

Annual
Management Report of Fund Performance
for the period ended December 31, 2011

Long Duration Bond Fund

Class O Units, Class I Units, Class P Units, Class F Units, Class R Units, Class D Units, Class E Units

Managed by: SEI INVESTMENTS CANADA COMPANY

This annual Management Report of Fund Performance contains financial highlights, but does not contain the complete audited annual financial statements of the Fund. You may view the semi-annual (unaudited) and annual Financial Statements, as well as the annual and semi-annual Management Report of Fund Performance on our website www.seic.com, or through SEDAR at www.sedar.com.

You may also request to receive a copy of these reports, SEI Funds' proxy voting policies and procedures, or quarterly portfolio disclosure at no cost by contacting us through any of the following methods:

Call us toll free at: 1-866-SEI-1114
Visit our website: www.seic.com
Write to us at: SEI, 70 York Street, Suite 1600, Toronto, Ontario M5J 1S9

The proxy voting record of the SEI Funds for the period ending June 30, 2012 will be available on our website any time after August 31, 2012.

A caution regarding forward-looking statements:

This document may contain forward-looking statements about the Fund, including its strategy, performance and condition. Forward looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", or negative versions thereof, or future or conditional verbs such as "will", "may", "could", "should" and "would", and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future fund action, is also a forward-looking statement.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. Forward-looking statements are not guarantees of future performance. There is significant risk that forward-looking statements will not prove to be accurate. We caution readers of this document to not place undue reliance on our forward-looking statements, as a number of factors could cause actual future results, conditions and actions or events to differ materially from those expressed or implied in any forward-looking statements. Factors may include, but are not limited to, general economic, political, market and business conditions; fluctuations in interest rates and foreign exchange rates; regulatory developments; and actions by governmental authorities. We caution that the foregoing list of factors is not exhaustive. Before making an investment decision, we encourage investors to consider these and other factors carefully. Future events and their effects on the Fund may not be those anticipated by us. Actual results may differ materially from the results anticipated in these forward-looking statements. We do not undertake, and specifically disclaim, any obligations to update or revise any forward-looking information, whether as a result of new information, future developments, or otherwise.

Long Duration Bond Fund

Management Report of Fund Performance

INVESTMENT OBJECTIVE AND STRATEGIES

The objective of the Long Duration Bond Fund (the “Fund”) is to achieve a return consistent with holding longer term debt instruments.

The Fund invests primarily in bonds issued or guaranteed by the federal, provincial and municipal governments of Canada and by Canadian corporations or other issuers. In addition, the Fund may invest in strip bonds (principal and/or interest), residual bond payments, interest packages (principal only and interest only bonds) issued or guaranteed by the federal and provincial governments of Canada.

The current Portfolio Managers of the Fund are:
Beutel, Goodman & Company Ltd.
SEI Investments Canada Company (the Manager)

SEI may change the Portfolio Manager(s) and/or the allocation of assets to a particular Portfolio Manager from time to time at its sole discretion.

RESULTS OF OPERATIONS

(This performance commentary is based on Class O units of the Fund. Returns for other classes of units may vary, largely due to differences in fees and expenses. Please refer to the Past Performance section for class level performance details.)

The year of 2011 was marked as one of the most volatile periods for longer-term bond investors outside of the 2008 credit crisis. At the beginning of the year, concerns of growing inflation pressures and the possibility of looming interest rate hikes weighed heavily on the market. But by the end of the second quarter, bond prices rebounded as the debt crisis in Europe moved to the forefront. Risk avoidance and flight to quality became prominent themes once again during the third quarter. Bond market volatility moved higher as headlines were rife with speculation over the potential demise of Greece and its ultimate fate within the European Union. As the situation worsened during the fourth quarter, Canada became a safe haven for foreign and domestic investors which helped push

long bond yields substantially lower. By the end of the year, the DEX 15-year Canada Strip Coupon Index (the “Index”) achieved a pleasantly surprising gain of 18.0% and SEI’s Long Duration Bond Fund managed to outpace the Index by 4.3% over the same period.

Throughout the year, the Bank of Canada maintained its target for the overnight lending rate at 1.0%. At the beginning of the year, the Bank cited persistent strength of the Canadian dollar and its impact on exports, poor relative domestic productivity, and supply shocks from recent geopolitical events as offsetting factors to hold rates steady. By the third quarter, Governor Carney backtracked from his earlier commentary, and subsequently decided the need to withdraw monetary policy stimulus had diminished. And by the fourth quarter, the Bank forecast that the European recession was expected to be more pronounced than previously anticipated as a result of increased deleveraging and tighter financial conditions, as well as necessary fiscal austerity and structural reforms. The subsequent shifts in the Bank’s outlook coupled with a bleak outlook for Europe and continued political wrangling in the U.S. left little reason to remain optimistic about riskier assets. Although headline and core inflation data had reportedly increased, expectations for a subsequent slowing of food and energy driven inflation subsided in the latter half of the year. Bond prices were therefore well supported particularly in the latter half of the year where longer-term bonds substantially outperformed shorter-term securities. By the end of the year, the yield on 30-year Federal Canada bonds had declined to just 2.49%, a level over 100 basis points lower than the beginning of the year and a yield level not seen since the end of the Second World War.

Fund performance was largely driven by holding broad based exposure across the long end of the yield curve which generally performed better than the Index. The Fund held a small allocation to cash intermittently due to various subscriptions and redemptions over the course of the year. The Fund’s Portfolio Manager used cash opportunistically and advantageously to invest during temporarily depressed pricing periods, which had a positive impact to the Fund’s relative performance. The Fund

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remained invested in the safety and protection of Federally issued Government of Canada strip coupon bonds which have a higher sensitivity to interest rate changes on average compared to bonds which pay interest semi-annually. The Fund held no exposure to non-Canadian issued Federal or corporate debt throughout the year.

RECENT DEVELOPMENTS

At the end of December 31st, 2011, Fund holdings remained well diversified across the lower end of the yield curve with investments in Federal Government of Canada strip bonds having maturities ranging between 12.5 and 20.0 years. Cash holdings at the end of the year exceeded 3.0% of Fund assets due to a large subscription which occurred near year end. Cash and equivalent holdings consisted of Government of Canada treasury bills and cash deposits only.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

The Canadian Accounting Standards Board (“CASB”) previously confirmed January 1, 2011 as the date IFRS would replace Canadian Generally Accepted Accounting Principles (GAAP) for publicly accountable enterprises, which include investment funds and other reporting issuers.

In December 2011, the CASB amended the requirement to prepare financial statements in accordance with IFRS as issued by the International Accounting Standards Board, permitting investment funds to defer adoption of IFRS to fiscal years beginning on or after January 1, 2014. The Fund has elected to defer adoption of IFRS to January 1, 2014.

In preparing to meet the requirements, the Manager has taken the following steps in managing the transition to IFRS:

- Established a working group to identify key differences between Canadian GAAP and IFRS and to coordinate the implementation of the transition plan,
- Identified areas where changes in disclosure will be required under IFRS standards,

- Evaluated current information technology & reporting systems for readiness in IFRS implementation,
- Assessed the likely impacts on business activity and operational areas such as internal controls, staffing and training requirements.

The major changes identified for IFRS financial statements include the addition of a statement of cash flows and the classification of unitholders’ equity (puttable instruments) as a liability within the statement of net assets, unless certain conditions are met.

Based on the current evaluation of the differences between Canadian GAAP and IFRS, the adoption of IFRS is expected to have no significant impact on the calculation of net assets or net asset value. IFRS is expected to affect the overall presentation of financial statements and result in additional disclosure in the accompanying notes. However, the Manager’s assessment may change if new standards are issued or if the interpretations of current standards are revised.

RISK

The risks of the Fund remain as discussed in the prospectus. The Fund may be suitable for investors who have a low to medium tolerance for risk.

RELATED PARTY TRANSACTIONS

Where certain of the Fund’s expenses are incurred by the Manager on the Fund’s behalf, they are reimbursed to the Manager at the cost of the expenses incurred. Reimbursement is done in compliance with the Manager’s methodology for which the Independent Review Committee for the Fund has provided its recommendation to the Fund of a fair and reasonable result for the Fund, and which operates as a standing instruction for compliance by the Manager. The reimbursement of such amounts was made in 2011 on such basis.

Long Duration Bond Fund

Financial Highlights — FOR THE YEARS ENDED DECEMBER 31

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years.

Class O

THE FUND'S NET ASSETS PER UNIT ^(a)	2011	2010	2009	2008	2007
NET ASSETS, BEGINNING OF YEAR	\$10.07	\$9.43	\$10.38	\$10.09	\$10.23
INCREASE (DECREASE) FROM OPERATIONS:					
Total revenue	\$0.37	\$0.54	\$0.55	\$0.57	\$0.61
Total expenses	-\$0.01	-\$0.01	-\$0.01	-\$0.02	-\$0.01
Realized gains (losses) for the year	\$0.11	\$0.32	-\$0.05	-\$0.01	\$0.04
Unrealized gains (losses) for the year	\$1.83	\$1.01	-\$0.82	\$0.30	-\$0.12
Total increase (decrease) from operations ^(b)	\$2.30	\$1.86	-\$0.33	\$0.84	\$0.52
DISTRIBUTIONS:					
From income (excluding dividends)	-\$0.30	-\$0.65	-\$0.49	-\$0.59	-\$0.59
From capital gains	-\$0.10	-\$0.32	—	—	-\$0.04
Total annual distributions ^(c)	-\$0.40	-\$0.97	-\$0.49	-\$0.59	-\$0.63
NET ASSETS, END OF YEAR	\$11.91	\$10.07	\$9.43	\$10.38	\$10.09
RATIOS AND SUPPLEMENTAL DATA					
Net asset value (\$000's)*	\$437,478	\$279,939	\$304,456	\$147,719	\$146,479
Number of units outstanding*	36,697,112	27,780,296	32,252,347	14,228,839	14,520,095
Management expense ratio ^(d)	0.13%	0.12%	0.10%	0.15%	0.13%
Management expense ratio before waivers	0.13%	0.12%	0.10%	0.15%	0.13%
Portfolio turnover rate ^(e)	15%	69%	22%	17%	23%
Net asset Value per unit	\$11.92	\$10.08	\$9.44	\$10.38	\$10.09

Class P

THE FUND'S NET ASSETS PER UNIT ^(a)	2011	2010	2009	2008	2007
NET ASSETS, BEGINNING OF YEAR	\$12.10	\$10.84	\$11.95	\$11.48	\$11.50
INCREASE (DECREASE) FROM OPERATIONS:					
Total revenue	\$0.44	\$0.62	\$0.63	\$0.65	\$0.69
Total expenses	-\$0.26	-\$0.22	-\$0.20	-\$0.21	-\$0.21
Realized gains (losses) for the year	\$0.19	—	-\$0.06	-\$0.01	\$0.04
Unrealized gains (losses) for the year	\$2.45	\$2.02	-\$1.15	\$0.14	\$0.35
Total increase (decrease) from operations ^(b)	\$2.82	\$2.42	-\$0.78	\$0.57	\$0.87
DISTRIBUTIONS:					
From income (excluding dividends)	-\$0.29	—	-\$0.42	-\$0.32	-\$0.33
From capital gains	-\$0.11	-\$0.36	—	—	-\$0.03
Total annual distributions ^(c)	-\$0.40	-\$0.36	-\$0.42	-\$0.32	-\$0.36
NET ASSETS, END OF YEAR	\$14.14	\$12.10	\$10.84	\$11.95	\$11.48
RATIOS AND SUPPLEMENTAL DATA					
Net asset value (\$000's)*	\$402	\$77	\$3,995	\$1,475	\$2,594
Number of units outstanding*	28,426	6,391	368,280	123,334	225,943
Management expense ratio ^(d)	1.91%	1.87%	1.74%	1.82%	1.82%
Management expense ratio before waivers	1.92%	1.88%	1.74%	1.82%	1.82%
Portfolio turnover rate ^(e)	15%	69%	22%	17%	23%
Net asset Value per unit	\$14.15	\$12.11	\$10.85	\$11.96	\$11.48

Note: This table is not intended to act as a continuity of opening and closing Net assets per unit.

^(a) This information is derived from the Fund's audited annual financial statements. The Net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the Fund's financial statements.

^(b) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the year.

^(c) Distributions were paid in cash/reinvested in additional units of the Fund, or both.

^(d) Management expense ratio is the ratio of all fees and expenses (including Goods and Services Tax (GST) up to June 30, 2010 and Harmonized Sales Tax (HST) thereafter) and interest expense but excluding brokerage commission on securities transactions charged to the Fund to daily average net asset value on an annualized basis.

^(e) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

* This information is provided as at December 31.

Long Duration Bond Fund

Financial Highlights — FOR THE YEARS ENDED DECEMBER 31

Class F

THE FUND'S NET ASSETS PER UNIT ^(a)	2011	2010	2009	2008	2007
NET ASSETS, BEGINNING OF YEAR	\$9.85	\$9.19	\$10.07	\$9.77	\$10.64
INCREASE (DECREASE) FROM OPERATIONS:					
Total revenue	\$0.36	\$0.49	\$0.54	\$0.55	\$0.63
Total expenses	-\$0.09	-\$0.08	-\$0.08	-\$0.08	-\$0.08
Realized gains (losses) for the year	\$0.13	\$0.16	-\$0.05	-\$0.01	\$0.04
Unrealized gains (losses) for the year	\$1.59	\$0.49	-\$0.98	\$0.15	-\$0.79
Total increase (decrease) from operations ^(b)	\$1.99	\$1.06	-\$0.57	\$0.61	-\$0.20
DISTRIBUTIONS:					
From income (excluding dividends)	-\$0.28	-\$0.53	-\$0.37	-\$0.48	-\$1.21
From capital gains	-\$0.09	-\$0.31	—	—	-\$0.09
Total annual distributions ^(c)	-\$0.37	-\$0.84	-\$0.37	-\$0.48	-\$1.30
NET ASSETS, END OF YEAR	\$11.60	\$9.85	\$9.19	\$10.07	\$9.77
RATIOS AND SUPPLEMENTAL DATA					
Net asset value (\$000's)*	\$182	\$46	\$49	\$280	\$394
Number of units outstanding*	15,678	4,643	5,379	27,784	40,355
Management expense ratio ^(d)	0.78%	0.80%	0.80%	0.80%	0.80%
Management expense ratio before waivers	0.79%	0.80%	0.80%	0.80%	0.80%
Portfolio turnover rate ^(e)	15%	69%	22%	17%	23%
Net asset Value per unit	\$11.61	\$9.86	\$9.19	\$10.07	\$9.77

Note: This table is not intended to act as a continuity of opening and closing Net assets per unit.

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^(b) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the year.

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* This information is provided as at December 31.

Management Fees

The following table shows the annual management fees for each unit class where such fees are paid by the Fund.

The management fees are calculated based on the daily Net Asset Value of each applicable unit class of the Fund and paid monthly.

The Fund does not pay management fees in respect of Class O and Class R as all compensation to the manager is paid pursuant to separate management agreements.

	Class O	Class I	Class P	Class F	Class R
Management Fees	n/a	0.65%	1.60%	0.80% ¹	n/a

¹ Inclusive of Goods and Service Tax/Harmonized Sales Tax

The following table shows the major services paid for as a percentage of the management fees above for each unit class of the Fund.

	Class O	Class I	Class P	Class F	Class R
Investment management and other general administration	n/a	100.0%	37.5%	100.0%	n/a
Trailer Commissions*	n/a	n/a	62.5%	n/a	n/a

* Where negotiated with a particular dealer on a case-by-case basis and by class, SEI may pay trailer commissions up to the maximum of 1.75% per annum, calculated based upon the average net asset value of the units of the Fund held in the accounts of clients of the participating dealers during a particular calendar quarter.

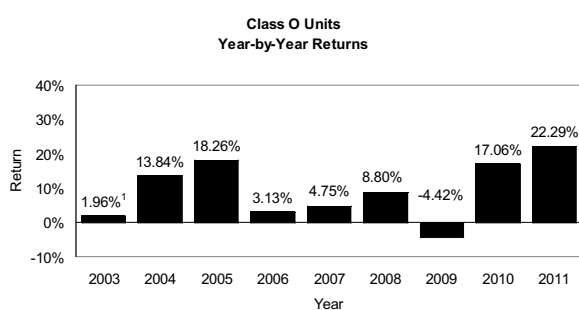
Long Duration Bond Fund

Past Performance

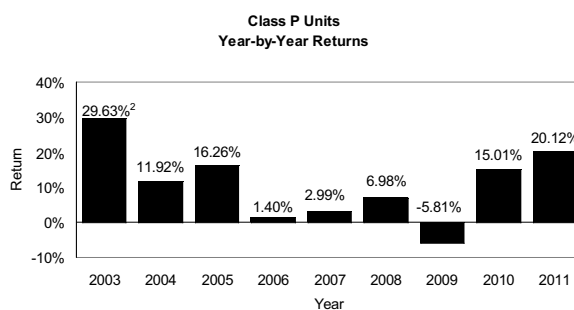
The performance information shown below assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. This performance information does not take into account sales, redemptions, distribution or other optional charges that would have reduced returns or performance. Past performance of the Fund does not necessarily indicate how it will perform in the future.

YEAR-BY-YEAR RETURNS

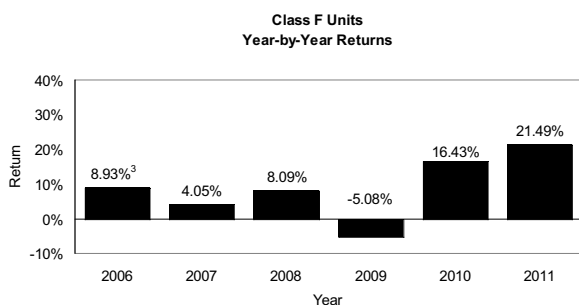
The following charts show the Fund's annual performance and illustrate how performance has changed from year to year. In percentage terms, the charts show how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



¹ From May 2003 first issuance by Prospectus



² From December 2003 first issuance by Prospectus



³ From April 2006 first issuance by Prospectus

ANNUAL COMPOUND RETURNS

The following table shows the Fund's historical compound returns for the period ended December 31, 2011. These returns are also compared to the returns of the DEX Canada Strip Coupon 15-Year Index on the same compound basis. The DEX Canada Strip Coupon 15-Year Index is a measure of the performance of longer term bond, the returns of which the Fund aims to approximate.

	One Year	Three Years	Five Years	Ten Years	Since Inception	Inception Date
Class O Units	22.29%	11.02%	9.29%	n/a	9.55%	30-May-03
DEX Canada Strip Coupon 15-Year Index	17.96%	5.94%	4.95%	n/a	5.00%	
Class P Units	20.12%	9.18%	7.47%	n/a	8.41%	12-Dec-03
DEX Canada Strip Coupon 15-Year Index	17.96%	5.94%	4.95%	n/a	5.45%	
Class F Units	21.49%	10.32%	8.59%	n/a	9.12%	19-Apr-06
DEX Canada Strip Coupon 15-Year Index	17.96%	5.94%	4.95%	n/a	5.31%	

Long Duration Bond Fund

Summary of Investment Portfolio

AS AT DECEMBER 31, 2011

The Summary of Investment Portfolio may change due to ongoing transactions of the Fund. Quarterly updates are available at www.seic.com within 60 days after each quarter end.

PORTFOLIO BREAKDOWN

Sector	% of Total Net Asset Value
Federal	96.7%
Cash	<u>3.3%</u>
Total	100.0%

TOP 25 HOLDINGS

Holding	% of Total Net Asset Value
Government Of Canada 01-Jun-2026 Strip Gen Int	15.7%
Government Of Canada 01-Dec-2025 Strip Gen Int	13.1%
Government Of Canada 01-Jun-2025 Strip Gen Int	9.3%
Government Of Canada 01-Dec-2024 Strip Gen Int	9.2%
Government Of Canada 01-Dec-2028 Strip Gen Int	7.8%
Government Of Canada 01-Dec-2027 Strip Gen Int	6.9%
Government Of Canada 0.000% 2027 Strip Gen Int	6.2%
Government Of Canada 01-Jun-2025 Strip Gen Int	6.0%
Government Of Canada 01-Dec-2030 Strip Gen Int	3.3%
Government Of Canada 01-Dec-2026 Strip Gen Int	3.3%
Cash And Cash Equivalents	3.3%
Government Of Canada 01-Jun-2024 Strip Gen Int	3.0%
Government Of Canada 01-Jun-2029 Strip Gen Int	2.9%
Government Of Canada 01-Dec-2029 Strip Gen Int	2.5%
Government Of Canada 01-Jun-2031 Strip Gen Int	1.8%
Government Of Canada 01-Jun-2027 Strip Gen Prin	1.6%
Government Of Canada 01-Jun-2032 Strip Gen Int	1.3%
Government Of Canada 01-Dec-2032 Strip Gen Int	1.0%
Government Of Canada 01-Jun-2030 Strip Gen Int	1.0%
Government Of Canada 01-Jun-2028 Strip Gen Int	0.5%
Government Of Canada 01-Dec-2031 Strip Gen Int	<u>0.3%</u>
Total	100.0%

Total Net Assets

\$437,748,647

The Fund may invest in securities of other mutual funds managed by SEI. You may view the prospectus and other information about the underlying SEI Funds at www.seic.com or www.sedar.com.