

SEI INVESTMENTS CO
Form 10-Q
October 21, 2016

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

FORM 10-Q

(Mark One)*

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2016

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____

0-10200

(Commission File Number)

SEI INVESTMENTS COMPANY
(Exact name of registrant as specified in its charter)

Pennsylvania 23-1707341
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification Number)
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)

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

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

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

Large accelerated filer Accelerated filer

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

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

The number of shares outstanding of the registrant's common stock as of October 13, 2016 was 159,998,883.

SEI Investments Company

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements.

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

	September 30, 2016	December 31, 2015
Assets		
Current Assets:		
Cash and cash equivalents	\$ 623,162	\$ 679,661
Restricted cash	5,500	5,500
Receivables from investment products	48,783	48,098
Receivables, net of allowance for doubtful accounts of \$987 and \$649	247,724	223,023
Securities owned	21,320	21,235
Other current assets	30,279	26,207
Total Current Assets	976,768	1,003,724
Property and Equipment, net of accumulated depreciation of \$278,675 and \$259,501	149,262	143,977
Capitalized Software, net of accumulated amortization of \$292,745 and \$259,358	290,329	290,522
Investments Available for Sale	93,157	81,294
Investments in Affiliated Funds, at fair value	4,888	4,039
Investment in Unconsolidated Affiliates	39,376	49,580
Deferred Income Taxes	3,722	—
Other Assets, net	16,064	15,492
Total Assets	\$ 1,573,566	\$ 1,588,628
Liabilities and Equity		
Current Liabilities:		
Accounts payable	\$7,008	\$4,511
Accrued liabilities	170,753	217,587
Deferred revenue	2,974	2,385
Total Current Liabilities	180,735	224,483
Deferred Income Taxes	65,518	63,028
Other Long-term Liabilities	14,103	11,397
Total Liabilities	260,356	298,908
Commitments and Contingencies		
Shareholders' Equity:		
Common stock, \$.01 par value, 750,000 shares authorized; 159,954 and 163,733 shares issued and outstanding	1,600	1,637
Capital in excess of par value	941,370	910,513
Retained earnings	400,778	402,860
Accumulated other comprehensive loss, net	(30,538)	(25,290)
Total Shareholders' Equity	1,313,210	1,289,720
Total Liabilities and Shareholders' Equity	\$ 1,573,566	\$ 1,588,628

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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues:				
Asset management, administration and distribution fees	\$271,930	\$252,585	\$785,642	\$756,101
Information processing and software servicing fees	76,443	74,413	224,834	218,765
Transaction-based and trade execution fees	6,268	8,624	22,259	23,945
Total revenues	354,641	335,622	1,032,735	998,811
Expenses:				
Subadvisory, distribution and other asset management costs	42,586	40,230	122,651	119,619
Software royalties and other information processing costs	7,519	8,028	22,944	23,594
Brokerage commissions	4,864	6,460	17,065	17,863
Compensation, benefits and other personnel	103,137	99,461	307,350	292,646
Stock-based compensation	4,066	3,867	12,044	11,476
Consulting, outsourcing and professional fees	43,631	35,963	121,712	108,560
Data processing and computer related	16,581	15,173		