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

FORM 10-Q

(Mark One)*

ý **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the quarterly period ended June 30, 2018

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 incorporation or organization)	**(IRS Employer 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 ý 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 ý 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 ý	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨
	Emerging growth company ¨

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

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

The number of shares outstanding of the registrant's common stock as of July 16, 2018 was 156,826,030.

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)

	June 30, 2018	December 31, 2017
Assets		
Current Assets:		
Cash and cash equivalents	$693,442	$744,247
Restricted cash	3,509	3,505
Receivables from investment products	53,386	56,666
Receivables, net of allowance for doubtful accounts of $605 and $695	314,631	282,706
Securities owned	28,981	21,526
Other current assets	36,248	31,158
Total Current Assets	1,130,197	1,139,808
Property and Equipment, net of accumulated depreciation of $323,992 and $309,955	144,330	146,428
Capitalized Software, net of accumulated amortization of $372,249 and $350,045	312,814	310,405
Investments Available for Sale	89,019	87,983
Investments in Affiliated Funds, at fair value	5,739	6,034
Investment in Unconsolidated Affiliate	51,810	59,492
Goodwill	65,249	52,990
Intangible Assets, net of accumulated amortization of $3,248 and $1,552	33,852	28,578
Deferred Contract Costs	21,521	—
Deferred Income Taxes	2,360	2,767
Other Assets, net	33,815	18,884
Total Assets	$1,890,706	$1,853,369

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, 2018	December 31, 2017
Liabilities and Equity		
Current Liabilities:		
Accounts payable	$7,519	$5,268
Accrued liabilities	193,832	265,058
Deferred revenue	5,587	4,723
Total Current Liabilities	206,938	275,049
Borrowings Under Revolving Credit Facility	—	30,000
Long-term Income Taxes Payable	9,629	10,629
Deferred Income Taxes	56,871	48,472
Other Long-term Liabilities	26,386	12,380
Total Liabilities	299,824	376,530
Commitments and Contingencies		
Shareholders' Equity:		
Common stock, $.01 par value, 750,000 shares authorized; 156,800 and 157,069 shares issued and outstanding	1,568	1,571
Capital in excess of par value	1,094,771	1,027,709
Retained earnings	522,764	467,467
Accumulated other comprehensive loss, net	(28,221)	(19,908)
Total Shareholders' Equity	1,590,882	1,476,839
Total Liabilities and Shareholders' Equity	$1,890,706	$1,853,369

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,	
	2018	2017	2018	2017
Revenues:				
Asset management, administration and distribution fees	$316,508	$289,682	$632,717	$569,143
Information processing and software servicing fees	88,322	82,649	177,711	163,172
Total revenues	404,830	372,331	810,428	732,315
Expenses:				
Subadvisory, distribution and other asset management costs	45,209	43,907	90,414	87,059
Software royalties and other information processing costs	7,977	11,319	16,695	23,290
Compensation, benefits and other personnel	127,375	109,555	251,652	218,498
Stock-based compensation	5,323	6,259	10,518	12,439
Consulting, outsourcing and professional fees	50,441	48,335	99,148	91,484
Data processing and computer related	21,133	18,990	41,724	37,315
Facilities, supplies and other costs	17,783	17,575	35,396	33,500
Amortization	12,161	12,565	24,015	24,587
Depreciation	7,138	6,599	14,260	13,399
Total expenses	294,540	275,104	583,822	541,571
Income from operations	110,290	97,227	226,606	190,744
Net (loss) gain from investments	(139)	44	(549)	391
Interest and dividend income	3,162	1,686	5,664	3,029
Interest expense	(132)	(114)	(389)	(226)
Equity in earnings of unconsolidated affiliate	41,073	36,315	81,680	69,880
Income before income taxes	154,254	135,158	313,012	263,818
Income taxes	32,577	43,389	51,497	83,312
Net income	$121,677	$91,769	$261,515	$180,506
Basic earnings per common share	$0.77	$0.58	$1.66	$1.14
Shares used to compute basic earnings per share	157,542	158,325	157,488	158,708
Diluted earnings per common share	$0.75	$0.57	$1.61	$1.11
Shares used to compute diluted earnings per share	162,225	161,709	162,825	162,226
Dividends declared per common share	$0.30	$0.28	$0.30	$0.28

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,			
	2018		2017		2018		2017	
Net income		$121,677		$91,769		$261,515		$180,506
Other comprehensive (loss) gain, net of tax:								
Foreign currency translation adjustments		(10,203)		7,222		(6,826)		9,710
Unrealized gain (loss) on investments:								
Unrealized gains (losses) during the period, net of income taxes of $(52), $(51), $372 and $(32)	32		165		(1,325)		141	
Less: reclassification adjustment for losses (gains) realized in net income, net of income taxes of $(31), $(53), $(46) and $(43)	112	144	111	276	(162)	(1,487)	89	230
Total other comprehensive (loss) gain, net of tax		(10,059)		7,498		(8,313)		9,940
Comprehensive income		$111,618		$99,267		$253,202		$190,446

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

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

	Six Months Ended June 30, 2018	2017
Cash flows from operating activities:		
Net income	$261,515	$180,506
Adjustments to reconcile net income to net cash provided by operating activities (See Note 1)	1,361	4,351
Net cash provided by operating activities	262,876	184,857
Cash flows from investing activities:		
Additions to property and equipment	(12,671)	(10,247)
Additions to capitalized software	(24,613)	(33,292)
Purchases of marketable securities	(74,957)	(28,703)
Prepayments and maturities of marketable securities	64,626	26,811
Cash paid for acquisition, net of cash acquired	(5,794)	—
Other investing activities	(10,500)	(1,450)
Net cash used in investing activities	(63,909)	(46,881)
Cash flows from financing activities:		
Repayments under revolving credit facility	(30,000)	—
Purchase and retirement of common stock	(189,372)	(122,066)
Proceeds from issuance of common stock	69,958	29,127
Payment of dividends	(94,318)	(88,862)
Net cash used in financing activities	(243,732)	(181,801)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(6,036)	8,488
Net decrease in cash, cash equivalents and restricted cash	(50,801)	(35,337)
Cash, cash equivalents and restricted cash, beginning of period	747,752	699,201
Cash, cash equivalents and restricted cash, end of period	$696,951	$663,864

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 investment processing, investment management, and investment operations platforms to financial institutions, financial advisors, institutional investors, investment managers and ultra-high-net-worth families in the United States, Canada, the United Kingdom, continental Europe and various other locations throughout the world.

Investment processing platforms consist of application and business process outsourcing services, professional services and transaction-based services. Revenues from investment processing platforms are recognized in Information processing and software servicing fees on the accompanying Consolidated Statements of Operations.

Investment management programs consist of mutual funds, alternative investments and separate accounts. These include a series of money market, equity, fixed-income and alternative investment portfolios, primarily in the form of registered investment companies. The Company serves as the administrator and investment advisor for many of these products. Revenues from investment management programs are recognized in Asset management, administration and distribution fees on the accompanying Consolidated Statements of Operations.

Investment operations platforms consist of outsourcing services including fund and investment accounting, administration, reconciliation, investor servicing and client reporting. Revenues from investment operations 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, 2018, the results of operations for the three and six months ended June 30, 2018 and 2017, and cash flows for the six-month periods ended June 30, 2018 and 2017. 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, 2017.

The Company adopted the requirements of Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) (Accounting Standards Codification (ASC) 606 (ASC 606)) using the modified retrospective method during the six months ended June 30, 2018. As a result of the adoption of ASC 606, the Company recorded a cumulative effect adjustment of $14,402 to retained earnings as of January 1, 2018. Prior period information has not been restated (see following caption "Revenue Recognition"). The Company also adopted ASU No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities (see Note 6) and ASU No. 2016-18, Statement of Cash Flows, Restricted Cash (Topic 230) (see following caption "Statements of Cash Flows"). All amounts and disclosures set forth in this Form 10-Q have been updated to comply with the new standards.

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).

ASC 606 did not change the accounting for the majority of the Company's revenue arrangements and did not have a material impact to the Company's consolidated financial statements. The following is a summary of the impact from the adoption of ASC 606:

•The majority of the Company’s services are bundled together, and provided and completed for the client on a monthly basis. For these revenue arrangements, the Company will continue to recognize revenue on a monthly basis as the client consumes the benefits continuously over time. The timing and recognition of revenues from these arrangements did not change.

•Contracts with new clients or with existing clients for new services generally include implementation fees. These fees are recognized in Information processing and software servicing fees when in connection with investment processing platforms and are recognized in Asset management, administration and distribution fees when in connection with investment operations platforms. The Company concluded that most of the current arrangements for implementation services are a distinct and separate performance obligation from the monthly recurring services. The timing and recognition of fees for most of these arrangements have not changed. However, each new revenue arrangement for implementation fees is analyzed to determine whether or not it is a distinct performance obligation. Implementation fees determined not to be a distinct performance obligation would be required to be recognized over the expected life of the client relationship along with the costs relating directly to satisfying such performance obligation. The Company will evaluate each contract in accordance with the requirements of ASC 606.

•Research services provided by SIDCO, the Company’s broker-dealer subsidiary, to customers in soft-dollar arrangements were determined to be a separate performance obligation. Research services provided by a broker-dealer may be internally generated or provided by a third party and paid directly by the broker-dealer on the customer’s behalf. It was determined that SIDCO is considered an agent since it does not control the research services before they are transferred to the customer. Therefore, fees received for research services should be recorded in revenues net of amounts paid for the soft dollar arrangement. These amounts paid by the Company were previously recorded gross as an expense and, beginning January 1, 2018, are recorded net of any revenue recognized. The amounts related to soft dollar arrangements during the three months ended June 30, 2018 and 2017 were $3,265 and $3,429, respectively. The amounts related to soft dollar arrangements during the six months ended June 30, 2018 and 2017 were $7,232 and $7,502, respectively.

•Incremental contract acquisition costs related to information processing contracts in the Private Banks segment and investment operations contracts in the Investment Managers segment will be deferred and recognized over the expected client life. These costs primarily consist of sales compensation payments to the Company's sales personnel. As a result, incremental contract acquisition costs are capitalized and subsequently amortized. The Company recorded a cumulative effect adjustment to retained earnings associated with the capitalization of contract costs. For the Company's other sales compensation payments, the Company either applies the practical expedient permitting the expensing of costs to obtain a contract when the expected amortization period is one year or less or there are no contract acquisition costs required to be deferred under the requirements of ASC 606.

Cash and Cash Equivalents

Cash and cash equivalents includes $314,718 and $401,292 at June 30, 2018 and December 31, 2017, respectively, primarily invested in SEI-sponsored open-ended money market mutual funds. The SEI-sponsored mutual funds are Level 1 assets.

Restricted Cash

Restricted cash includes $3,000 at June 30, 2018 and December 31, 2017 segregated for regulatory purposes related to trade-execution services conducted by SEI Investments (Europe) Limited. Restricted cash also includes $509 and $505 at June 30, 2018 and December 31, 2017, 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 $24,613 and $33,292 of software development costs during the six months ended June 30, 2018 and 2017, respectively. The Company's software development costs primarily relate to the continued development of the SEI Wealth Platform℠ (the Platform). The Company capitalized $23,768 and $27,994 of software development costs for significant enhancements to the Platform during the six months ended June 30, 2018 and 2017, respectively. As of June 30, 2018, the net book value of the Platform was $289,376. The net book value includes $36,189 of capitalized software development costs in-progress associated with future releases. The Platform has a weighted average remaining life of 8.4 years. Amortization expense for the Platform was $19,599 and $24,486 during the six months ended June 30, 2018 and 2017, respectively.

The Company also capitalized $845 and $5,298 of software development costs during the six months ended June 30, 2018 and 2017, respectively, related to an application for the Investment Managers segment. The application was placed into service during the first quarter 2018 with an estimated useful life of 5 years. The net book value of the application at June 30, 2018 was $23,438. Amortization expense for the application was $2,605 during the six months ended June 30, 2018.

Earnings per Share

The calculations of basic and diluted earnings per share for the three and six months ended June 30, 2018 and 2017 are:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income	$121,677	$ 91,769	$261,515	$ 180,506
Shares used to compute basic earnings per common share	157,542,000	158,325,000	157,488,000	158,708,000
Dilutive effect of stock options	4,683,000	3,384,000	5,337,000	3,518,000
Shares used to compute diluted earnings per common share	162,225,000	161,709,000	162,825,000	162,226,000
Basic earnings per common share	$0.77	$ 0.58	$1.66	$ 1.14
Diluted earnings per common share	$0.75	$ 0.57	$1.61	$ 1.11

During the three months ended June 30, 2018 and 2017, employee stock options to purchase 6,221,000 and 11,255,000 shares of common stock with an average exercise price of $53.33 and $37.68, respectively, were outstanding but not included in the computation of diluted earnings per common share. During the six months ended June 30, 2018 and 2017, employee stock options to purchase 6,138,000 and 11,267,000 shares of common stock with an average exercise price of $53.03 and $37.69, 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 have been satisfied if the reporting date was the end of the contingency period or the option's 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.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (ASU 2016-02) requiring lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases with the exception of short-term leases. For lessees, leases will continue to be classified as either operating or finance leases in the income statement. Lessor accounting is similar to the current model but updated to align with certain changes to the lessee model. Lessors will continue to classify leases as operating, direct financing or sales-type leases. The updated standard is effective for the Company beginning in the first quarter of 2019. Early adoption is permitted. As part of its project plan's preliminary assessment and design implementation phases for the adoption of ASU 2016-02, the Company has adopted implementation controls that allows it to properly and timely adopt 2016-02 on the effective date. The Company will make continuous updates to the quarterly and year-end disclosures, with a focus on both status and internal controls over financial reporting. While the Company is not yet in a position to assess the full impact of the adoption of ASU 2016-02 on its consolidated financial statements and related disclosures, the Company is currently in the process of cataloging existing lease agreements and evaluating the transition method to be elected.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13) which requires that expected credit losses relating to financial assets measured on an amortized cost basis and available-for-sale debt securities be recorded through an allowance for credit losses. ASU 2016-13 limits the amount of credit losses to be recognized for available-for-sale debt securities to the amount by which carrying value exceeds fair value and also requires the reversal of previously recognized credit losses if fair value increases. ASU 2016-13 becomes effective for the Company during the first quarter of 2020. Early adoption is permitted. The Company is currently evaluating the effect that the updated standard will have on its consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU 2017-04, Simplifying the Test for Goodwill Impairment (ASU 2017-04). The objective of ASU 2017-04 is to simplify the subsequent measurement of goodwill by entities performing their annual goodwill impairment tests by comparing the fair value of a reporting unit, including income tax effects from any tax-deductible goodwill, with its carrying amount and recognizing an impairment charge for the amount by which the carrying amount exceeds fair value. ASU 2017-04 is effective for the Company beginning in the first quarter of 2020. Early adoption is permitted. The Company is currently evaluating the impact of adopting ASU 2017-04 on its consolidated financial statements and related disclosures.

In June 2018, the FASB issued ASU 2018-07, Improvements to Nonemployee Share-Based Payment Accounting (ASU 2018-07) which simplifies the accounting for nonemployee share-based payment transactions. The amendments specify that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor’s own operations by issuing share-based payment awards. ASU 2018-07 is effective for the Company beginning in the first quarter of 2019. The Company is currently evaluating the impact of adopting ASU 2018-07 on its consolidated financial statements and related disclosures.

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 Company adopted ASU No. 2016-18, Statement of Cash Flows, Restricted Cash (Topic 230) (ASU 2016-18) on January 1, 2018 which requires that a statement of cash flows explain the change during the period for the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The prior period was retrospectively adjusted to conform to the current period’s presentation. There was no material impact to net cash flows for the six months ended June 30, 2017 as a result of including restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts presented on the accompanying Consolidated Condensed Statement of Cash Flows in accordance with ASU 2016-18.

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:

	2018	2017
Net income	$261,515	$180,506
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	14,260	13,399
Amortization	24,015	24,587
Equity in earnings of unconsolidated affiliate	(81,680)	(69,880)
Distributions received from unconsolidated affiliate	89,362	75,142
Stock-based compensation	10,518	12,439
Provision for losses on receivables	(90)	157
Deferred income tax expense	4,893	918
Net loss (gain) from investments	549	(391)
Change in long-term income taxes payable	(1,000)	—
Change in other long-term liabilities	1,222	(503)
Change in other assets	(4,713)	122
Other	(3,206)	494
Change in current assets and liabilities		
Decrease (increase) in		
Receivables from investment products	3,280	12,713
Receivables	(31,835)	(34,744)
Other current assets	(5,090)	(4,378)
Increase (decrease) in		
Accounts payable	2,251	(2,329)
Accrued liabilities	(22,121)	(23,324)
Deferred revenue	746	(71)
Total adjustments	1,361	4,351
Net cash provided by operating activities	$262,876	$184,857

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, 2018 was 38.9 percent. The Company accounts for its interest in LSV using the equity method because of its less than 50 percent 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, 2018, the Company’s total investment in LSV was $51,810. The Company receives partnership distributions from LSV on a quarterly basis. The Company received partnership distributions from LSV of $89,362 and $75,142 in the six months ended June 30, 2018 and 2017, 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 $41,073 and $36,315 during the three months ended June 30, 2018 and 2017, respectively. During the six months ended June 30, 2018 and 2017, the Company’s proportionate share in the earnings of LSV was $81,680 and $69,880, respectively.
These tables contain condensed financial information of LSV:

Condensed Statement of Operations	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues	$132,111	$119,320	$263,829	$229,273
Net income	105,605	93,372	210,011	179,587

Condensed Balance Sheets	June 30, 2018	December 31, 2017
Current assets	$153,014	$155,239
Non-current assets	1,520	1,407
Total assets	$154,534	$156,646
Current liabilities	$63,594	$46,486
Partners’ capital	90,940	110,160
Total liabilities and partners’ capital	$154,534	$156,646

Note 3. Variable Interest Entities – Investment Products

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 entities either do not meet the definition of a VIE or the Company does not hold a variable interest in the entities. The entities either qualify for the money market scope exception, or are entities in which the Company’s asset management, distribution, administration and custodial fees are commensurate with the services provided and include fair terms and conditions, or are entities that are limited partnerships which have substantive kick-out rights. The Company acts as a fiduciary and does not hold any other interests other than insignificant seed money investments in the pooled investment vehicles. For this reason, the Company also concluded that it is not required to consolidate the pooled investment vehicles under the voting interest entity (VOE) 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 $6,372 and $6,606 in fees during the three months ended June 30, 2018 and 2017, respectively. During the six months ended June 30, 2018 and 2017, the Company waived $13,026 and $13,678, respectively, in fees.

Note 4. Composition of Certain Financial Statement Captions

Receivables

Receivables on the accompanying Consolidated Balance Sheets consist of:

	June 30, 2018	December 31, 2017
Trade receivables	$85,113	$76,760
Fees earned, not billed	218,237	194,331
Other receivables	11,886	12,310
	315,236	283,401
Less: Allowance for doubtful accounts	(605)	(695)
	$314,631	$282,706

Fees earned, not billed represents receivables 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 a prolonged valuation process which delays billings to clients.

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, 2018	December 31, 2017
Buildings	$154,305	$153,961
Equipment	121,442	115,546
Land	10,557	10,030
Purchased software	138,122	134,610
Furniture and fixtures	18,007	18,114
Leasehold improvements	18,464	18,017
Construction in progress	7,425	6,105
	468,322	456,383
Less: Accumulated depreciation	(323,992)	(309,955)
Property and Equipment, net	$144,330	$146,428

The Company recognized $14,260 and $13,399 in depreciation expense related to property and equipment for the six months ended June 30, 2018 and 2017, respectively.

Accrued Liabilities

Accrued liabilities on the accompanying Consolidated Balance Sheets consist of:

	June 30, 2018	December 31, 2017
Accrued employee compensation	$57,077	$88,960
Accrued consulting, outsourcing and professional fees	29,340	29,658
Accrued sub-advisory, distribution and other asset management fees	46,455	42,365
Accrued dividend payable	—	47,179
Accrued income taxes	14,387	5,583
Other accrued liabilities	46,573	51,313
Total accrued liabilities	$193,832	$265,058

Note 5. 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 Government National Mortgage Association (GNMA) mortgage-backed securities held by the Company's wholly-owned limited purpose federal thrift subsidiary, SEI Private Trust Company (SPTC), Federal Home Loan Bank (FHLB) and other U.S. government agency short-term notes held by SIDCO. The financial assets held by SIDCO were purchased as part of a cash management program requiring only short term, top-tier investment grade government and corporate securities. The financial assets held by SPTC are debt securities issued by GNMA and are backed by the full faith and credit of the U.S. government. These securities were purchased for the sole purpose of satisfying applicable regulatory requirements and have maturity dates which range from 2021 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, 2018 were consistent with those as described in our Annual Report on Form 10-K at December 31, 2017. The Company had no Level 3 financial assets at June 30, 2018 or December 31, 2017 that were required to be measured at fair value on a recurring basis. The Company's Level 3 financial liabilities at June 30, 2018 consist entirely of the estimated contingent consideration of $13,220 resulting from an acquisition (See Note 13). There was no material change in the fair value of the contingent consideration from the acquisition date through June 30, 2018. The Company had no Level 3 financial liabilities as of December 31, 2017 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, 2018.

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

		Fair Value Measurements at the End of the Reporting Period Using	
Assets	June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Equity available-for-sale securities	$11,042	$11,042	$—
Fixed-income available-for-sale securities	77,977	—	77,977
Fixed-income securities owned	28,981	—	28,981
Investment funds sponsored by LSV (1)	5,739		
	$123,739	$11,042	$106,958

		Fair Value Measurements at the End of the Reporting Period Using	
Assets	December 31, 2017	Quoted Prices in Active Markets	Significant Other Observable Inputs (Level 2)

		for Identical Assets (Level 1)	
Equity available-for-sale securities	$11,250	$11,250	$—
Fixed-income available-for-sale securities	76,733	—	76,733
Fixed-income securities owned	21,526	—	21,526
Investment funds sponsored by LSV (1)	6,034		
	$115,543	$11,250	$98,259

(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 6).

Note 6. Marketable Securities

Investments Available for Sale

Investments available for sale classified as non-current assets consist of:

	At June 30, 2018			
	Cost Amount	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
SEI-sponsored mutual funds	$7,388	$ 96	$(355)	$7,129
Equities and other mutual funds	3,461	452	—	3,913
Debt securities	80,409	—	(2,432)	77,977
	$91,258	$ 548	$(2,787)	$89,019
	At December 31, 2017			
	Cost Amount	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
SEI-sponsored mutual funds	$7,369	$ 110	$(143)	$7,336
Equities and other mutual funds	3,456	458	—	3,914
Debt securities	77,745	—	(1,012)	76,733
	$88,570	$ 568	$(1,155)	$87,983

The Company adopted ASU No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities (ASU 2016-01) on January 1, 2018 which requires the Company to recognize all changes in fair value of available-for-sale equity securities in current period earnings. Previously, these changes in fair value were recognized as a separate component of comprehensive income. The adoption of ASU 2016-01 did not have a material impact to the Company's consolidated financial statements.

Net unrealized losses at June 30, 2018 and December 31, 2017 of the Company's available-for-sale debt securities were $1,873 (net of income tax benefit of $559) and $779 (net of income tax benefit of $233), respectively. These net unrealized losses are reported as a separate component of Accumulated other comprehensive loss on the accompanying Consolidated Balance Sheets.

There were no material realized gains or losses from available-for-sale securities during the six months ended June 30, 2018 and 2017. Gains and losses from available-for-sale securities, including amounts reclassified from accumulated comprehensive loss, are reflected in Net (loss) gain from investments on the accompanying Consolidated Statements of Operations.

Investments in Affiliated Funds

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

The investment primarily consists of U.S. dollar denominated funds that invest primarily in securities of Canadian, Australian and Japanese companies as well as various other global securities. The underlying securities held by the funds are translated into U.S. dollars within the funds. The funds had a fair value of $5,739 and $6,034 at June 30, 2018 and December 31, 2017, respectively. The Company recognized gains of $205 and $194 during the three months ended June 30, 2018 and 2017, respectively, from the change in fair value of the funds. The Company recognized losses of $295 and gains of $492 during the six months ended June 30, 2018 and 2017, 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 $28,981 and $21,526 at June 30, 2018 and December 31, 2017, respectively. There were no material net gains or losses related to the securities during the three and six months ended June 30, 2018 and 2017.

Note 7. Line of Credit

The Company has a five-year $300,000 Credit Agreement (the Credit Facility) with Wells Fargo Bank, National Association, and a syndicate of other lenders. The Credit Facility is scheduled to expire in June 2021, 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 percent to 1.00 percent or the London InterBank Offered Rate (LIBOR) plus a premium that can range from 1.25 percent to 2.00 percent depending on the Company’s Leverage Ratio (a ratio of consolidated indebtedness to consolidated EBITDA for the four preceding fiscal quarters, all as defined in the related agreement). The Base Rate is defined as the highest of a) the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 0.50 percent, b) the prime commercial lending rate of Wells Fargo, c) the applicable LIBOR plus 1.00 percent, or d) 0 percent. 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 percent of the amount of the unused portion to 0.30 percent, 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 Credit Facility contains covenants that restrict the ability of the Company to engage in mergers, consolidations, asset sales, investments, transactions with affiliates, or to incur liens, 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. None of the covenants of the Credit Facility negatively affect the Company’s liquidity or capital resources. Upon the occurrence of certain financial or economic events, significant corporate events, or certain other events of default constituting an event of default under the Credit Facility, all loans outstanding may be declared immediately due and payable and all commitments under the agreement may be terminated.

In July 2017, the Company borrowed $40,000 under the Credit Facility for the funding of an acquisition. In October 2017, the Company made a principal payment of $10,000. During the six months ended June 30, 2018, the Company made additional principal payments of $30,000 to fully repay the remaining outstanding balance of the Credit Facility. The Company was in compliance with all covenants of the Credit Facility during the six months ended June 30, 2018. As of July 16, 2018, the amount of the Credit Facility that is available for general corporate purposes was $300,000.

Note 8. Shareholders’ Equity

Stock-Based Compensation

The Company has only non-qualified stock options outstanding under its equity compensation plans. All outstanding stock options have performance-based vesting provisions specific to each option grant that tie the vesting of the applicable stock options to the Company’s financial performance. The Company’s stock options vest at a rate of 50 percent when a specified diluted earnings per share target is achieved, and the remaining 50 percent when a second, higher specified diluted earnings per share target is achieved. Options do not vest due to the passage of time but solely as a result of achievement of the financial vesting targets. Options granted in December 2017 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. Earnings per share targets are established at time of grant and exclude the impact of stock-based compensation and, for earnings per share targets for the options granted in December 2017, also exclude income tax expense. 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 earnings per share 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 recognized stock-based compensation expense in its Consolidated Financial Statements in the three and six months ended June 30, 2018 and 2017, respectively, as follows:

Six Months Ended June 30,

	Three Months Ended June 30,			
	2018	2017	2018	2017
Stock-based compensation expense	$5,323	$6,259	$10,518	$12,439
Less: Deferred tax benefit	(1,142)	(2,189)	(2,245)	(4,342)
Stock-based compensation expense, net of tax	$4,181	$4,070	$8,273	$8,097

As of June 30, 2018, there was approximately $54,314 of unrecognized compensation cost remaining related to unvested employee stock options that management expects will vest and is being amortized.

The Company issues new common shares associated with the exercise of stock options. The total intrinsic value of options exercised during the six months ended June 30, 2018 was $111,031. The total options exercisable as of June 30, 2018 had an intrinsic value of $271,157. 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, 2018 and the weighted average exercise price of the shares. The market value of the Company’s common stock as of June 30, 2018 was $62.52 as reported by the Nasdaq Stock Market, LLC. The weighted average exercise price of the options exercisable as of June 30, 2018 was $29.36. Total options that were outstanding as of June 30, 2018 were 14,399,000. Total options that were exercisable as of June 30, 2018 were 8,178,000.

Common Stock Buyback

The Company’s Board of Directors, under multiple authorizations, has authorized the repurchase of the Company’s common stock on the open market or through private transactions. The Company purchased 2,751,000 shares at a total cost of $186,900 during the six months ended June 30, 2018, which reduced the total shares outstanding of common stock. The cost of stock purchases during the period includes the cost of certain transactions that settled in the following quarter. As of June 30, 2018, the Company had approximately $183,738 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 30, 2018, the Board of Directors declared a cash dividend of $0.30 per share on the Company's common stock, which was paid on June 22, 2018, to shareholders of record on June 14, 2018. Cash dividends declared during the six months ended June 30, 2018 and 2017 were $47,139 and $44,264, respectively.

Note 9. 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, 2018	$(19,522)	$(386)	$(19,908)
Other comprehensive gain before reclassifications	(6,826)	(1,325)	(8,151)
Amounts reclassified from accumulated other comprehensive loss	—	(162)	(162)
Net current-period other comprehensive gain	(6,826)	(1,487)	(8,313)
Balance, June 30, 2018	$(26,348)	$(1,873)	$(28,221)

Note 10. Business Segment Information

The Company’s reportable business segments are:

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

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

Institutional Investors – provides investment management and administrative outsourcing platforms to retirement plan sponsors, healthcare systems and not-for-profit organizations worldwide;

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

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

The information in the following tables is derived from the Company's internal financial reporting used for corporate management purposes. There are no inter-segment revenues for the three and six months ended June 30, 2018 and 2017. Management evaluates Company assets on a consolidated basis during interim periods. 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, 2017.

The following tables highlight certain financial information about each of the Company's business segments for the three months ended June 30, 2018 and 2017.

	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
	For the Three Months Ended June 30, 2018					
Revenues	$121,126	$99,890	$83,434	$97,566	$2,814	$404,830
Expenses	114,842	53,052	40,871	63,321	5,940	278,026
Operating profit (loss)	$6,284	$46,838	$42,563	$34,245	$(3,126)	$126,804

	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
	For the Three Months Ended June 30, 2017					
Revenues	$116,184	$92,746	$78,068	$83,616	$1,717	$372,331
Expenses	112,353	49,380	38,668	53,847	5,124	259,372
Operating profit (loss)	$3,831	$43,366	$39,400	$29,769	$(3,407)	$112,959

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, 2018 and 2017 is as follows:

	2018	2017
Total operating profit from segments	$126,804	$112,959
Corporate overhead expenses	(16,514)	(15,732)
Income from operations	$110,290	$97,227

The following tables provide additional information for the three months ended June 30, 2018 and 2017 pertaining to our business segments:

	Capital Expenditures (1)		Depreciation	
	2018	2017	2018	2017
Private Banks	$9,529	$9,479	$3,323	$4,172
Investment Advisors	4,284	3,698	1,105	802
Institutional Investors	997	1,086	452	244
Investment Managers	3,370	8,665	1,806	1,028
Investments in New Businesses	240	153	155	171
Total from business segments	$18,420	$23,081	$6,841	$6,417
Corporate overhead	366	392	297	182
	$18,786	$23,473	$7,138	$6,599

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

	Amortization	
	2018	2017
Private Banks	$6,747	$8,876
Investment Advisors	2,401	2,897
Institutional Investors	427	426
Investment Managers	2,345	275
Investments in New Businesses	184	41
Total from business segments	$12,104	$12,515
Corporate overhead	57	50
	$12,161	$12,565

The following tables highlight certain financial information about each of the Company's business segments for the six months ended June 30, 2018 and 2017.

	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
	For the Six Months Ended June 30, 2018					
Revenues	$243,290	$199,082	$168,925	$194,421	$4,710	$810,428
Expenses	227,044	105,505	82,120	126,659	11,038	552,366
Operating profit (loss)	$16,246	$93,577	$86,805	$67,762	$(6,328)	$258,062

	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
	For the Six Months Ended June 30, 2017					
Revenues	$228,818	$180,984	$155,072	$164,103	$3,338	$732,315
Expenses	220,903	96,919	77,496	105,912	10,004	511,234
Operating profit (loss)	$7,915	$84,065	$77,576	$58,191	$(6,666)	$221,081

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, 2018 and 2017 is as follows:

	2018	2017
Total operating profit from segments	$258,062	$221,081
Corporate overhead expenses	(31,456)	(30,337)
Income from operations	$226,606	$190,744

The following tables provide additional information for the six months ended June 30, 2018 and 2017 pertaining to our business segments:

	Capital Expenditures (1)		Depreciation	
	2018	2017	2018	2017
Private Banks	$19,768	$22,329	$6,642	$8,582
Investment Advisors	8,544	8,230	2,210	1,535
Institutional Investors	1,964	1,897	900	471
Investment Managers	5,890	10,280	3,615	1,944
Investments in New Businesses	444	259	305	539
Total from business segments	$36,610	$42,995	$13,672	$13,071
Corporate Overhead	674	544	588	328
	$37,284	$43,539	$14,260	$13,399

	Amortization	
	2018	2017
Private Banks	$13,374	$17,339
Investment Advisors	4,758	5,747
Institutional Investors	854	749
Investment Managers	4,690	491
Investments in New Businesses	224	160
Total from business segments	$23,900	$24,486
Corporate Overhead	115	101
	$24,015	$24,587

Note 11. Income Taxes

The gross liability for unrecognized tax benefits at June 30, 2018 and December 31, 2017 was $15,167 and $14,480, respectively, exclusive of interest and penalties, of which $14,546 and $13,737 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, 2018 and December 31, 2017, the combined amount of accrued interest and penalties related to tax positions taken on tax returns was $1,379 and $1,175, respectively.

	June 30, 2018	December 31, 2017
Gross liability for unrecognized tax benefits, exclusive of interest and penalties	$15,167	$ 14,480
Interest and penalties on unrecognized benefits	1,379	1,175
Total gross uncertain tax positions	$16,546	$ 15,655
Amount included in Current liabilities	$2,944	$ 3,275
Amount included in Other long-term liabilities	13,602	12,380
	$16,546	$ 15,655

The Company's effective income tax rate for the three and six months ended June 30, 2018 and 2017 differs from the federal income tax statutory rate due to the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Statutory rate	21.0 %	35.0 %	21.0 %	35.0 %
State taxes, net of federal tax benefit	2.3	1.7	2.3	1.7
Foreign tax expense and tax rate differential	(0.1)	(1.0)	(0.1)	(1.0)
Tax benefit from stock option exercises	(2.0)	(3.0)	(6.5)	(3.6)
Other, net	(0.1)	(0.6)	(0.2)	(0.5)
	21.1 %	32.1 %	16.5 %	31.6 %

The decrease in the effective tax rates for the three and six months ended June 30, 2018 was primarily due to the tax changes enacted in the 2017 Tax Cut and Jobs Act (The Tax Act). The Tax Act was enacted on December 22, 2017 and included a permanent reduction in the corporate tax rate from 35.0 percent to 21.0 percent. The Company's effective tax rates were also positively impacted by the excess tax benefits recognized on stock-based compensation expense.

The Tax Act also imposed a territorial rather than worldwide system which requires a one-time transition tax on the repatriation of previously deferred foreign earnings. The Company's estimate of the one-time transition tax as of June 30, 2018 was $11,544. The Company made a payment of $1,000 during the six months ended June 30, 2018. Of the remaining amount payable related to the transition tax, $915 is expected to be paid within one year and $9,629 is included in Long-term income taxes payable on the accompanying Consolidated Balance Sheet.

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 2014 and is no longer subject to state, local or foreign income tax examinations by authorities for years before 2013.

The Company estimates it will recognize $2,944 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 12. Commitments and Contingencies

In the normal course of business, the Company is party to various claims and legal proceedings.

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

The procedural status of the seven cases varies. The *Lillie* case, filed originally in the 19th Judicial District Court for the Parish of East Baton Rouge, was brought as a class action and is procedurally the most advanced of the cases. SEI and SPTC filed exceptions, which the Court granted in part, dismissing claims under the Louisiana Unfair Trade Practices Act and permitting the claims under the Louisiana Securities Law to go forward. On March 11, 2013, newly-added insurance carrier defendants removed the case to the United States District Court for the Middle District of Louisiana. On August 7, 2013, the Judicial Panel on Multidistrict Litigation transferred the matter to the Northern District of Texas where MDL 2099, *In re: Stanford Entities Securities Litigation* (“the Stanford MDL”), is pending. On September 22, 2015, the District Court on the motion of SEI and SPTC dismissed plaintiffs’ claims for primary liability under Section 714(A) of the Louisiana Securities Law, but declined to dismiss plaintiffs’ claims for secondary liability under Section 714(B) of the Louisiana Securities Law based on the allegations pled by plaintiffs. On November 4, 2015, the District Court granted SEI and SPTC's motion to dismiss plaintiffs' claims under Section 712(D) of the Louisiana Securities Law. Consequently, the only claims of plaintiffs still pending before the District Court in *Lillie* are plaintiffs' claims for secondary liability against SEI and SPTC under Section 714(B) of the Louisiana Securities Law. On May 2, 2016, the District Court certified the class as being "all persons for whom Stanford Trust Company purchased or renewed Stanford Investment Bank Limited certificates of deposit in Louisiana between January 1, 2007 and February 13, 2009". Notice of the pendency of the class action was mailed to potential class members on October 4, 2016.

On December 1, 2016, a group of plaintiffs who opted out of the *Lillie* class filed a complaint against SEI and SPTC in the United States District Court in the Middle District of Louisiana, alleging claims essentially the same as those in *Lillie*. In January 2017, the Judicial Panel on Multidistrict Litigation transferred the proceeding to the Northern District of Texas and the Stanford MDL. During February 2017, SEI filed its response to the Complaint and in March 2017 the District Court for the Northern District of Texas approved the stipulated dismissal of all claims in this complaint predicated on Section 712(D) or Section 714(A) of the Louisiana Securities Law.

Another one of the cases, filed in the 23rd Judicial District Court for the Parish of Ascension, also was removed to federal court and transferred by the Judicial Panel on Multidistrict Litigation to the Northern District of Texas and the Stanford MDL. The schedule for responding to that Complaint has not yet been established.

The plaintiffs in two of the cases remaining in the Parish of East Baton Rouge have granted SEI and SPTC indefinite extensions to respond to the petitions.

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

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

Note 13. Business Acquisition

On April 2, 2018, the Company acquired all ownership interests of Huntington Steele, LLC (Huntington Steele), a registered investment advisor based in Seattle, Washington servicing the ultra-high-net-worth market, to enhance the Company's business development and research efforts in an additional geographic region. Under the acquisition method of accounting, the total purchase price was preliminarily allocated to Huntington Steele's net tangible and intangible assets based upon their estimated fair values as of April 2, 2018 based on management’s best estimates and assumptions as of the reporting date and are considered preliminary pending finalization of valuation analyses pertaining to the intangible assets acquired and the contingent consideration. The total estimated purchase price for Huntington Steele is $19,014, which includes $5,794 in cash consideration, net of $125 in cash acquired, and an estimated contingent purchase price of $13,220. The contingent purchase price consists of amounts payable to the sellers upon the attainment of specified financial measures determined at various intervals over the next five years. The current portion of the contingent purchase price is included in Accrued liabilities on the accompanying Balance Sheet. The long-term portion of the contingent consideration is included in Other long-term liabilities on the accompanying Balance Sheet.

The results of operations of Huntington Steele, as well as all tangible and intangible assets resulting from the transaction, are included in the Investments in New Businesses segment. Amortization expense related to the intangible assets acquired was $144 during the period ended June 30, 2018. Any goodwill generated from the acquisition is fully deductible for income tax purposes.

Pro forma information has not been presented because the effect of the Huntington Steele acquisition is not material to the Company's consolidated financial results.

Note 14. Goodwill and Intangible Assets

On April 2, 2018, the Company acquired all ownership interests of Huntington Steele (See Note 13). The excess purchase price over the value of the identifiable intangible assets was preliminarily allocated to goodwill and is included on the accompanying Consolidated Balance Sheet.

In July 2017, the Company acquired all ownership interests of Archway Technology Partners, LLC, Archway Finance & Operations, Inc. and Keystone Capital Holdings, LLC (collectively, Archway), a provider of operating technologies and services to the family office industry. The total purchase price was allocated to Archway’s net tangible and intangible assets based upon their estimated fair values at the date of purchase. The excess purchase price over the value of the net tangible and identifiable intangible assets was recorded as goodwill. The total amount of goodwill from this transaction amounted to $52,990 and is included on the accompanying Consolidated Balance Sheets.

The change in the gross carrying amount of the Company's goodwill and intangible assets during the six months ended June 30, 2018 was due to the acquisition of Huntington Steele. The Company recognized $1,696 of amortization expense related to the intangible assets acquired from Archway and Huntington Steele during the six months ended June 30, 2018.

Note 15. 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 total average daily 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.

<u>Disaggregation of Revenue</u>

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 three and six months ended June 30, 2018:

	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
Major Product Lines:	For the Three Months Ended June 30, 2018					
Investment management fees from pooled investment products	$35,164	$72,481	$15,347	$239	$ 237	$123,468
Investment management fees from investment management agreements	214	23,389	67,608	80	2,549	93,840
Investment operations fees	375	—	—	88,311	—	88,686
Investment processing fees - PaaS	43,915	—	—	642	—	44,557
Investment processing fees - SaaS	35,453	—	—	2,370	—	37,823
Professional services fees	4,195	—	—	1,981	—	6,176
Account fees and other	1,810	4,020	479	3,943	28	10,280
Total revenues	$121,126	$99,890	$83,434	$97,566	$ 2,814	$404,830
Primary Geographic Markets:						
United States	$75,669	$99,890	$64,048	$92,845	$ 2,814	$335,266
United Kingdom	29,005	—	13,894	—	—	42,899
Canada	11,516	—	2,134	—	—	13,650
Ireland	4,936	—	3,027	4,721	—	12,684
Other	—	—	331	—	—	331
Total revenues	$121,126	$99,890	$83,434	$97,566	$ 2,814	$404,830

	Private Banks	Investment Advisors	Institutional Investors	Investment Managers	Investments In New Businesses	Total
Major Product Lines:	For the Six Months Ended June 30, 2018					
Investment management fees from pooled investment products	$70,354	$144,899	$31,205	$239	$ 462	$247,159
Investment management fees from investment management agreements	412	46,153	136,884	163	4,183	187,795
Investment operations fees	757	—	—	175,766	—	176,523
Investment processing fees - PaaS	88,500	—	—	1,125	—	89,625
Investment processing fees - SaaS	70,055	—	—	4,735	—	74,790
Professional services fees	9,614	—	—	3,868	—	13,482
Account fees and other	3,598	8,030	836	8,525	65	21,054
Total revenues	$243,290	$199,082	$168,925	$194,421	$ 4,710	$810,428
Primary Geographic Markets:						
United States	$153,802	$199,082	$128,816	$184,604	$ 4,710	$671,014
United Kingdom	56,530	—	28,681	—	—	85,211
Canada	23,117	—	4,805	—	—	27,922
Ireland	9,841	—	5,454	9,817	—	25,112
Other	—	—	1,169	—	—	1,169
Total revenues	$243,290	$199,082	$168,925	$194,421	$ 4,710	$810,428

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

Professional Services - 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.

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.

Revenue is recognized by the Company when the performance obligations are satisfied and transfer of control to the client is completed. The majority of the Company’s performance obligations are satisfied and control is transferred to the client continuously. Therefore, revenue is recognized on a monthly basis. The amount of revenue recognized reflects the amount of consideration expected to be received by the Company in exchange for satisfied performance obligations.

Deferred Contract Costs

Deferred contract costs, which primarily consist of deferred sales commissions, were $21,521 as of June 30, 2018. The Company deferred expenses related to contract costs of $2,267 and $4,083 during the three and six months ended June 30, 2018, respectively. Amortization expense related to deferred contract costs were $619 and $1,201 during the three and six months ended June 30, 2018, respectively. There was no impairment loss in relation to deferred contract costs during the six months ended June 30, 2018.

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, 2017.

Overview

Consolidated Summary

We are a leading global provider of investment processing, investment management and investment operations platforms. We help corporations, financial institutions, financial advisors and ultra-high-net-worth families create and manage wealth by providing comprehensive, innovative, investment and investment-business platforms. Investment processing fees are earned as monthly fees for contracted services, including computer processing services, software licenses and investment operations services, as well as transaction-based fees for providing securities valuation and trade-execution. Investment operations and investment management fees are earned as a percentage of average assets under management, administration or advised assets. As of June 30, 2018, through our subsidiaries and partnerships in which we have a significant interest, we manage, advise or administer $881.6 billion in hedge, private equity, mutual fund and pooled or separately managed assets, including $331.1 billion in assets under management and $545.1 billion in client assets under administration. Our affiliate, LSV Asset Management (LSV), manages $106.5 billion of assets which are included as assets under management.
Our Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2018 and 2017 were:

	Three Months Ended June 30,		Percent Change*	Six Months Ended June 30,		Percent Change*
	2018	2017		2018	2017	
Revenues	$404,830	$372,331	9%	$810,428	$732,315	11%
Expenses	294,540	275,104	7%	583,822	541,571	8%
Income from operations	110,290	97,227	13%	226,606	190,744	19%
Net (loss) gain from investments	(139)	44	NM	(549)	391	NM
Interest income, net of interest expense	3,030	1,572	93%	5,275	2,803	88%
Equity in earnings from unconsolidated affiliate	41,073	36,315	13%	81,680	69,880	17%
Income before income taxes	154,254	135,158	14%	313,012	263,818	19%
Income taxes	32,577	43,389	(25)%	51,497	83,312	(38)%
Net income	121,677	91,769	33%	261,515	180,506	45%
Diluted earnings per common share	$0.75	$0.57	32%	$1.61	$1.11	45%

* 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, 2018 and 2017:

- Revenue growth was primarily driven by higher Asset management, administration and distribution fees from market appreciation and positive cash flows from new and existing clients. Our average assets under management, excluding LSV, increased $25.0 billion, or 12 percent, to $230.3 billion in the first six months of 2018 as compared to $205.3 billion during the first six months of 2017. Our average assets under administration increased $54.9 billion, or 11 percent, to $537.8 billion in the first six months of 2018 as compared to $482.9 billion during the first six months of 2017.
- Information processing and software servicing fees in our Private Banks segment increased $9.7 million during the first six months of 2018 primarily due to increased assets from new and existing clients processed on the SEI Wealth Platform.
- Revenues from our acquisition of SEI Archway were $11.1 million during the first six months of 2018. SEI Archway was acquired during the third quarter 2017 and is reported in our Investment Managers segment.

- Our proportionate share in the earnings of LSV increased to $81.7 million in the first six months of 2018 as compared to $69.9 million in the first six months of 2017 primarily due to increased assets under management from LSV's existing clients due to market appreciation and cash inflows from new clients.
- Our operating expenses, primarily personnel costs, increased across all of our business segments. These expenses primarily consist of operational, technology and marketing costs and are mainly related to servicing existing clients

and acquiring new clients. In addition, our Investment Managers segment includes personnel costs related to SEI Archway. These operating expenses are included in Compensation, benefits and other personnel costs on the accompanying Consolidated Statements of Operations.

- The direct costs associated with our investment management programs increased in our Private Banks, Investment Advisors and Institutional Investors segments. These costs primarily relate to fees charged by investment advisory firms for day-to-day portfolio management of SEI-sponsored investment products. These costs are included in Sub-advisory, distribution and other asset management costs on the accompanying Consolidated Statements of Operations.
- We capitalized $23.8 million in the first six months of 2018 for the SEI Wealth Platform as compared to $28.0 million in the first six months of 2017. Amortization expense related to the Platform decreased to $19.6 million during the first six months of 2018 as compared to $24.5 million during the first six months of 2017 due to the adjustment to the estimated useful life of the Platform effective in the fourth quarter 2017.
- During the first six months of 2018, we placed into service an application developed for the Investment Managers segment. This new offering includes components that leverage upon the current infrastructure and add significant enhancements designed to aggregate, transact and process data. Amortization expense related to the application was $2.6 million during the first six months of 2018.
- As we continue the development of new elements of the Platform, our expenses related to maintenance and support have increased. These costs are primarily recognized in personnel and consulting costs and are not eligible for capitalization. These increased costs primarily impacted the Private Banks and Investment Advisors business segments.
- Our effective tax rate during the second quarter of 2018 was 21.1 percent as compared to 32.1 percent during the second quarter of 2017. Our effective tax rate was 16.5 percent during the first six months of 2018 as compared to 31.6 percent during the first six months of 2017. The decline in our effective tax rate was primarily due to the tax changes enacted in the 2017 Tax Cut and Jobs Act (The Tax Act). In addition, the rate for both periods were favorably impacted by tax benefits from stock option exercise activity (See the caption "Income Taxes" later in this discussion for more information).
- We continued our stock repurchase program during 2018 and purchased 2.8 million shares for $186.9 million in the six month period.

Impact of Adopting Revenue Recognition Guidance

On January 1, 2018, we adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) (Accounting Standards Codification 606 (ASC 606), which provides accounting guidance on the recognition of revenues from contracts with customers and impacts the presentation of certain revenues and expenses in our consolidated financial statements. ASC 606 is applied prospectively from January 1, 2018 and reported financial results from the prior comparable period have not been revised.

ASC 606 did not change the accounting for the majority of our revenue arrangements and did not have a material impact to our consolidated financial statements. The impact from the adoption of ASC 606 to our financial results during the three and six months ended June 30, 2018 is primarily related to research services provided to customers in soft-dollar arrangements by SIDCO, our broker-dealer subsidiary, and the deferral of incremental contract acquisition costs. Under the new revenue standard, fees received for research services by SIDCO are recorded net of amounts paid for the soft dollar arrangement. The amounts we paid under these arrangements were previously recorded as an expense. The impact of this change in presentation was a decline in both revenues and expenses of $3.3 million and $7.2 million during the three and six months ended June 30, 2018, respectively. There was no impact to our net income as a result of this change. Also under the new revenue standard, costs incurred to acquire client contracts are deferred and recognized over the expected client life. During the three and six months ended June 30, 2018, we deferred $2.3 million and $4.1 million, respectively, in expenses related to contract acquisition costs (See Note 1 to the Notes to Consolidated Financial Statements).

Ending Asset Balances
(In millions)

	As of June 30, 2018	2017	Percent Change
Private Banks:			
Equity and fixed-income programs	$22,448	$20,185	11%
Collective trust fund programs	4	4	—%
Liquidity funds	3,471	3,589	(3)%
Total assets under management	$25,923	$23,778	9%
Client assets under administration	22,435	20,951	7%
Total assets	$48,358	$44,729	8%
Investment Advisors:			
Equity and fixed-income programs	62,227	57,358	8%
Collective trust fund programs	5	5	—%
Liquidity funds	3,101	2,451	27%
Total assets under management	$65,333	$59,814	9%
Institutional Investors:			
Equity and fixed-income programs	83,687	81,723	2%
Collective trust fund programs	73	80	(9)%
Liquidity funds	2,594	2,468	5%
Total assets under management	$86,354	$84,271	2%
Advised assets	4,544	4,255	7%
Total assets	90,898	88,526	3%
Investment Managers:			
Equity and fixed-income programs	95	92	3%
Collective trust fund programs	45,213	42,662	6%
Liquidity funds	496	999	(50)%
Total assets under management	$45,804	$43,753	5%
Client assets under administration (A)	522,700	476,543	10%
Total assets	$568,504	$520,296	9%
Investments in New Businesses:			
Equity and fixed-income programs	1,120	997	12%
Liquidity funds	106	46	130%
Total assets under management	$1,226	$1,043	18%
Advised assets (B)	807	69	NM
Total assets	2,033	1,112	83%
LSV:			
Equity and fixed-income programs (C)	$106,505	$95,700	11%
Total:			
Equity and fixed-income programs (D)	276,082	256,055	8%
Collective trust fund programs	45,295	42,751	6%
Liquidity funds	9,768	9,553	2%
Total assets under management	$331,145	$308,359	7%
Advised assets	5,351	4,324	24%
Client assets under administration (E)	545,135	497,494	10%
Total assets under management, advisement and administration	$881,631	$810,177	9%

(A) Client assets under administration in the Investment Managers segment include $42.7 billion of assets that require limited services and therefore are at fee levels below our normal full service assets (as of June 30, 2018). In addition, these assets as of June 30, 2018 also include approximately $14.2 billion administered by SEI Archway that were not included in prior periods.

(B) Advised assets in the Investments in New Businesses segment as of June 30, 2018 include assets of approximately $800 million from the acquisition of Huntington Steele (See Note 13 to the Notes to Consolidated Financial Statements).

(C) Equity and fixed-income programs include assets managed by LSV in which fees are based on performance only. A portion of these assets were not included in prior period reported assets. The ending asset balance for LSV as of June 30, 2017 was revised from $94.8 billion to include managed assets in which fees are based on performance only. The ending value of these assets as of June 30, 2018 and 2017 was $2.3 billion and $2.0 billion, respectively.

(D) Equity and fixed-income programs include $5.7 billion of assets invested in asset allocation funds at June 30, 2018.

(E) In addition to the numbers presented, SEI also administers an additional $11.6 billion in Funds of Funds assets (as of June 30, 2018) on which SEI does not earn an administration fee.

Average Asset Balances
(In millions)

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2018	2017		2018	2017	
Private Banks:						
Equity and fixed-income programs	$22,870	$19,610	17%	$23,141	$19,054	21%
Collective trust fund programs	4	5	(20)%	4	5	(20)%
Liquidity funds	3,516	3,677	(4)%	3,618	3,864	(6)%
Total assets under management	$26,390	$23,292	13%	$26,763	$22,923	17%
Client assets under administration	22,605	21,166	7%	23,002	20,695	11%
Total assets	$48,995	$44,458	10%	$49,765	$43,618	14%
Investment Advisors:						
Equity and fixed-income programs	62,890	56,319	12%	62,770	55,383	13%
Collective trust fund programs	5	5	—%	5	5	—%
Liquidity funds	2,429	2,390	2%	2,360	2,475	(5)%
Total assets under management	$65,324					