



# SEI Investments (SEIC)

Updated October 27<sup>th</sup>, 2025, by Josh Arnold

## Key Metrics

|                             |      |                                            |            |                                  |                       |
|-----------------------------|------|--------------------------------------------|------------|----------------------------------|-----------------------|
| <b>Current Price:</b>       | \$82 | <b>5 Year CAGR Estimate:</b>               | 12.8%      | <b>Market Cap:</b>               | \$10.1 B              |
| <b>Fair Value Price:</b>    | \$89 | <b>5 Year Growth Estimate:</b>             | 10.0%      | <b>Ex-Dividend Date:</b>         | 09/27/25 <sup>1</sup> |
| <b>% Fair Value:</b>        | 92%  | <b>5 Year Valuation Multiple Estimate:</b> | 1.7%       | <b>Dividend Payment Date:</b>    | 10/23/25              |
| <b>Dividend Yield:</b>      | 1.2% | <b>5 Year Price Target</b>                 | \$143      | <b>Years Of Dividend Growth:</b> | 34                    |
| <b>Dividend Risk Score:</b> | A    | <b>Sector:</b>                             | Financials | <b>Rating:</b>                   | Buy                   |

## Overview & Current Events

SEI Investments was founded in 1968 and over the last 50+ years has grown into a market capitalization of \$10.1 billion. SEI is a global provider of investment processing, investment management, and investment operations solutions for financial institutions and advisors. SEI has about \$1.6 trillion combined in assets under administration and management. The company should produce about \$2.3 billion in revenue this year.

SEI posted third quarter earnings on October 22<sup>nd</sup>, 2025, and results were mixed. The company posted \$1.30 in earnings-per-share, which beat estimates by a nickel. However, revenue missed expectations by \$3.2 million, despite rising almost 8% year-on-year to \$579 million.

Private Banking revenue was up 4% year-on-year, driven by more growth on the SWP platform. Investment Managers delivered double-digit revenue and operating profit growth. Advisors saw the highest year-over-year revenue growth among all segments.

LSV assets under management rose more than 4% from Q2, with performance fees totaling \$8 million. The company also made a \$50 million anchor investment in LSV's market-neutral hedge fund.

The company ended the quarter with \$793 million in cash and no debt. Share repurchases were \$142 million in Q3, and \$775 million in the past twelve months. This has reduced the float by about 7%. In addition, the company raised its \$123 million remaining share repurchase authorization by a further \$650 million, for a total of \$773 million.

We now see \$4.95 in adjusted earnings-per-share for this year, which would easily be a record, if achieved.

## Growth on a Per-Share Basis

| Year                      | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025          | 2030          |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|
| <b>EPS</b>                | \$1.96 | \$2.03 | \$2.42 | \$3.14 | \$3.24 | \$3.00 | \$3.81 | \$3.81 | \$3.51 | \$4.41 | <b>\$4.95</b> | <b>\$7.97</b> |
| <b>DPS</b>                | \$0.50 | \$0.54 | \$0.58 | \$0.63 | \$0.68 | \$0.72 | \$0.77 | \$0.83 | \$0.89 | \$0.95 | <b>\$0.98</b> | <b>\$1.37</b> |
| <b>Shares<sup>2</sup></b> | 164    | 159    | 157    | 159    | 154    | 146    | 138    | 134    | 131    | 127    | <b>120</b>    | <b>110</b>    |

From 2013 to 2019, SEI managed to double its earnings, and looking forward, we believe that strong growth can continue. SEI saw higher earnings-per-share in each year since 2011, until the COVID-impacted 2020. We are forecasting 10% earnings-per-share growth over the next five years as momentum remains strong. We see SEI achieving this result through continued revenue expansion as more customers adopt its SEI Wealth Platform, and its relatively newer IT services, as well as assets under management and advisement growth. We see mid-single-digit revenue growth as the primary driver of earnings going forward. SEI also buys back stock at low single-digit rates and is seeing margin expansion with its higher revenue. The key is revenue growth as SEI invests heavily in its future, and revenue growth has slowed.

SEI's dividend growth has been decent in recent years but it is not a high-income stock at this point. We see dividend growth going forward, but keep in mind that investors own SEI for the earnings growth potential, not for the yield, and

<sup>1</sup> Estimated date

<sup>2</sup> Share count in millions

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that is not going to change anytime soon. Indeed, the payout ratio remains very low and given how much SEI invests in its platform on a regular basis, in addition to share repurchases, we expect the payout ratio to remain fairly constant.

## Valuation Analysis

| Year      | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Now  | 2030 |
|-----------|------|------|------|------|------|------|------|------|------|------|------|------|
| Avg. P/E  | 24.4 | 22.6 | 22.3 | 20.3 | 15.8 | 18.3 | 16.0 | 15.3 | 18.1 | 18.7 | 16.6 | 18.0 |
| Avg. Yld. | 1.0% | 1.2% | 1.0% | 1.0% | 1.2% | 1.3% | 1.3% | 1.4% | 1.4% | 1.2% | 1.2% | 1.0% |

SEI’s price-to-earnings multiple is lower than our last report, and it is now trading at 16.6 times this year’s earnings, which is modestly below our estimate of fair value at 18 times earnings. The stock’s historical range is fairly narrow at 16 to 22 times earnings. We therefore see a small positive impact from the valuation looking forward. The dividend is not a priority for SEI as it continues to spend cash on its products and services to fuel future growth. This is not a stock one owns for the yield, and its yield is quite close to that of the S&P 500.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

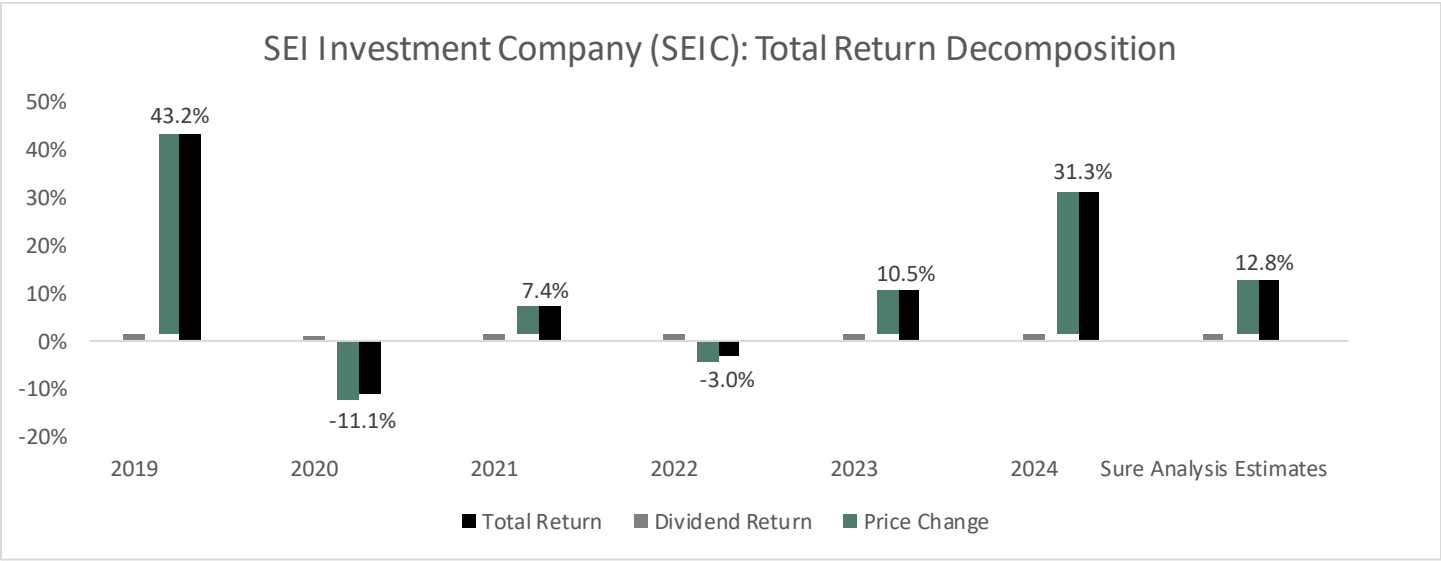
| Year   | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|
| Payout | 23%  | 24%  | 25%  | 20%  | 21%  | 24%  | 20%  | 22%  | 25%  | 22%  | 20%  | 17%  |

The payout ratio is very low as earnings-per-share expansion has outpaced dividend growth in recent years. There may come a time when the dividend is a significant source of returns, but SEI is understandably focused on growth today. SEI’s competitive advantage is in its platform and services, which allow it to drive efficiencies and lower risk for its clients. That does not make it immune from economic downturns, however, as the Great Recession dinged revenue and earnings meaningfully. Given the industry SEI serves, it is reasonable to expect material weakness during a recession, so that is something investors should consider. In addition, weak equity market performance is another headwind that comes up from time to time.

## Final Thoughts & Recommendation

Overall, SEI looks like a fairly valued stock with good growth potential. We are forecasting 12.8% total annual returns going forward, comprised of the 1.2% current yield, 10% earnings-per-share growth, and a 1.7% tailwind from the valuation. We’re reiterating the stock at a buy after Q3 results. So long as assets in custody rise, SEI is a strong growth stock to consider owning.

## Total Return Breakdown by Year



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## Income Statement Metrics

| Year             | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Revenue          | 1,334 | 1,402 | 1,527 | 1,624 | 1,650 | 1,684 | 1,918 | 1,991 | 1,920 | 2,125 |
| Gross Profit     | 722   | 763   | 840   | 900   | 921   | 946   | 1,088 | 1,045 | 984   | 1,128 |
| Gross Margin     | 54.2% | 54.5% | 55.0% | 55.4% | 55.8% | 56.2% | 56.7% | 52.5% | 51.3% | 53.1% |
| SG&A Exp.        | 298   | 316   | 367   | 380   | 379   | 416   | 442   | 482   | 263   | 270   |
| D&A Exp.         | 67    | 72    | 76    | 78    | 81    | 84    | 93    | 88    | 74    | ---   |
| Operating Profit | 358   | 376   | 397   | 442   | 460   | 446   | 553   | 476   | 425   | 552   |
| Operating Margin | 26.8% | 26.8% | 26.0% | 27.2% | 27.9% | 26.5% | 28.8% | 24.2% | 22.1% | 26.0% |
| Net Profit       | 332   | 334   | 404   | 506   | 501   | 447   | 547   | 475   | 462   | 581   |
| Net Margin       | 24.9% | 23.8% | 26.5% | 31.1% | 30.4% | 26.6% | 28.5% | 23.9% | 24.1% | 27.3% |
| Free Cash Flow   | 334   | 352   | 373   | 515   | 468   | 410   | 581   | 492   | 388   | 622   |
| Income Tax       | 169   | 175   | 153   | 108   | 130   | 121   | 147   | 134   | 132   | 166   |

## Balance Sheet Metrics

| Year                 | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  |
|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total Assets         | 1,589 | 1,637 | 1,853 | 1,972 | 2,151 | 2,167 | 2,354 | 2,384 | 2,520 | 2,685 |
| Cash & Equivalents   | 680   | 696   | 744   | 755   | 841   | 785   | 825   | 853   | 835   | 840   |
| Accounts Receivable  | 95    | 110   | 133   | 126   | 140   | 154   | 501   | 519   | 557   | 622   |
| Goodwill & Int. Ass. | 291   | 296   | 392   | 406   | 389   | 360   | 429   | 408   | 460   | 484   |
| Total Liabilities    | 299   | 334   | 377   | 379   | 413   | 427   | 494   | 430   | 388   | 432   |
| Accounts Payable     | 5     | 6     | 5     | 11    | 4     | 8     | 10    | 13    | 11    | 13    |
| Long-Term Debt       | ---   | ---   | 30    | ---   | ---   | ---   | 40    | ---   | ---   | ---   |
| Shareholder's Equity | 1,290 | 1,303 | 1,477 | 1,593 | 1,739 | 1,740 | 1,861 | 1,954 | 2,132 | 2,252 |
| LTD/E Ratio          | ---   | ---   | 0.02  | ---   | ---   | ---   | 0.02  | ---   | ---   | ---   |

## Profitability & Per Share Metrics

| Year             | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Return on Assets | 21.2% | 20.7% | 23.2% | 26.5% | 24.3% | 20.7% | 24.2% | 20.1% | 18.9% | 22.3% |
| Return on Equity | 26.1% | 25.7% | 29.1% | 33.0% | 30.1% | 25.7% | 30.4% | 24.9% | 22.6% | 26.5% |
| ROIC             | 26.1% | 25.7% | 28.8% | 32.6% | 30.1% | 25.7% | 30.0% | 24.7% | 22.6% | 26.5% |
| Shares Out.      | 164   | 159   | 157   | 159   | 154   | 146   | 138   | 137   | 134   | 132   |
| Revenue/Share    | 7.87  | 8.52  | 9.41  | 10.07 | 10.65 | 11.30 | 13.39 | 14.49 | 14.36 | 16.13 |
| FCF/Share        | 1.97  | 2.14  | 2.30  | 3.19  | 3.02  | 2.75  | 4.05  | 3.58  | 2.90  | 4.72  |

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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