

SEI New ways.
New answers.®



SEI TRUST COMPANY AND NASDAQ FUND NETWORK

Educating RIAs, plan sponsors and consultants on collective investment trusts

As a leading innovator in the wealth management industry, SEI Trust Company (STC) partners with Nasdaq to provide the retirement community—including registered investment advisors (RIAs), consulting firms and retirement plan sponsors—with educational content, industry trends and insights on the increasingly popular collective investment trust (CIT) vehicle.

STC and Nasdaq believe that our financial markets are better served with greater transparency and efficiency. Nasdaq Fund Network (NFN) registers and distributes performance data for 650-plus CITs to millions of investors on a daily basis—allowing the retirement community to access CIT data across a variety of information platforms and online services. By registering CITs on the NFN, CIT fund managers receive a unique symbol for each share class of their CITs, bringing more price transparency and awareness to their new and existing products. Advisors, consultants and plan participants benefit from easily accessible fund-level data to help inform investment decisions.



Changes drive new CIT product development opportunity

Flows to CITs have increased steadily over recent years and are poised for continued growth, according to many industry perspectives.

CIT vehicle utilization has been most prevalent in the large end of the defined contribution (DC) market where national consultants—who “as of Q1 2021, oversee nearly \$3.9 trillion of the \$8 trillion in DC assets—are increasingly pushing large-plan sponsors toward CITs. In this segment, the percentage of plan sponsors using CITs in their plans has increased from 44% in 2011 to 78% in 2020.”¹ However, having had success and growth in the large end, consultants have been actively encouraging their midsize and small plan clients to explore CITs.

As consultants move from the larger end of the mid-market, they find themselves playing against a set of rapidly growing distribution powerhouses: the scaled retirement advisory firms (SRAFs, sometimes also called aggregators). Over the past five to 10 years, this group of leading benefits and RIA firms has built large specialty retirement practices and, through continued acquisitions, has grown to advise more than \$1.7 trillion in DC retirement assets (Figure 1).

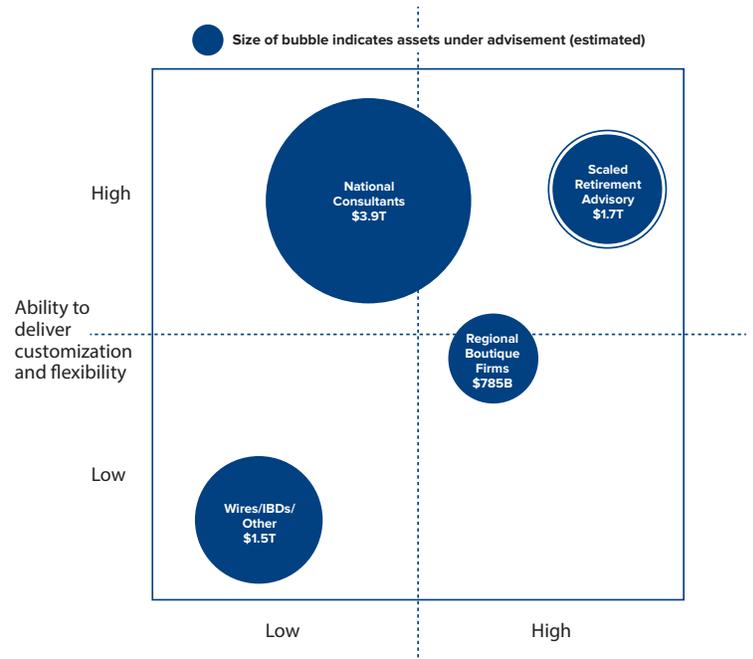
In the past, these firms set themselves apart from the traditional wirehouse brokers with lower fees, larger fund selection and a willingness to take on full fiduciary responsibility. In today’s competitive market, in order to remain a step ahead of the wirehouses and put themselves on a level playing field with the national consultants, SRAFs are adding custom investment products to their service offering. CITs are at the center of these innovations in that they allow the SRAFs to negotiate relationship pricing and build their own white-labeled portfolios for which the firms act as 3(38) fiduciaries (i.e., a fiduciary with investment discretion).

As SRAFs continue to gain market share in the mid-market and dominate in the small-plan market, they are also moving upstream and beginning to serve larger retirement plans. While they may not have the established brands like the national consultants,

SRAFs also look to use custom CITs to demonstrate their industry and institutional investment expertise and improve regional and national brand awareness.²

Figure 1 | High Potential

Retirement Opportunity by Firm Type, 2021



Expected Future Growth of Plan Sales*

Source: Wise Rhino Group, RLF 2019 Recordkeeper Sales and Retention Survey

*Future growth positioning determined by survey of RLF Recordkeeper and OCIO members

Benefits of a CIT

- Quickly establish and bring to market faster than other competing vehicles, such as mutual funds
- Offer multiple fee classes for investors based on size, relationship and other factors
- Benefit from lower costs due to different regulatory requirements
- Access a variety of asset classes, including target-date funds
- Benefit from fiduciary oversight, including investment management expertise
- Offer a simpler, more attractive product structure to growing retirement plans, especially those looking for customized solutions

SEI Trust Company's expertise and turnkey operational platform designed for CITs

Whether you are looking to implement your investment strategy through a CIT for the first time or evaluating options with respect to an existing CIT, SEI Trust Company (STC) will lead you through the process to establish and manage a collective investment trust.

STC has a turnkey operational platform and over 30 years of expertise in servicing collective investment trusts. The experienced, professional staff has the in-depth knowledge required to support the unique demands of CITs. As of December 31, 2020, STC services over 480 collective investment funds, 120 collective investment trusts and works closely with over 135 global asset managers.

Working with STC, you'll benefit from:

> Exceptional service from experienced, dedicated client service professionals

STC has dedicated trust officers whose sole focus is to oversee the operations and administration of each of their assigned CITs. They will also interface with RIAs, consultants and plan sponsors, as needed.

> Investment management oversight

Led by the Chief Investment Officer, STC has a dedicated team of investment specialists who will oversee the management of each CIT in order to meet applicable regulatory requirements, ensuring that the CIT remains in compliance with its investment guidelines.

> Distribution support

Our experienced team can provide insight into the retirement industry through market intelligence and best practices. In a timely manner, the team can assist in navigating the retirement and recordkeeping environments, helping to streamline the agreement and onboarding processes for new plan investors into a CIT.

> Technology

To gather insight and key information about the retirement market and CIT-related information, STC has a robust website that houses white papers, webinars, quarterly regulatory updates and other educational information. The website also serves as a secure portal from which to access all CIT-related documents and reports. Visit the website at seic.com/STC.

> Legal and compliance oversight

STC is supported by a number of in-house attorneys who provide expertise on regulatory and legal requirements, contract negotiations and vendor oversight. The trust company also has a dedicated General Counsel, who is an experienced ERISA attorney.

> Accounting and administration

SEI's accounting and administration group has been a leading provider of CIT services for several decades, both for STC-established CITs as well as CITs offered by other bank and trust companies. This places us in a unique position to understand the distinct needs and requirements of a CIT and enables us to leverage the expertise, technology and infrastructure to ensure the best structure and product design for your needs.

> Transfer agency services

Integral to the CIT operation is creating the trading channel involving each CIT, the plan and its respective recordkeeper. Our institutional transfer agent's best-in-class technology platform makes it seamless for third-party administrators to trade CITs.

If you have questions or want to know more about CITs, contact:
Robb Muse, Executive Vice President, SEI Trust Company,
rmuse@seic.com

If you have questions or want to know more about NASDAQ NFN
or other services that NASDAQ offers, contact:
Devin McCarthy, Managing Director, Nasdaq Fund Network,
devin.mccarthy@nasdaq.com

About SEI Trust Company

SEI Trust Company (“STC”) is a non-depository trust company chartered under the laws of the Commonwealth of Pennsylvania, which provides trustee, custodial, operational and administrative services to various collective investment trusts. STC was formed in June 1989, is a wholly owned subsidiary of SEI Investments Company (NASDAQ: SEIC), and is regulated and examined by the Pennsylvania Department of Banking and Securities.

STC serves as the Trustee and maintains ultimate fiduciary authority over the management of, and the investments made in the funds. Each fund is part of a trust operated by the Trustee.

This information is provided for education purposes only and is not intended to be relied upon as legal, regulatory advice and information is subject to change. SEI does not claim responsibility for the accuracy or reliability of the data provided.

About Nasdaq Fund Network

Nasdaq Fund Network (NFN) facilitates the collection and dissemination of performance and valuation data for investment products making it discoverable to one million-plus institutional and retail investors daily. Today, NFN covers 35,000-plus instruments across a variety of asset classes, countries and currencies.

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Sources

¹ Callan Associates. DC Trends, 2021. www.callan.com/callan/research/2021-dc-survey.

² “The CIT Opportunity: Future Trends in CIT Product Development,” SEI and the Retirement Leadership Forum (RLF), 2020.