SEI’s Separately Managed Account Program Places Sustainable Growth Advisers “Under Evaluation”

SEI’s Separately Managed Account (SMA) Program (the Program) uses an ongoing research process in which a team of analysts regularly monitor the effectiveness of investment managers within the Program. Recently, our investment team changed the status of Sustainable Growth Advisers, LP (SGA), from “approved” to “under evaluation” in the Large Cap Growth asset class of the Program.

Rationale

Managers from either the “recommended” or “approved” rating categories may be subject to an evaluation if they have undergone changes or become exposed to situations that warrant further review. These managers may or may not be terminated depending on the findings of the evaluation process.

SEI has taken action to further review the ongoing status of SGA due to concerns regarding portfolio construction. The firm was originally identified for the Program to offer a conservative growth philosophy which invests in companies with dominant and sustainable growth characteristics. We have observed portfolio purchases, including initial public offerings, which we believe to be inconsistent with its stated philosophy.

Depending on our review, SGA’s status may be reclassified as an “approved” large-cap growth manager or terminated from the program, in which case SEI will recommend a replacement manager.

About SEI’s Status Designations

The purpose of SEI’s manager categorization system is to provide transparency and insight into our manager evaluation process for our SMA Program. SEI classifies our managers into three categories. Unlike the status of our mutual funds, these designations may be shared with clients. Designations are as follows:

Recommended

Noted managers are high-conviction managers and possess characteristics that make them eligible for investment in SEI-sponsored mutual funds, SEI-directed separate account, and model-generated separate account portfolios.

Approved

Noted managers have the necessary competency and resources to meet their stated investment objective. These managers are eligible for investment in other SEI-sponsored programs, such as client-directed separate accounts.

Under Evaluation

Noted managers are managers from both the Recommended and Approved categories that experienced a material change to a key evaluation criteria—including (but not limited to) the firm, team or investment strategy—or are deemed to be potentially inconsistent in any manner with our expectations, warranting a review of their status in the Program. These managers may or may not be terminated, with the outcome depending on the findings of SEI’s review process.
For a complete description of all fees and expenses for separately managed accounts, please refer to SEI Investments Management Corporation’s ADV Part 2. Please read the ADV Part 2 carefully before investing. For those portfolios of individually managed securities, SEI Investments Management Corporation (SIMC) makes recommendations as to which manager will manage each asset class. SEI may recommend the termination or replacement of a money manager, and the investor has the option to move the account assets to another custodian or to change the manager as recommended. SIMC is a wholly owned subsidiary of SEI Investments Company. Neither SIMC nor SEI is affiliated with your financial advisor. Investing involves risk including possible loss of principal. There is no guarantee the goals of the strategies will be met. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations.

This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice. This information is for educational purposes only.