

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

Real Return 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.

Real Return Bond Fund

Management Report of Fund Performance

INVESTMENT OBJECTIVE AND STRATEGIES

The objective of the Real Return Bond Fund (the “Fund”) is to provide long-term capital appreciation through investment in real return bonds (RRBs).

The Fund invests primarily in RRBs that are issued or guaranteed by the federal or a provincial governments of Canada and pay interest based on a real interest rate. Unlike standard fixed coupon bonds, payments from RRBs are adjusted for changes in the Canadian Consumer Price Index (CPI).

The Fund offers inflation protection because the principal and coupon payments on RRBs are linked to the CPI. If inflation increases, interest and principal payments from RRBs will increase proportionately with changes in the CPI.

The current Portfolio Managers of the Fund are:
Fiera Sceptre Inc.
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.)

Canadian Real Return Bond (RRB) investors enjoyed some of the strongest returns offered from the Canadian bond market in 2011. The dual nature of RRB’s being both longer-term bonds and holders of an option on inflation propelled the asset class to a top performer as evidenced by a gain of 18.4% in the DEX Real Return Bond Index (the “Index”) for the year ending 2011. SEI’s Real Return Bond Fund underperformed the Index by 0.2% during the same period.

During the first half of the year, the Bank of Canada revised its growth forecast for the Canadian economy, suggesting it would grow by 2.9% (previously 2.4%) in 2011 and 2.6% (previously 2.8%) in 2012. The Bank’s Monetary Policy Report revealed expectations that the economy would reach full capacity by mid

2012, two quarters earlier than previously expected. But by the end of the second quarter, the Bank pointed to a growing debt crisis in Europe and commented that risks to peripheral economies had increased. By the third quarter, the Bank was forced to revise its outlook. Bank Governor Mark Carney pointed toward deteriorating conditions in Europe and continued political wrangling in U.S. politics, and commented that the need to withdraw monetary stimulus had diminished. By the fourth quarter, the Bank commented that the European recession was expected to be more pronounced than previously anticipated as a result of increased deleveraging and tighter financial conditions, and necessary fiscal austerity and structural reforms.

As debt problems within Europe created increasing contentious issues, and vigorous political debates ensued within the U.S., an increasingly clouded outlook for global economic growth helped diminish concerns for inflation. Flight to quality pressures combined with the U.S. Federal Reserve’s ‘Operation Twist’ created demand for Federal bonds that pushed long-term Federal bond yields significantly lower, particularly in the latter half of the year. In Canada, long bond yields fell over 100 basis points for the year, closing December at just 2.49% for 30-year Federal Canada debt. The subsequent decline in yields provided excellent gains for longer-term bond holders as yields fell to levels not seen since the end of the Second World War. The average real yield for the Index experienced a similar decline with real yields beginning at 1.1% and closing at 0.3% by the end of December 31st, 2011. It was the lowest real yield level reported in the entire history of the Canadian RRB market.

Fund performance was largely driven by the remarkable decline in longer-term bond yields over the course of the year. Relative returns were driven by the Fund’s relative sector positioning compared to that of the Index. Throughout the year, the Fund held a notable overweight to Provincial RRB’s, specifically Ontario, Quebec, and Manitoba. Provincial RRB’s outperformed Federal RRB’s during the year which boosted the Fund’s relative performance. Exposure to Teranet Holdings LP, the only non-government RRB held in the Fund, had a slightly negative impact to relative performance of the Fund as the security’s performance lagged the Index during the year.

Real Return Bond Fund

Management Report of Fund Performance

RECENT DEVELOPMENTS

As of December 31st, 2011, the Fund held 52.0% of its assets in Provincial RRB's compared to the Index weight of 15.2%. This represented a 1.9% increase in Provincial holdings compared to the beginning of the year, and contributed to a reduction in the Federal Government of Canada RRB holdings to 39.7% by the end of the year. Within the Fund's Provincial RRB holdings, the three largest overweight positions in order remain Quebec, Manitoba, and Ontario. The decision to remain overweight these areas is a reflection of the Portfolio Manager's preference for higher yielding Provincial RRB's compared to Federal Government of Canada RRB's.

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.

Real Return 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	\$16.43	\$15.34	\$13.44	\$14.44	\$15.01
INCREASE (DECREASE) FROM OPERATIONS:					
Total revenue	\$0.41	\$0.40	\$0.40	\$0.42	\$0.43
Total expenses	-\$0.02	-\$0.02	-\$0.01	-\$0.02	-\$0.02
Realized gains (losses) for the year	\$0.46	\$0.22	—	-\$0.03	-\$0.05
Unrealized gains (losses) for the year	\$2.01	\$1.12	\$1.88	-\$0.70	-\$0.25
Total increase (decrease) from operations ^(b)	\$2.86	\$1.72	\$2.27	-\$0.33	\$0.11
DISTRIBUTIONS:					
From income (excluding dividends)	-\$0.84	-\$0.60	-\$0.37	-\$0.59	-\$0.65
Total annual distributions ^(c)	-\$0.84	-\$0.60	-\$0.37	-\$0.59	-\$0.65
NET ASSETS, END OF YEAR	\$18.57	\$16.43	\$15.34	\$13.44	\$14.44
RATIOS AND SUPPLEMENTAL DATA					
Net asset value (\$000's)*	\$270,922	\$290,693	\$249,130	\$219,117	\$226,792
Number of units outstanding*	14,572,137	17,670,135	16,218,337	16,298,148	15,708,047
Management expense ratio ^(d)	0.13%	0.12%	0.08%	0.15%	0.12%
Management expense ratio before waivers	0.14%	0.12%	0.08%	0.15%	0.12%
Portfolio turnover rate ^(e)	2%	17%	9%	8%	12%
Net asset Value per unit	\$18.59	\$16.45	\$15.36	\$13.44	\$14.44

Class P

THE FUND'S NET ASSETS PER UNIT ^(a)	2011	2010	2009	2008	2007
NET ASSETS, BEGINNING OF YEAR	\$17.69	\$16.57	\$14.52	\$15.57	\$16.17
INCREASE (DECREASE) FROM OPERATIONS:					
Total revenue	\$0.44	\$0.43	\$0.43	\$0.45	\$0.46
Total expenses	-\$0.36	-\$0.32	-\$0.27	-\$0.29	-\$0.29
Realized gains (losses) for the year	\$0.52	\$0.24	—	-\$0.03	-\$0.05
Unrealized gains (losses) for the year	\$2.55	\$1.20	\$2.02	-\$0.81	-\$0.25
Total increase (decrease) from operations ^(b)	\$3.15	\$1.55	\$2.18	-\$0.68	-\$0.13
DISTRIBUTIONS:					
From income (excluding dividends)	-\$0.63	-\$0.39	-\$0.12	-\$0.35	-\$0.41
Total annual distributions ^(c)	-\$0.63	-\$0.39	-\$0.12	-\$0.35	-\$0.41
NET ASSETS, END OF YEAR	\$19.89	\$17.69	\$16.57	\$14.52	\$15.57
RATIOS AND SUPPLEMENTAL DATA					
Net asset value (\$000's)*	\$36,753	\$18,484	\$13,464	\$12,672	\$12,575
Number of units outstanding*	1,845,526	1,043,823	811,554	872,471	807,752
Management expense ratio ^(d)	1.91%	1.86%	1.76%	1.82%	1.81%
Management expense ratio before waivers	1.92%	1.86%	1.76%	1.82%	1.81%
Portfolio turnover rate ^(e)	2%	17%	9%	8%	12%
Net asset Value per unit	\$19.91	\$17.71	\$16.59	\$14.52	\$15.57

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.

Real Return 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	\$16.83	\$15.73	\$13.81	\$14.72	\$15.27
INCREASE (DECREASE) FROM OPERATIONS:					
Total revenue	\$0.42	\$0.41	\$0.42	\$0.42	\$0.43
Total expenses	-\$0.14	-\$0.13	-\$0.12	-\$0.12	-\$0.12
Realized gains (losses) for the year	\$0.49	\$0.23	—	-\$0.03	-\$0.05
Unrealized gains (losses) for the year	\$2.14	\$1.26	\$2.01	-\$1.03	-\$0.23
Total increase (decrease) from operations ^(b)	\$2.91	\$1.77	\$2.31	-\$0.76	\$0.03
DISTRIBUTIONS:					
From income (excluding dividends)	-\$0.75	-\$0.51	-\$0.30	-\$0.41	-\$0.52
Total annual distributions ^(c)	-\$0.75	-\$0.51	-\$0.30	-\$0.41	-\$0.52
NET ASSETS, END OF YEAR	\$19.01	\$16.83	\$15.73	\$13.81	\$14.72
RATIOS AND SUPPLEMENTAL DATA					
Net asset value (\$'000's)*	\$3,901	\$3,341	\$1,398	\$872	\$691
Number of units outstanding*	205,040	198,272	88,759	63,155	46,941
Management expense ratio ^(d)	0.80%	0.80%	0.80%	0.80%	0.80%
Management expense ratio before waivers	0.80%	0.80%	0.80%	0.80%	0.80%
Portfolio turnover rate ^(e)	2%	17%	9%	8%	12%
Net asset Value per unit	\$19.03	\$16.85	\$15.75	\$13.81	\$14.72

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.

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

¹Inclusive 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.

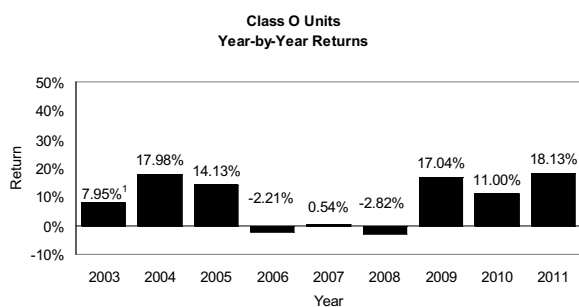
Real Return Bond Fund

Past Performance

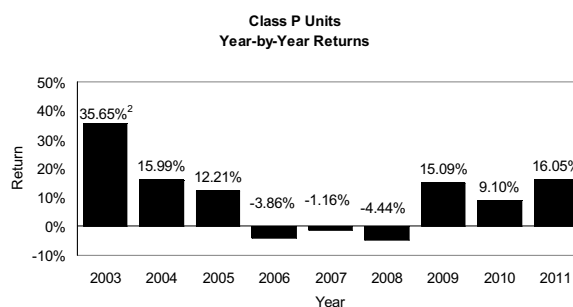
The performance information shown below assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. This performance information does not take into account sales, redemptions, distribution or other optional charges that would have reduced returns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

YEAR-BY-YEAR RETURNS

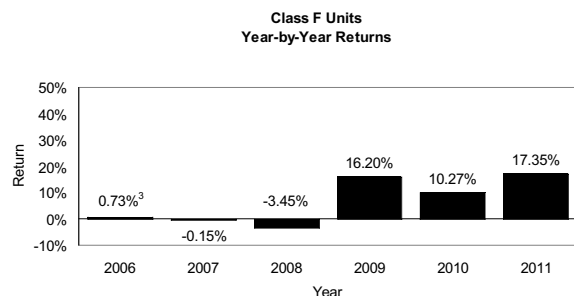
The following charts show the Fund's annual performance and illustrate how performance has changed from year to year. In percentage terms, the charts show how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



¹ From May 2003 first issuance by Prospectus



² From December 2003 first issuance by Prospectus



³ From May 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 Real Return Bond Index on the same compound basis. The DEX Real Return Bond Index is a broad measure of the performance of Canadian real return bonds.

	One Year	Three Years	Five Years	Ten Years	Since Inception	Inception Date
Class O Units	18.13%	15.35%	8.44%	n/a	8.81%	30-May-03
DEX Real Return Bond Index	18.35%	14.61%	8.95%	n/a	9.05%	
Class P Units	16.05%	13.37%	6.59%	n/a	7.19%	12-Dec-03
DEX Real Return Bond Index	18.35%	14.61%	8.95%	n/a	9.30%	
Class F Units	17.35%	14.56%	7.71%	n/a	6.94%	11-May-06
DEX Real Return Bond Index	18.35%	14.61%	8.95%	n/a	8.13%	

Real Return 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

TOP 25 HOLDINGS

Sector	% of Total Net Asset Value	Holding	% of Total Net Asset Value
Provincial	52.0%	Prov Of Quebec 4.250% 01-DEC-2031 REAL RTN BD	15.7%
Federal	39.7%	Prov Of Quebec 4.500% 01-DEC-2026 REAL RTN BD	11.4%
Industrial	7.4%	Government Of Canada 3.000% 01-DEC-2036 REAL RTN BD	11.0%
Cash and Cash Equivalents	<u>0.9%</u>	Prov Of Ontario 2.000% 01-DEC-2036 REAL RTN BD	9.5%
Total	100.0%	Government Of Canada 4.250% 01-DEC-2026 REAL RTN BD	9.4%
		Government Of Canada 2.000% 01-DEC-2041 REAL RTN BD	8.5%
		Teranet Holdings Lp VAR RT 01-DEC-2031 REAL RTN BD	7.4%
		Government Of Canada 4.250% 01-DEC-2021 REAL RTN BD	6.8%
		Prov Of Quebec 4.500% 01-DEC-2021 REAL RTN BD	5.7%
		Prov Of Manitoba 01-DEC-2036 REAL RTN BD	4.6%
		Government Of Canada 1.500% 01-DEC-2044 RR BD	4.1%
		Prov Of Manitoba 1.738% 01-DEC-2018 REAL RTN BD	3.6%
		Cash And Cash Equivalents	<u>2.3%</u>
		Total	100.0%
		Total Net Assets	\$311,259,728

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.