,435,000	133,437,000	137,185,000
Dilutive effect of stock options	1,082,000	1,382,000	1,186,000	1,579,000
Shares used to compute diluted earnings per common share	133,936,000	137,817,000	134,623,000	138,764,000
Basic earnings per common share	\$ 0.89	\$ 0.82	\$ 1.69	\$ 2.20
Diluted earnings per common share	\$ 0.89	\$ 0.81	\$ 1.68	\$ 2.17

During the three months ended June 30, 2023 and 2022, employee stock options to purchase 11,006,000 and 12,064,000 shares of common stock with an average exercise price of \$61.29 and \$60.27, respectively, were outstanding but not included in the computation of diluted earnings per common share. During the six months ended June 30, 2023 and 2022, employee stock options to purchase 11,140,000 and 12,141,000 shares of common stock with an average exercise price of \$61.29 and \$60.28, respectively, were outstanding but not included in the computation of diluted earnings per common share. These options for the three and six 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 October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805) Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (ASU 2021-08). This update amends Topic 805 to add contract assets and contract liabilities to the list of exceptions to the recognition and measurement principles that apply to business combinations and to require that an entity (acquirer) recognize and measure contract assets and contract liabilities in accordance with ASC 606. The Company adopted ASU 2021-08 on January 1, 2023. There was no material impact to the Company's consolidated financial statements from the implementation of ASU 2021-08.

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 six months ended June 30:

	2023	2022
Net income	\$ 225,866	\$ 301,584
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	17,312	16,384
Amortization	19,054	33,395
Equity in earnings of unconsolidated affiliate	(61,590)	(62,272)
Distributions received from unconsolidated affiliate	61,452	69,824
Stock-based compensation	15,479	20,573
Provision for losses on receivables	35	350
Deferred income tax expense	(12,600)	(23,506)
Net (gain) loss from investments	(1,259)	3,109
Change in other long-term liabilities	1,946	1,998
Change in other assets	(71)	(3,111)
Contract costs capitalized, net of amortization	(633)	883
Other	2,443	(1,521)
Change in current assets and liabilities		
(Increase) decrease in		
Receivables from investment products	5,710	4,125
Receivables	(64,551)	(25,523)
Other current assets	(6,907)	(7,014)
Advances due from unconsolidated affiliate	50,493	53,500
(Decrease) increase in		
Accounts payable	(6,063)	(7)
Accrued liabilities	(63,682)	(55,734)
Deferred revenue	20	3,578
Total adjustments	(43,412)	29,031
Net cash provided by operating activities	<u>\$ 182,454</u>	<u>\$ 330,615</u>

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 June 30, 2023 was 38.6%. 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 June 30, 2023, the Company's total investment in LSV was \$54,318. The Company receives partnership distributions from LSV on a quarterly basis. The Company received partnership distributions from LSV of \$61,452 and \$69,824 in the six months ended June 30, 2023 and 2022, 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 \$32,711 and \$29,813 during the three months ended June 30, 2023 and 2022, respectively. During the six months ended June 30, 2023 and 2022, the Company's proportionate share in the earnings of LSV was \$61,590 and \$62,272, respectively.

These tables contain condensed financial information of LSV:

Condensed Statement of Operations	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues	\$ 108,836	\$ 99,814	\$ 207,028	\$ 208,264
Net income	84,779	77,193	159,553	160,984

Condensed Balance Sheets	June 30, 2023		December 31, 2022	
Current assets	\$	130,951	\$	158,326
Non-current assets		6,972		6,019
Total assets	\$	137,923	\$	164,345
Current liabilities	\$	50,950	\$	77,306
Non-current liabilities		2,625		3,050
Partners' capital		84,348		83,989
Total liabilities and partners' capital	\$	137,923	\$	164,345

Note 3. Composition of Certain Financial Statement Captions

Receivables

Receivables on the accompanying Consolidated Balance Sheets consist of:

	June 30, 2023		December 31, 2022	
Trade receivables	\$	136,677	\$	110,722
Fees earned, not billed		360,812		320,700
Other receivables		25,047		26,563
		522,536		457,985
Less: Allowance for doubtful accounts		(936)		(901)
	\$	521,600	\$	457,084

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:

	June 30, 2023	December 31, 2022
Buildings	\$ 216,338	\$ 210,626
Equipment	188,063	179,318
Land	26,439	26,439
Purchased software	162,987	160,714
Furniture and fixtures	22,599	21,956
Leasehold improvements	21,562	20,879
Construction in progress	634	1,958
	<u>638,622</u>	<u>621,890</u>
Less: Accumulated depreciation	(458,119)	(440,861)
Property and Equipment, net	<u>\$ 180,503</u>	<u>\$ 181,029</u>

The Company recognized \$17,312 and \$16,384 in depreciation expense related to property and equipment for the six months ended June 30, 2023 and 2022, respectively.

Deferred Contract Costs

Deferred contract costs, which primarily consist of deferred sales commissions, were \$38,561 and \$37,928 as of June 30, 2023 and December 31, 2022, respectively. The Company deferred expenses related to contract costs of \$3,225 and \$1,543 during the three months ended June 30, 2023 and 2022, respectively. During the six months ended June 30, 2023 and 2022, the Company deferred expenses related to contract costs of \$4,969 and \$5,062, respectively. Amortization expense related to deferred contract costs were \$4,336 and \$5,945 during the six months ended June 30, 2023 and 2022, respectively. Amortization expense during the six months ended June 30, 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 were no material impairment losses in relation to deferred contract costs during the six months ended June 30, 2023.

Accrued Liabilities

Accrued liabilities on the accompanying Consolidated Balance Sheets consist of:

	June 30, 2023	December 31, 2022
Accrued employee compensation	\$ 58,627	\$ 100,566
Accrued employee benefits and other personnel	4,353	9,852
Accrued voluntary separation program	33,892	53,821
Accrued consulting, outsourcing and professional fees	38,106	37,009
Accrued sub-advisory, distribution and other asset management fees	50,259	52,916
Accrued dividend payable	291	58,051
Other accrued liabilities	51,636	47,148
Total accrued liabilities	<u>\$ 237,164</u>	<u>\$ 359,363</u>

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), and 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 six months ended June 30, 2023 were consistent with those as described in the Company's Annual Report on Form 10-K at December 31, 2022. The Company had no Level 3 financial assets at June 30, 2023 or December 31, 2022 that were required to be measured at fair value on a recurring basis. There were no transfers of financial assets between levels within the fair value hierarchy during the six months ended June 30, 2023.

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

Assets	June 30, 2023	Fair Value Measurements at the End of the Reporting Period Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Equity securities	\$ 10,826	\$ 10,826	\$ —
Available-for-sale debt securities	105,965	—	105,965
Fixed-income securities owned	31,040	—	31,040
Investment funds sponsored by LSV (1)	6,772		
	<u>\$ 154,603</u>	<u>\$ 10,826</u>	<u>\$ 137,005</u>

Assets	December 31, 2022	Fair Value Measurements at the End of the Reporting Period Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Equity securities	\$ 10,900	\$ 10,900	\$ —
Available-for-sale debt securities	117,301	—	117,301
Fixed-income securities owned	32,148	—	32,148
Investment funds sponsored by LSV (1)	6,366		
	<u>\$ 166,715</u>	<u>\$ 10,900</u>	<u>\$ 149,449</u>

(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 \$470,591 and \$450,240 at June 30, 2023 and December 31, 2022, respectively. There were no material unrealized or realized gains or losses from these investments during the six months ended June 30, 2023 and 2022. 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 June 30, 2023			
	Cost Amount	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Available-for-sale debt securities	\$ 117,727	\$ —	\$ (11,762)	\$ 105,965
SEI-sponsored mutual funds	5,315	206	(29)	5,492
Equities and other mutual funds	5,044	290	—	5,334
	<u>\$ 128,086</u>	<u>\$ 496</u>	<u>\$ (11,791)</u>	<u>\$ 116,791</u>

	At December 31, 2022			
	Cost Amount	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Available-for-sale debt securities	\$ 129,372	\$ —	\$ (12,071)	\$ 117,301
SEI-sponsored mutual funds	6,207	—	(176)	6,031
Equities and other mutual funds	5,026	—	(157)	4,869
	<u>\$ 140,605</u>	<u>\$ —</u>	<u>\$ (12,404)</u>	<u>\$ 128,201</u>

Net unrealized losses at June 30, 2023 of available-for-sale debt securities were \$9,057 (net of income tax benefit of \$2,705). Net unrealized losses at December 31, 2022 of available-for-sale debt securities were \$9,294 (net of income tax benefit of \$2,777). 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 likely 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 \$122 and \$414 from available-for-sale debt securities during the six months ended June 30, 2023 and 2022, respectively. There were no gross realized gains from available-for-sale debt securities during the six months ended June 30, 2023 and 2022. Realized losses from available-for-sale debt securities, including amounts reclassified from accumulated comprehensive loss, are reflected in Net gain (loss) from investments on the accompanying Consolidated Statements of Operations.

There were gross realized gains of \$44 and gross realized losses of \$49 from mutual funds and equities during the six months ended June 30, 2023. There were gross realized gains of \$7 and gross realized losses of \$658 from mutual funds and equities during the six months ended June 30, 2022. Gains and losses from mutual funds and equities are reflected in Net gain (loss) 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 gain (loss) from investments on the accompanying Consolidated Statements of Operations.

The funds had a fair value of \$6,772 and \$6,366 at June 30, 2023 and December 31, 2022, respectively. The Company recognized unrealized gains of \$235 and unrealized losses of \$1,270 during the three months ended June 30, 2023 and 2022, respectively, from the change in fair value of the funds. The Company recognized unrealized gains of \$406 and unrealized losses of \$916 during the six months ended June 30, 2023 and 2022, 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 \$31,040 and \$32,148 at June 30, 2023 and December 31, 2022, respectively. There were no material net gains or losses related to the securities during the three and six months ended June 30, 2023 and 2022.

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 Adjusted Term Secured Overnight Financing Rate (SOFR) 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 Prime Rate, b) the Federal Funds Rate plus 0.50% and c) the Adjusted Term SOFR for a one-month tenor in effect on such day plus 1.00%.

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 0.20% 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.

On April 17, 2023, the Company and the lenders amended the Credit Facility to add SOFR as an alternative reference rate for borrowings in place of LIBOR. All other terms and conditions of the original agreement remain in effect.

The Company was in compliance with all covenants of the Credit Facility during the six months ended June 30, 2023.

As of July 13, 2023, the Company had outstanding letters of credit of \$4,866 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 2023. The amount of the Credit Facility that is available for general corporate purposes as of July 13, 2023 was \$320,134.

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. The Company recognized stock-based compensation expense in its Consolidated Financial Statements in the three and six months ended June 30, 2023 and 2022, respectively, as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Stock-based compensation expense	\$ 7,405	\$ 10,007	\$ 15,479	\$ 20,573
Less: Deferred tax benefit	(1,347)	(1,839)	(2,839)	(3,934)
Stock-based compensation expense, net of tax	\$ 6,058	\$ 8,168	\$ 12,640	\$ 16,639

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 revised its estimate of when some vesting targets are expected to be achieved. This change in management's estimate resulted in a decrease of \$2,776 in stock-based compensation expense during the six months ended June 30, 2023.

As of June 30, 2023, there was approximately \$99,899 of unrecognized compensation cost remaining related to unvested employee stock options and restricted stock units 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 six months ended June 30, 2023 was \$10,019. The total options exercisable as of June 30, 2023 had an intrinsic value of \$67,512. The total intrinsic value for options exercisable is calculated as the difference between the market value of the Company's common stock as of June 30, 2023 and the weighted average exercise price of the options. The market value of the Company's common stock as of June 30, 2023 was \$59.62 as reported by the Nasdaq Stock Market, LLC. The weighted average exercise price of the options exercisable as of June 30, 2023 was \$53.17. Total options that were outstanding as of June 30, 2023 were 17,509,000. Total options that were exercisable as of June 30, 2023 were 8,325,000.

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 2,651,000 shares at a total cost of \$155,869 during the six months ended June 30, 2023, which reduced the total shares outstanding of common stock. The cost of stock purchases during the period includes the cost of excise taxes applicable to stock repurchases and certain transactions that settled in the following quarter. On April 18, 2023, the Company's Board of Directors approved an increase in the stock repurchase program by an additional \$250,000. As of June 30, 2023, the Company had approximately \$186,983,274 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.

Cash Dividend

On May 31, 2023, the Board of Directors declared a cash dividend of \$0.43 per share on the Company's common stock, which was paid on June 21, 2023, to shareholders of record on June 12, 2023. Cash dividends declared during the six months ended June 30, 2023 and 2022 were \$57,177 and \$54,378, respectively.

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, 2023	\$ (39,673)	\$ (9,294)	\$ (48,967)
Other comprehensive income before reclassifications	8,751	144	8,895
Amounts reclassified from accumulated other comprehensive loss	—	93	93
Net current-period other comprehensive income	8,751	237	8,988
Balance, June 30, 2023	<u>\$ (30,922)</u>	<u>\$ (9,057)</u>	<u>\$ (39,979)</u>

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 advisers 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 Outsourced Chief Investment Officer and Enhanced Chief Investment Officer 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; 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 and six months ended June 30, 2023 and 2022. 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, 2022.

The following tables highlight certain financial information about each of the business segments for the three months ended June 30, 2023 and 2022:

	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
For the Three Months Ended June 30, 2023						
Revenues	\$ 134,099	\$ 109,580	\$ 75,145	\$ 165,339	\$ 4,894	\$ 489,057
Expenses	116,061	64,178	45,516	107,761	10,571	344,087
Operating profit (loss)	\$ 18,038	\$ 45,402	\$ 29,629	\$ 57,578	\$ (5,677)	\$ 144,970
For the Three Months Ended June 30, 2022						
Revenues	\$ 124,184	\$ 113,194	\$ 83,483	\$ 155,926	\$ 4,883	\$ 481,670
Expenses	121,060	63,375	43,925	100,807	12,844	342,011
Operating profit (loss)	\$ 3,124	\$ 49,819	\$ 39,558	\$ 55,119	\$ (7,961)	\$ 139,659

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 June 30, 2023 and 2022 is as follows:

	2023	2022
Total operating profit from segments	\$ 144,970	\$ 139,659
Corporate overhead expenses	(32,369)	(23,799)
Income from operations	<u>\$ 112,601</u>	<u>\$ 115,860</u>

The following tables provide additional information for the three months ended June 30, 2023 and 2022 pertaining to the business segments:

	Capital Expenditures (1)		Depreciation	
	2023	2022	2023	2022
Private Banks	\$ 8,001	\$ 8,541	\$ 5,450	\$ 5,554
Investment Advisors	3,615	3,423	549	469
Institutional Investors	457	1,028	303	285
Investment Managers	2,592	4,113	2,210	1,755
Investments in New Businesses	202	208	63	44
Total from business segments	<u>\$ 14,867</u>	<u>\$ 17,313</u>	<u>\$ 8,575</u>	<u>\$ 8,107</u>
Corporate overhead	362	445	206	179
	<u>\$ 15,229</u>	<u>\$ 17,758</u>	<u>\$ 8,781</u>	<u>\$ 8,286</u>

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

	Amortization	
	2023	2022
Private Banks	\$ 4,718	\$ 8,261
Investment Advisors	1,945	3,158
Institutional Investors	1,829	2,257
Investment Managers	929	2,577
Investments in New Businesses	144	185
Total from business segments	<u>\$ 9,565</u>	<u>\$ 16,438</u>
Corporate overhead	65	70
	<u>\$ 9,630</u>	<u>\$ 16,508</u>

The following tables highlight certain financial information about each of business segment for the six months ended June 30, 2023 and 2022:

	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
For the Six Months Ended June 30, 2023						
Revenues	\$ 256,702	\$ 216,118	\$ 149,435	\$ 326,025	\$ 9,896	\$ 958,176
Expenses	230,337	127,724	86,384	213,627	22,215	680,287
Operating profit (loss)	\$ 26,365	\$ 88,394	\$ 63,051	\$ 112,398	\$ (12,319)	\$ 277,889

	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
For the Six Months Ended June 30, 2022						
Revenues	\$ 337,732	\$ 232,424	\$ 170,322	\$ 312,827	\$ 9,808	\$ 1,063,113
Expenses	243,015	127,895	89,283	199,644	24,794	684,631
Operating profit (loss)	\$ 94,717	\$ 104,529	\$ 81,039	\$ 113,183	\$ (14,986)	\$ 378,482

A reconciliation of the total operating profit reported for the business segments to income from operations in the Consolidated Statements of Operations for the six months ended June 30, 2023 and 2022:

	2023	2022
Total operating profit from segments	\$ 277,889	\$ 378,482
Corporate overhead expenses	(63,521)	(47,823)
Income from operations	\$ 214,368	\$ 330,659

The following tables provide additional information for the six months ended June 30, 2023 and 2022:

	Capital Expenditures (2)		Depreciation	
	2023	2022	2023	2022
Private Banks	\$ 17,072	\$ 15,763	\$ 10,804	\$ 10,660
Investment Advisors	7,954	6,450	1,017	925
Institutional Investors	1,105	1,977	585	574
Investment Managers	7,198	8,137	4,365	3,775
Investments in New Businesses	544	413	131	88
Total from business segments	\$ 33,873	\$ 32,740	\$ 16,902	\$ 16,022
Corporate Overhead	977	890	410	362
	\$ 34,850	\$ 33,630	\$ 17,312	\$ 16,384

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

	Amortization	
	2023	2022
Private Banks	\$ 9,364	\$ 16,800
Investment Advisors	3,763	6,391
Institutional Investors	3,653	4,540
Investment Managers	1,856	5,153
Investments in New Businesses	289	370
Total from business segments	\$ 18,925	\$ 33,254
Corporate Overhead	129	141
	\$ 19,054	\$ 33,395

Note 10. Income Taxes

The gross liability for unrecognized tax benefits at June 30, 2023 and December 31, 2022 was \$16,741 and \$15,204, respectively, exclusive of interest and penalties, of which \$16,197 and \$14,431 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 June 30, 2023 and December 31, 2022, the combined amount of accrued interest and penalties related to tax positions taken on tax returns was \$1,630 and \$1,118, respectively.

	June 30, 2023	December 31, 2022
Gross liability for unrecognized tax benefits, exclusive of interest and penalties	\$ 16,741	\$ 15,204
Interest and penalties on unrecognized benefits	1,630	1,118
Total gross uncertain tax positions	\$ 18,371	\$ 16,322
Amount included in Current liabilities	\$ 4,168	\$ 4,065
Amount included in Other long-term liabilities	14,203	12,257
	<u>\$ 18,371</u>	<u>\$ 16,322</u>

The effective income tax rate for the three and six months ended June 30, 2023 and 2022 differs from the federal income tax statutory rate due to the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Statutory rate	21.0 %	21.0 %	21.0 %	21.0 %
State taxes, net of federal tax benefit	2.8	2.8	2.8	2.8
Foreign tax expense and tax rate differential	(0.2)	(0.1)	(0.2)	(0.1)
Tax benefit from stock option exercises	(0.1)	(0.3)	(0.2)	(0.3)
Other, net	(0.1)	(0.3)	0.1	(0.3)
	<u>23.4 %</u>	<u>23.1 %</u>	<u>23.5 %</u>	<u>23.1 %</u>

The increase in the Company's effective tax rate for the three and six months ended June 30, 2023 was primarily due to decreased tax benefits related to the lower volume of stock option exercises and a decrease in credits associated with research and development as 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 2019 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 \$4,168 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. The amounts recognized as of June 30, 2023 on the Consolidated Balance Sheet related to

these indemnifications are not material. There are no amounts recognized on the Consolidated Balance Sheet as of December 31, 2022 related to these indemnifications.

Legal Proceedings

The Company is a party to various disputes, actions and claims 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, if any, 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 upon which these beliefs are based may be incorrect and, if so, 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, 2022	\$ 47,108	\$ 56,992	\$ 11,499	\$ 115,599
Foreign currency translation adjustments	—	3	—	3
Balance, June 30, 2023	\$ 47,108	\$ 56,995	\$ 11,499	\$ 115,602

In April 2018, the Company acquired all ownership interests of Huntington Steele, LLC (Huntington Steele). The total purchase price for Huntington Steele included a contingent purchase price payable to the sellers which is determined at various intervals occurring between 2019 and 2023. The Company made payments of \$904 and \$868 during the six months ended June 30, 2023 and 2022, respectively, to the sellers. As of June 30, 2023, the remaining amount of the contingent consideration of \$8,177 is included in Accrued liabilities on the accompanying Balance Sheet. During July 2023, the Company exercised its option to settle the contingent consideration and made payments totaling \$7,985 to the sellers.

The Company recognized \$6,113 and \$6,496 of amortization expense related to acquired intangible assets during the six months ended June 30, 2023 and 2022, 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 June 30, 2023 and 2022:

	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
Major Product Lines:						
	For the Three Months Ended June 30, 2023					
Investment management fees from pooled investment products	\$ 32,092	\$ 61,103	\$ 13,154	\$ 104	\$ 352	\$ 106,805
Investment management fees from investment management agreements	824	43,159	56,627	—	4,025	104,635
Investment operations fees	337	—	—	152,713	—	153,050
Investment processing fees - PaaS	56,713	2,296	280	75	20	59,384
Investment processing fees - SaaS	28,581	—	2,790	4,296	—	35,667
Professional services fees (1)	14,589	—	—	730	—	15,319
Account fees and other	963	3,022	2,294	7,421	497	14,197
Total revenues	\$ 134,099	\$ 109,580	\$ 75,145	\$ 165,339	\$ 4,894	\$ 489,057
Primary Geographic Markets:						
United States	\$ 91,282	\$ 109,580	\$ 63,123	\$ 150,533	\$ 4,894	\$ 419,412
United Kingdom	27,984	—	8,684	—	—	36,668
Canada	10,148	—	1,447	—	—	11,595
Ireland	4,685	—	1,891	8,978	—	15,554
Luxembourg	—	—	—	5,828	—	5,828
Total revenues	\$ 134,099	\$ 109,580	\$ 75,145	\$ 165,339	\$ 4,894	\$ 489,057

(1) Professional services fees of the Private Banks segment includes a one-time early contractual buyout fee of \$10,457 recorded during the three months ended June 30, 2023 from an investment processing client acquired by an existing client.

	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
Major Product Lines:						
	For the Three Months Ended June 30, 2022					
Investment management fees from pooled investment products	\$ 31,993	\$ 67,490	\$ 15,700	\$ 123	\$ 402	\$ 115,708
Investment management fees from investment management agreements	616	40,398	63,212	—	4,073	108,299
Investment operations fees	344	—	—	144,742	—	145,086
Investment processing fees - PaaS	56,378	—	—	—	—	56,378
Investment processing fees - SaaS	29,845	—	3,021	3,911	—	36,777
Professional services fees	4,096	—	—	635	—	4,731
Account fees and other	912	5,306	1,550	6,515	408	14,691
Total revenues	\$ 124,184	\$ 113,194	\$ 83,483	\$ 155,926	\$ 4,883	\$ 481,670
Primary Geographic Markets:						
United States	\$ 96,115	\$ 113,194	\$ 68,702	\$ 142,350	\$ 4,883	\$ 425,244
United Kingdom	13,036	—	11,283	—	—	24,319
Canada	11,023	—	1,424	—	—	12,447
Ireland	4,010	—	1,963	9,416	—	15,389
Luxembourg	—	—	—	4,160	—	4,160
Other	—	—	111	—	—	111
Total revenues	\$ 124,184	\$ 113,194	\$ 83,483	\$ 155,926	\$ 4,883	\$ 481,670

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 Company's business segments for the six months ended June 30, 2023 and 2022:

	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
Major Product Lines:						
	For the Six Months Ended June 30, 2023					
Investment management fees from pooled investment products	\$ 64,313	\$ 121,708	\$ 24,437	\$ 230	\$ 690	\$ 211,378
Investment management fees from investment management agreements	1,310	83,825	115,562	—	8,242	208,939
Investment operations fees	683	—	—	299,907	—	300,590
Investment processing fees - PaaS	114,298	2,296	280	75	20	116,969
Investment processing fees - SaaS	55,398	—	5,441	8,417	—	69,256
Professional services fees (2)	18,675	—	—	2,244	—	20,919
Account fees and other	2,025	8,289	3,715	15,152	944	30,125
Total revenues	\$ 256,702	\$ 216,118	\$ 149,435	\$ 326,025	\$ 9,896	\$ 958,176
Primary Geographic Markets:						
United States	\$ 171,452	\$ 216,118	\$ 125,341	\$ 296,805	\$ 9,896	\$ 819,612
United Kingdom	55,830	—	17,779	—	—	73,609
Canada	20,238	—	2,816	—	—	23,054
Ireland	9,182	—	3,499	18,003	—	30,684
Luxembourg	—	—	—	11,217	—	11,217
Total revenues	\$ 256,702	\$ 216,118	\$ 149,435	\$ 326,025	\$ 9,896	\$ 958,176

(2) Professional services fees of the Private Banks segment includes a one-time early contractual buyout fee of \$10,457 recorded during the three months ended June 30, 2023 from an investment processing client acquired by an existing client.

	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
For the Six Months Ended June 30, 2022						
Major Product Lines:						
Investment management fees from pooled investment products	\$ 65,111	\$ 139,483	\$ 29,566	\$ 207	\$ 769	\$ 235,136
Investment management fees from investment management agreements	871	82,406	131,672	—	8,199	223,148
Investment operations fees	704	—	—	290,121	—	290,825
Investment processing fees - PaaS	112,833	—	—	—	—	112,833
Investment processing fees - SaaS	59,404	—	6,131	7,569	—	73,104
Professional services fees (3)	96,825	—	—	1,024	—	97,849
Account fees and other	1,984	10,535	2,953	13,906	840	30,218
Total revenues	\$ 337,732	\$ 232,424	\$ 170,322	\$ 312,827	\$ 9,808	\$ 1,063,113
Primary Geographic Markets:						
United States	\$ 177,001	\$ 232,424	\$ 139,265	\$ 286,375	\$ 9,808	\$ 844,873
United Kingdom	129,699	—	24,032	—	—	153,731
Canada	22,823	—	2,666	—	—	25,489
Ireland	8,209	—	4,130	19,238	—	31,577
Luxembourg	—	—	—	7,214	—	7,214
Other	—	—	229	—	—	229
Total revenues	\$ 337,732	\$ 232,424	\$ 170,322	\$ 312,827	\$ 9,808	\$ 1,063,113

(3) 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.

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 of the Private Banks segment for application software services. Clients 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 clients of the Investment Managers segment processed on the Archway PlatformSM are fees for hosted technology services to family offices and financial institutions. The Archway Platform is an integrated technology platform used for investment, operations, accounting and client reporting by these institutions. The contractual fee is based on a monthly subscription fee to access the Archway Platform along with additional fees on a per transaction basis.

Revenues associated with clients of the Institutional Investors segment processed on the SEI NovusSM portfolio intelligence tool are fees for data management, performance measurement, reporting, and risk analytics. The contractual fee is based on a fixed fee to access SEI Novus and includes fees for integration of historical fund data and custom reporting.

All revenues from investment processing fees 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.

Note 14. Subsequent Events

On July 13, 2023, the Company announced that SEI Investments (Europe) Limited (SIEL), its wholly-owned operating subsidiary in the United Kingdom, has entered into an option agreement to acquire the outstanding equity of XPS Pensions (Nexus) Limited, principal employer and scheme funder of the National Pensions Trust (NPT), from its parent company, XPS Pensions Group PLC (XPS).

The total cash consideration payable to XPS for Nexus is up to £42,500, comprised of a £35,000 initial consideration paid at closing and deferred consideration of up to £7,500 that may be earned over two years after the closing, subject to the achievement of certain post-closing performance measurements. The transaction is expected to close before year end, subject to applicable regulatory approval and other customary closing conditions.

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, 2022.

Overview

Consolidated Summary

SEI delivers technology and investment solutions that connect the financial services industry. With capabilities across investment processing, operations, and asset management, SEI works with corporations, financial institutions and professionals, and ultra-high-net-worth families to help drive growth, make confident decisions, and protect futures. 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 June 30, 2023, 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.

Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2023 and 2022 were:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Percent Change*	2023	2022	Percent Change*
Revenues	\$ 489,057	\$ 481,670	2%	\$ 958,176	\$ 1,063,113	(10)%
Expenses	376,456	365,810	3%	743,808	732,454	2%
Income from operations	112,601	115,860	(3)%	214,368	330,659	(35)%
Net gain (loss) from investments	515	(2,620)	NM	1,259	(3,109)	NM
Interest income, net of interest expense	9,411	1,642	473%	18,048	2,240	706%
Equity in earnings from unconsolidated affiliate	32,711	29,813	10%	61,590	62,272	(1)%
Income before income taxes	155,238	144,695	7%	295,265	392,062	(25)%
Income taxes	36,387	33,419	9%	69,399	90,478	(23)%
Net income	118,851	111,276	7%	225,866	301,584	(25)%
Diluted earnings per common share	\$ 0.89	\$ 0.81	10%	\$ 1.68	\$ 2.17	(23)%

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

The following items had a significant impact on our financial results for the three and six months ended June 30, 2023 and 2022:

- Revenue from Information processing and software servicing fees decreased in the first six months of 2023 primarily from one-time early termination fees of \$88.0 million from a significant client of the Private Banks segment recorded during the first quarter 2022. A one-time early contractual buyout fee of \$10.5 million recorded during second-quarter 2023 from an investment processing client of the Private Banks segment acquired by an existing client partially offset the decline in revenues.
- Revenue from Asset management, administration and distribution fees decreased in the first six months of 2023 primarily from lower assets under management in equity and fixed income programs from market depreciation during 2022 and negative cash flows from SEI fund programs due to client losses in the Investment Advisors and Institutional Investors segments. The improvement in market conditions and positive cash flows into separately managed account programs and Strategist programs of the Investment Advisors segment during 2023 partially offset the decline in revenues. Average assets under management in equity and fixed income programs, excluding LSV, decreased \$17.4 billion, or 9%, to \$168.4 billion in the first six months of 2023 as compared to \$185.8 billion during the first six months of 2022.
- Revenue from Asset management, administration and distribution fees increased from existing alternative investment clients of the Investment Managers segment due to new products and additional services. The decrease in average assets under administration reflect a loss of a significant client in 2022 which was not charged asset-based fees.
- Earnings from LSV decreased to \$61.6 million in the first six months of 2023 as compared to \$62.3 million in the first six months of 2022 due to a lower level of assets under management by LSV from negative cash flows from

existing clients, client losses and market depreciation during 2022. Higher performance fees and market appreciation during second quarter 2023 partially offset the decline in earnings from LSV.

- Operating expenses increased from higher personnel costs due to business growth primarily in our Investment Managers segment and competitive labor markets. Operational expenses also increased due to personnel costs and investments in compliance infrastructure to meet new regulatory requirements. The increase was partially offset by lower direct costs related to asset management revenues and lower amortization expense.
- Capitalized software development costs were \$18.0 million in the first six months of 2023, of which \$9.4 million was for continued enhancements to SWP. We also capitalized \$8.6 million of software development costs in the first six months of 2023 for a new platform for the Investment Managers segment.
- Amortization expense related to SWP was \$12.5 million in the first six months of 2023 as compared to \$23.9 million in the first six months of 2022. The decline in amortization expense was due to the amortization period of the initial development costs related to SWP which ended in second-quarter 2022.
- Interest and dividend income was \$18.3 million in the first six months of 2023 as compared to \$2.7 million in the first six months of 2022. The increase in interest and dividend income was due to an overall increase in interest rates.
- We continued the stock repurchase program during 2023 and purchased 2.7 million shares for \$155.9 million in the six month period.
- On July 13, 2023, our wholly-owned operating subsidiary in the United Kingdom entered into an option agreement to acquire XPS Pensions (Nexus) Limited, principal employer and scheme funder of the National Pensions Trust (NPT). The total cash consideration payable for Nexus is up to £42.5 million, comprised of a £35.0 million initial consideration paid at closing and deferred consideration of up to £7.5 million that may be earned over two years after the closing, subject to the achievement of certain post-closing performance measurements. The transaction is expected to close before year end, subject to applicable regulatory approval (See Note 14 to the Notes to Consolidated Financial Statements).

Ending Asset Balances

(In millions)

	As of June 30,		Percent Change
	2023	2022	
Private Banks:			
Equity and fixed-income programs	\$ 24,091	\$ 22,277	8%
Collective trust fund programs	7	7	—%
Liquidity funds	3,433	3,666	(6)%
Total assets under management	\$ 27,531	\$ 25,950	6%
Client assets under administration	4,154	3,923	6%
Total assets	\$ 31,685	\$ 29,873	6%
Investment Advisors:			
Equity and fixed-income programs	\$ 69,439	\$ 65,783	6%
Liquidity funds	4,968	8,292	(40)%
Total Platform assets under management	\$ 74,407	\$ 74,075	—%
Platform-only assets	16,103	12,642	27%
Total Platform assets	\$ 90,510	\$ 86,717	4%
Institutional Investors:			
Equity and fixed-income programs	\$ 75,854	\$ 75,506	—%
Collective trust fund programs	4	5	(20)%
Liquidity funds	1,353	1,654	(18)%
Total assets under management	\$ 77,211	\$ 77,165	—%
Client assets under advisement	4,368	4,218	4%
Total assets	\$ 81,579	\$ 81,383	—%
Investment Managers:			
Collective trust fund programs (A)	\$ 149,779	\$ 142,035	5%
Liquidity funds	249	271	(8)%
Total assets under management	\$ 150,028	\$ 142,306	5%
Client assets under administration	873,570	885,096	(1)%
Total assets	\$ 1,023,598	\$ 1,027,402	—%
Investments in New Businesses:			
Equity and fixed-income programs	\$ 2,104	\$ 1,903	11%
Liquidity funds	217	242	(10)%
Total assets under management	\$ 2,321	\$ 2,145	8%
Client assets under advisement	1,098	1,076	2%
Total assets	\$ 3,419	\$ 3,221	6%
LSV:			
Equity and fixed-income programs (B)	\$ 86,469	\$ 81,940	6%

Total:					
Equity and fixed-income programs (C)	\$	257,957	\$	247,409	4%
Collective trust fund programs		149,790		142,047	5%
Liquidity funds		10,220		14,125	(28)%
Total assets under management	\$	417,967	\$	403,581	4%
Client assets under advisement		5,466		5,294	3%
Client assets under administration (D)		877,724		889,019	(1)%
Platform-only assets		16,103		12,642	27%
Total assets	\$	1,317,260	\$	1,310,536	1%

- (A) Collective trust fund program assets are included in assets under management since SEI is the trustee. Fees earned on this product are less than fees earned on customized asset management programs.
- (B) Equity and fixed-income programs include \$2.0 billion of assets managed by LSV in which fees are based solely on performance and are not calculated as an asset-based fee (as of June 30, 2023).
- (C) Equity and fixed-income programs include \$6.2 billion of assets invested in various asset allocation funds at June 30, 2023.
- (D) In addition to the assets presented, SEI also administers an additional \$11.7 billion in Funds of Funds assets on which SEI does not earn an administration fee (as of June 30, 2023).

Average Asset Balances

(In millions)

	Three Months Ended June 30,			Percent Change	Six Months Ended June 30,		
	2023	2022			2023	2022	Percent Change
Private Banks:							
Equity and fixed-income programs	\$ 23,748	\$ 23,713	—%	\$ 23,662	\$ 24,675	(4)%	
Collective trust fund programs	7	7	—%	7	7	—%	
Liquidity funds	3,500	3,795	(8)%	3,377	4,099	(18)%	
Total assets under management	\$ 27,255	\$ 27,515	(1)%	\$ 27,046	\$ 28,781	(6)%	
Client assets under administration	4,282	4,163	3%	4,299	4,332	(1)%	
Total assets	\$ 31,537	\$ 31,678	—%	\$ 31,345	\$ 33,113	(5)%	
Investment Advisors:							
Equity and fixed-income programs	\$ 68,371	\$ 70,436	(3)%	\$ 67,975	\$ 74,006	(8)%	
Liquidity funds	4,808	7,070	(32)%	4,902	6,111	(20)%	
Total Platform assets under management	\$ 73,179	\$ 77,506	(6)%	\$ 72,877	\$ 80,117	(9)%	
Platform-only assets	15,548	13,142	18%	15,180	13,560	12%	
Total Platform assets	\$ 88,727	\$ 90,648	(2)%	\$ 88,057	\$ 93,677	(6)%	
Institutional Investors:							
Equity and fixed-income programs	\$ 74,865	\$ 80,971	(8)%	\$ 74,759	\$ 85,111	(12)%	
Collective trust fund programs	4	5	(20)%	5	5	—%	
Liquidity funds	1,537	2,097	(27)%	1,626	2,160	(25)%	
Total assets under management	\$ 76,406	\$ 83,073	(8)%	\$ 76,390	\$ 87,276	(12)%	
Client assets under advisement	4,583	3,987	15%	4,507	4,438	2%	
Total assets	\$ 80,989	\$ 87,060	(7)%	\$ 80,897	\$ 91,714	(12)%	
Investment Managers:							
Collective trust fund programs (A)	\$ 147,543	\$ 131,435	12%	\$ 146,229	\$ 109,034	34%	
Liquidity funds	286	285	—%	302	359	(16)%	
Total assets under management	\$ 147,829	\$ 131,720	12%	\$ 146,531	\$ 109,393	34%	
Client assets under administration	859,296	893,361	(4)%	847,853	891,108	(5)%	
Total assets	\$ 1,007,125	\$ 1,025,081	(2)%	\$ 994,384	\$ 1,000,501	(1)%	
Investments in New Businesses:							
Equity and fixed-income programs	\$ 2,057	\$ 2,016	2%	\$ 2,024	\$ 2,021	—%	
Liquidity funds	199	262	(24)%	206	274	(25)%	
Total assets under management	\$ 2,256	\$ 2,278	(1)%	\$ 2,230	\$ 2,295	(3)%	
Client assets under advisement	1,075	1,165	(8)%	1,087	1,281	(15)%	
Total assets	\$ 3,331	\$ 3,443	(3)%	\$ 3,317	\$ 3,576	(7)%	
LSV:							
Equity and fixed-income programs (B)	\$ 84,492	\$ 87,818	(4)%	\$ 85,740	\$ 92,134	(7)%	

Total:						
Equity and fixed-income programs (C)	\$ 253,533	\$ 264,954	(4)%	\$ 254,160	\$ 277,947	(9)%
Collective trust fund programs	147,554	131,447	12%	146,241	109,046	34%
Liquidity funds	10,330	13,509	(24)%	10,413	13,003	(20)%
Total assets under management	\$ 411,417	\$ 409,910	—%	\$ 410,814	\$ 399,996	3%
Client assets under advisement	5,658	5,152	10%	5,594	5,719	(2)%
Client assets under administration (D)	863,578	897,524	(4)%	852,152	895,440	(5)%
Platform-only assets	15,548	13,142	18%	15,180	13,560	12%
Total assets	\$ 1,296,201	\$ 1,325,728	(2)%	\$ 1,283,740	\$ 1,314,715	(2)%

- (A) Collective trust fund program average assets are included in assets under management since SEI is the trustee. Fees earned on this product are less than fees earned on customized asset management programs.
- (B) Equity and fixed-income programs include assets managed by LSV in which fees are based solely on performance and are not calculated as an asset-based fee. The average value of these assets for the three months ended June 30, 2023 was \$2.0 billion.
- (C) Equity and fixed-income programs include \$6.3 billion of average assets invested in various asset allocation funds for the three months ended June 30, 2023.
- (D) In addition to the assets presented, SEI also administers an additional \$11.9 billion of average assets in Funds of Funds assets for the three months ended June 30, 2023 on which SEI does not earn an administration fee.

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 and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022 were as follows:

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2023	2022		2023	2022	
Private Banks:						
Revenues	\$ 134,099	\$ 124,184	8%	\$ 256,702	\$ 337,732	(24)%
Expenses	116,061	121,060	(4)%	230,337	243,015	(5)%
Operating Profit	\$ 18,038	\$ 3,124	NM	\$ 26,365	\$ 94,717	(72)%
Operating Margin	13 %	3 %		10 %	28 %	
Investment Advisors:						
Revenues	\$ 109,580	\$ 113,194	(3)%	\$ 216,118	\$ 232,424	(7)%
Expenses	64,178	63,375	1%	127,724	127,895	—%
Operating Profit	\$ 45,402	\$ 49,819	(9)%	\$ 88,394	\$ 104,529	(15)%
Operating Margin	41 %	44 %		41 %	45 %	
Institutional Investors:						
Revenues	\$ 75,145	\$ 83,483	(10)%	\$ 149,435	\$ 170,322	(12)%
Expenses	45,516	43,925	4%	86,384	89,283	(3)%
Operating Profit	\$ 29,629	\$ 39,558	(25)%	\$ 63,051	\$ 81,039	(22)%
Operating Margin	39 %	47 %		42 %	48 %	
Investment Managers:						
Revenues	\$ 165,339	\$ 155,926	6%	\$ 326,025	\$ 312,827	4%
Expenses	107,761	100,807	7%	213,627	199,644	7%
Operating Profit	\$ 57,578	\$ 55,119	4%	\$ 112,398	\$ 113,183	(1)%
Operating Margin	35 %	35 %		34 %	36 %	
Investments in New Businesses:						
Revenues	\$ 4,894	\$ 4,883	—%	\$ 9,896	\$ 9,808	1%
Expenses	10,571	12,844	(18)%	22,215	24,794	(10)%
Operating Loss	\$ (5,677)	\$ (7,961)	NM	\$ (12,319)	\$ (14,986)	NM

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

Private Banks

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2023	2022		2023	2022	
Revenues:						
Information processing and software servicing fees	\$ 100,602	\$ 93,203	8%	\$ 190,580	\$ 274,240	(31)%
Asset management, administration & distribution fees	33,497	30,981	8%	66,122	63,492	4%
Total revenues	\$ 134,099	\$ 124,184	8%	\$ 256,702	\$ 337,732	(24)%

Revenues increased \$9.9 million, or 8%, in the three month period ended June 30, 2023 and were primarily affected by:

- One-time early termination fees of \$10.5 million from an investment processing client;
- Increased investment processing fees from new client conversions; and
- Increased revenues from U.K. clients impacted by increased interest rates; partially offset by
- The negative impact from foreign currency exchange rate fluctuations between the U.S. dollar and the British pound on our foreign operations;
- A negative adjustment to fees from an investment processing client which reduced their business processed through divestment; and
- Lower investment processing fees from the recontacting of existing clients.

Revenues decreased \$81.0 million, or 24%, in the six month period ended June 30, 2023 and were primarily affected by:

- One-time early termination fees of \$88.0 million from a significant investment processing client recorded during the first quarter 2022;
- The negative impact from foreign currency exchange rate fluctuations between the U.S. dollar and the British pound on our foreign operations;
- A negative adjustment to fees from an investment processing client which reduced their business processed through divestment; and
- Lower investment processing fees from the recontacting of existing clients; partially offset by
- Increased investment processing fees from new client conversions;
- Increased revenues from U.K. clients impacted by increased interest rates; and
- One-time early termination fees of \$10.5 million from an investment processing client recorded in second quarter 2023.

Operating margins increased to 13% compared to 3% in the three month period. Operating income increased by \$14.9 million in the three month period and was primarily affected by:

- An increase in revenues; and
- Decreased amortization expense related to SWP; partially offset by
- Increased personnel costs due to competitive labor markets; and
- Increased costs, mainly personnel costs, primarily related to maintenance, support and client migrations to SWP.

Operating margins decreased to 10% compared to 28% in the six month period. Operating income decreased by \$68.4 million, or 72%, in the six month period and was primarily affected by:

- A decrease in revenues;
- Increased personnel costs due to competitive labor markets; and
- Increased costs, mainly personnel costs, primarily related to maintenance, support and client migrations to SWP; partially offset by
- Decreased amortization expense related to SWP; and
- Decreased amortization expense related to deferred sales commissions.

Investment Advisors

	Three Months Ended June 30,		Percent	Six Months Ended June 30,		Percent
	2023	2022	Change	2023	2022	Change
Revenues:						
Investment management fees-SEI fund programs	\$ 61,103	\$ 67,490	(9)%	\$ 121,708	\$ 139,483	(13)%
Separately managed account fees	43,159	40,398	7%	83,825	82,406	2%
Other fees	5,318	5,306	—%	10,585	10,535	—%
Total revenues	<u>\$ 109,580</u>	<u>\$ 113,194</u>	(3)%	<u>\$ 216,118</u>	<u>\$ 232,424</u>	(7)%

Revenues decreased \$3.6 million, or 3%, in the three month period and decreased \$16.3 million, or 7%, in the six month period ended June 30, 2023 and were primarily affected by:

- Decreased investment management fees from SEI fund programs resulting from market depreciation and client losses during 2022 along with a continued shift out of SEI fund programs into separately managed accounts; partially offset by
- Increased fees from separately managed account programs and Strategist programs from positive cash flows.

Operating margin decreased to 41% compared to 44% in the three month period and decreased to 41% compared to 45% in the six month period. Operating income decreased \$4.4 million, or 9%, in the three month period and decreased \$16.1 million, or 15%, in the six month period and was primarily affected by:

- A decrease in revenues;
- Increased personnel costs; and
- Increased direct expenses associated with investment management fees; partially offset by
- Decreased direct expenses related to a significant client loss during the third quarter 2022;
- Decreased amortization expense related to SWP; and
- Decreased non-capitalized consulting costs.

Institutional Investors

Revenues decreased \$8.3 million, or 10%, in the three month period and decreased \$20.9 million, or 12%, in the six month period ended June 30, 2023 and were primarily affected by:

- Decreased investment management fees from defined benefit client losses and market depreciation during 2022.

Operating margin decreased to 39% compared to 47% in the three month period and decreased to 42% compared to 48% in the six month period. Operating income decreased \$9.9 million, or 25%, in the three month period and decreased \$18.0 million, or 22%, in the six month period and was primarily affected by:

- A decrease in revenues;
- A one-time operational charge of \$4.5 million related to a client reimbursement; partially offset by
- Decreased direct expenses associated with investment management fees; and
- Decreased professional fees.

Investment Managers

Revenues increased \$9.4 million, or 6%, in the three month period and increased \$13.2 million, or 4%, in the six month period ended June 30, 2023 and were primarily affected by:

- Increased revenues from new products launched and additional services provided to our largest alternative fund clients; and
- Positive cash flows into alternative and traditional funds from new and existing clients; partially offset by
- Client losses, fund closures and the impact of market depreciation during 2022 to revenue from traditional fund clients.

Operating margin remained at 35% in the three month period and decreased to 34% compared to 36% in the six month period. Operating income increased \$2.5 million, or 4%, in the three month period and decreased \$800 thousand, or 1%, in the six month period and was primarily affected by:

- Increased personnel costs due to competitive labor markets; and
- Increased costs associated with new business, primarily personnel expenses and third-party vendor costs; partially offset by
- An increase in revenues; and
- Decreased 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 \$32.4 million and \$23.8 million in the three months ended June 30, 2023 and 2022, respectively, and \$63.5 million and \$47.8 million in the six months ended June 30, 2023 and 2022, respectively. The increase in corporate overhead expenses in the three and six month periods is primarily due to non-recurring consulting costs related to corporate strategic planning, target market review and other corporate analysis projects as well investments in upgrading and enhancing various technologies utilized by corporate overhead units. Additionally, personnel costs increased primarily to enhance and further build our compliance infrastructure, strategic development initiatives and the impact of inflation on wages.

Other income and expense

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net gain (loss) from investments	\$ 515	\$ (2,620)	\$ 1,259	\$ (3,109)
Interest and dividend income	9,550	1,853	18,328	2,701
Interest expense	(139)	(211)	(280)	(461)
Equity in earnings of unconsolidated affiliate	32,711	29,813	61,590	62,272
Total other income and expense items, net	\$ 42,637	\$ 28,835	\$ 80,897	\$ 61,403

Net gain (loss) from investments

Net gains from investments in the three and six months ended June 30, 2023 were primarily due to unrealized mark-to-market gains recorded in current earnings associated with Company-sponsored mutual funds and LSV-sponsored investment funds from market appreciation (See Note 5).

Interest and dividend income

Interest and dividend income is earned based upon the amount of cash that is invested daily. The increase in interest and dividend income in the three and six months ended June 30, 2023 was due to an overall increase in interest rates.

Equity in earnings of unconsolidated affiliate

Equity in earnings of unconsolidated affiliate reflects our ownership interest in LSV. As of June 30, 2023, our total partnership interest in LSV was 38.6%. The table below presents the revenues and net income of LSV and the proportionate share in LSV's earnings.

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2023	2022		2023	2022	
Revenues of LSV	\$ 108,836	\$ 99,814	9%	\$ 207,028	\$ 208,264	(1)%
Net income of LSV	84,779	77,193	10%	159,553	160,984	(1)%
SEI's proportionate share in earnings of LSV	\$ 32,711	\$ 29,813	10%	\$ 61,590	\$ 62,272	(1)%

The increase in earnings from LSV in the three months ended June 30, 2023 was primarily due to higher performance fees and market appreciation. Net negative cash flows from existing clients and client losses partially offset the increase in earnings from LSV. The decrease in earnings from LSV in the six months ended June 30, 2023 was primarily due to

negative cash flows from existing clients, client losses and market depreciation during 2022 and early 2023. Average assets under management by LSV decreased \$6.4 billion to \$85.7 billion during the six months ended June 30, 2023 as compared to \$92.1 billion during the six months ended June 30, 2022, a decrease of 7%.

Amortization

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

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2023	2022		2023	2022	
Capitalized software development costs	\$ 6,507	\$ 13,204	(51)%	\$ 12,812	\$ 26,758	(52)%
Intangible assets acquired through acquisitions and asset purchases	3,055	3,253	(6)%	6,113	6,496	(6)%
Other	68	51	33%	129	141	(9)%
Total amortization expense	\$ 9,630	\$ 16,508	(42)%	\$ 19,054	\$ 33,395	(43)%

Capitalized software development costs

The decrease in amortization expense related to capitalized software development costs during the three and six months ended June 30, 2023 was primarily due to the amortization of the initial development costs for the SEI Wealth PlatformSM (SWP). The amortization period for these costs ended during the second quarter of 2022, resulting in a lower level of amortization expense for SWP beginning in the third quarter 2022 (See Note 1 to the Consolidated Financial Statements).

Income Taxes

The effective income tax rates for the three and six months ended June 30, 2023 and 2022 differ from the federal income tax statutory rate due to the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Statutory rate	21.0 %	21.0 %	21.0 %	21.0 %
State taxes, net of federal tax benefit	2.8	2.8	2.8	2.8
Foreign tax expense and tax rate differential	(0.2)	(0.1)	(0.2)	(0.1)
Tax benefit from stock option exercises	(0.1)	(0.3)	(0.2)	(0.3)
Other, net	(0.1)	(0.3)	0.1	(0.3)
	23.4 %	23.1 %	23.5 %	23.1 %

The increase in the effective tax rate for the three and six months ended June 30, 2023 was primarily due to decreased tax benefits related to stock option exercises and a decrease in credits associated with research and development as compared to the prior year period.

Stock-Based Compensation

We recognized \$15.5 million and \$20.6 million in stock-based compensation expense during the six months ended June 30, 2023 and 2022, respectively. Stock-based compensation was impacted by a higher level of cancellations of stock options due to the departure of employees through the Voluntary Separation Program (VSP) and the departure of certain senior executives unrelated to the VSP. The higher level of cancellations resulted in a decrease in the amount of expense recognized during 2023 as compared to the prior year period.

The amount of stock-based compensation expense recognized 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.

We revised our estimate of when some vesting targets are expected to be achieved. This change in estimate resulted in a decrease of \$2.8 million in stock-based compensation expense during the six months ended June 30, 2023. We expect to recognize approximately \$13.7 million in stock-based compensation expense during the remainder of 2023.

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 June 30, 2023 and December 31, 2022 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

	Six Months Ended June 30,	
	2023	2022
Net cash provided by operating activities	\$ 182,454	\$ 330,615
Net cash used in investing activities	(25,809)	(42,516)
Net cash used in financing activities	(239,465)	(332,173)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	6,812	(15,660)
Net decrease in cash, cash equivalents and restricted cash	(76,008)	(59,734)
Cash, cash equivalents and restricted cash, beginning of period	853,359	831,758
Cash, cash equivalents and restricted cash, end of period	<u>\$ 777,351</u>	<u>\$ 772,024</u>

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). As of July 13, 2023, we had outstanding letters of credit of \$4.9 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 2023. As of July 13, 2023, the amount of the credit facility available for corporate purposes was \$320.1 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).

On April 17, 2023, we amended the credit facility agreement with the lenders to add the Secured Overnight Financing Rate (SOFR) as an alternative reference rate for borrowings in place of LIBOR. All other terms and conditions of the original agreement remain in effect.

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 large, well-established financial institutions located in the United States. The institutions we utilize have not indicated any stability issues regarding the ability to honor current or future deposit obligations to their customers. 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. As of July 13, 2023, the amount of cash and cash equivalents considered free and immediately accessible for other general corporate purposes was \$399.4 million.

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 decreased \$148.2 million in the first six months of 2023 compared to the first six months of 2022 primarily from the decline in net income and the negative impact from the change in 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 six months of 2023 and 2022 were as follows:

	Six Months Ended June 30,	
	2023	2022
Purchases	\$ (48,046)	\$ (96,642)
Sales and maturities	61,722	90,659
Net investing activities from marketable securities	\$ 13,676	\$ (5,983)

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 \$18.0 million of software development costs in the first six months of 2023 as compared to \$13.8 million in the first six months of 2022. Software development costs are principally related to significant enhancements for the expanded functionality of the SEI Wealth Platform and a new platform for the Investment Managers segment.
- *Capital expenditures.* Capital expenditures in the first six months of 2023 were \$16.5 million as compared to \$19.8 million in the first six months of 2022. Expenditures in 2023 and 2022 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.* We made principal payments of \$40.0 million during the first six months of 2022 to fully repay the outstanding balance of the credit facility. We have no borrowings through the credit facility as of June 30, 2023.
- *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 \$156.2 million during the first six months of 2023 and \$210.3 million during the first six months of 2022 for the repurchase of common stock.
- *Proceeds from the issuance of common stock.* We received \$32.4 million and \$28.8 million in proceeds from the issuance of common stock during the first six months of 2023 and 2022, respectively. These proceeds were primarily from stock option exercise activity.
- *Dividend payments.* Cash dividends paid were \$114.8 million in the first six months of 2023 as compared to \$109.8 million in the first six months of 2022.

Cash Requirements

Cash requirements and liquidity needs are primarily funded through cash flow from operations and our capacity for additional borrowing. At June 30, 2023, 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 and significant changes in the value of financial instruments 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 effect of governmental regulation;
- the results of commercial disputes, litigation and regulatory examinations and investigations;
- our ability to capture the expected value from acquisitions, divestitures, joint ventures, minority investments or strategic alliances;
- increased costs and regulatory risks from the growth of our business;
- our ability to meet competing and/or conflicting regulatory requirements of the different jurisdictions;
- 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;
- disruptions of operations of other participants in the global financial system;
- 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 "Sensitivity of our revenues and earnings to capital market fluctuations" 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, 2022. There have been no material changes to this information as it is disclosed in our Annual Report on Form 10-K for 2022.

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 June 30, 2023 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.

The information required by this Item is incorporated by reference from Note 11 – “Legal Proceedings” included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

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, 2022. There have been no material changes in the risk factors from those disclosed in the Annual Report on Form 10-K for 2022.

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

- (e) Our Board of Directors has authorized the repurchase of up to \$5.578 billion worth of our common stock through multiple authorizations through June 30, 2023. Currently, there is no expiration date for the common stock repurchase program. On April 18, 2023, our Board of Directors approved an increase in the stock repurchase program by an additional \$250.0 million.

Information regarding the repurchase of common stock during the three months ended June 30, 2023 is as follows:

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share (1)</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Program</u>	<u>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program</u>
April 2023	100,000	\$ 58.30	100,000	\$ 256,685,750
May 2023	722,000	57.91	722,000	214,866,619
June 2023	468,000	58.31	468,000	186,983,273
Total	<u>1,290,000</u>	<u>\$ 58.08</u>	<u>1,290,000</u>	

(1) Average price paid per share does not include excise tax on stock repurchases.

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 Principal Executive Officer.](#)

31.2 [Rule 13a-15\(e\)/15d-15\(e\) Certification of Principal 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: July 28, 2023

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

CERTIFICATIONS

I, Ryan P. Hicke, 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: July 28, 2023

/s/ Ryan P. Hicke

Ryan P. Hicke
Chief Executive Officer

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: July 28, 2023

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

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

I, Ryan P. Hicke, 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 June 30, 2023 (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: July 28, 2023

Date: July 28, 2023

/s/ Ryan P. Hicke

Ryan P. Hicke
Chief Executive Officer

/s/ Dennis J. McGonigle

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.