MONTHLY MARKET COMMENTARY | **AUGUST 2022**

The sun sets on summer's rebound.

Monthly Snapshot

- Summer break ended early for the equity market as the rally that started in June began to cool by mid-August. Market watchers attributed the reversal to the US Federal Reserve reaffirming its commitment to overcoming high inflation despite anticipated economic pain.[1,2]
- The bond market's early-summer rebound faltered even sooner in August as interest rates climbed around the world (yields and prices have an inverse relationship).
- There is no denying that rising interest rates slow economic growth. But the timeline remains to be determined since changes in monetary policy affect the economy with a long and variable lag.

Summer break ended early for the equity market as the rally that started in June began to cool by mid-August. Shares then began a concerted selloff that lasted through the end of the month. Developed-market equities led the slide; while emerging-market shares followed a similar path, they ended August essentially flat due to a milder decline.[1]

Market watchers attributed the rally's reversal to signalling from the US Federal Reserve (Fed) that it remains committed to overcoming high inflation despite anticipated economic pain. The Fed's annual Jackson Hole conference for central bankers once again served as a forum to deliver a forceful message on its priorities. Fed Chair Jerome Powell opened the conference by explaining that lower growth and softer labour markets will likely be the unfortunate costs of hiking rates to fight inflation, and that expectations for a premature pivot to looser policy will probably be disappointed.[2]

European shares tumbled harder than other developed-market regions in August, departing from a recent pattern of US-led market action. UK shares also declined significantly, while the US and Hong Kong fared less poorly. Japanese equities suffered the mildest slide among major developed markets. Mainland Chinese shares were slightly positive.

The bond market's early-summer rebound, which began at roughly the same time as the bounce in equities, faltered at the start of August as interest rates climbed around the world (yields and prices have an inverse relationship). Government bond rates rose across the yield curve in the UK, eurozone and US during August, with shorter-term rates outpacing longer-term rates on the upside. The greater move in shorter-term rates lengthened the inversions (that is, when shorter-term rates are higher than longer-term rates) along the UK gilt and US Treasury yield curves.

Government bonds from developed markets outside of the US were the worst performers in fixed income for the month—trampled by rising rates combined with the accelerating (near-relentless) climb in the US dollar (measured by the U.S. Dollar Index). Local-currency denominated emerging-market debt had the bond market's mildest loss for the month.[3]

[1] According to the MSCI ACWI Index
[2] "Powell sees pain ahead as Fed sticks to the fast lane to beat inflation." Reuters. 26 August 2022.
[3] According to data from FactSet and Lipper

Key Measures: August 2022

EQUITY		
Dow Jones Industrial Average	-3.72%	↓
S&P 500 Index	-4.08%	↓
NASDAQ Composite Index	-4.53%	↓
MSCI ACWI Index (Net)	-3.68%	↓
BOND		
Bloomberg Global Aggregate Index	-3.95%	↓
VOLATILITY		
Chicago Board Options Exchange Volatility Index PRIOR Month: 21.33	25.87	↑
OIL		
WTI Cushing crude oil prices PRIOR MONTH: $98.62	$88.83	↓
CURRENCIES		
Sterling vs. U.S. dollar	$1.16	↓
Euro vs. U.S. dollar	$1.01	↓
U.S. dollar vs. yen	¥138.95	↑

Sources: Bloomberg, FactSet, Lipper

The Bloomberg Commodity Index was barely changed for the full month, with a mere 0.16% decline that masked much sharper moves by individual commodity prices. Brent and West-Texas Intermediate crude oil spot prices dropped in August by 8.68% and 9.93%, respectively, while natural gas prices jumped by 11.30%. Wheat prices climbed by 3.10%.[4]

The Group of 7 (G7) set a price cap on Russian oil at the beginning of September, enforced by refusing to allow or underwrite maritime transportation at prices above the threshold. More than 90% of seaborne shipping is insured by G7 member countries, and the UK serves an outsized role in the insurance trade.[5]

The threat to Europe's access to natural gas increased as Russia's Gazprom closed the Nord Stream 1 pipeline at the end of August for maintenance, and then announced in early September that it would remain closed for longer than initially projected.[6]

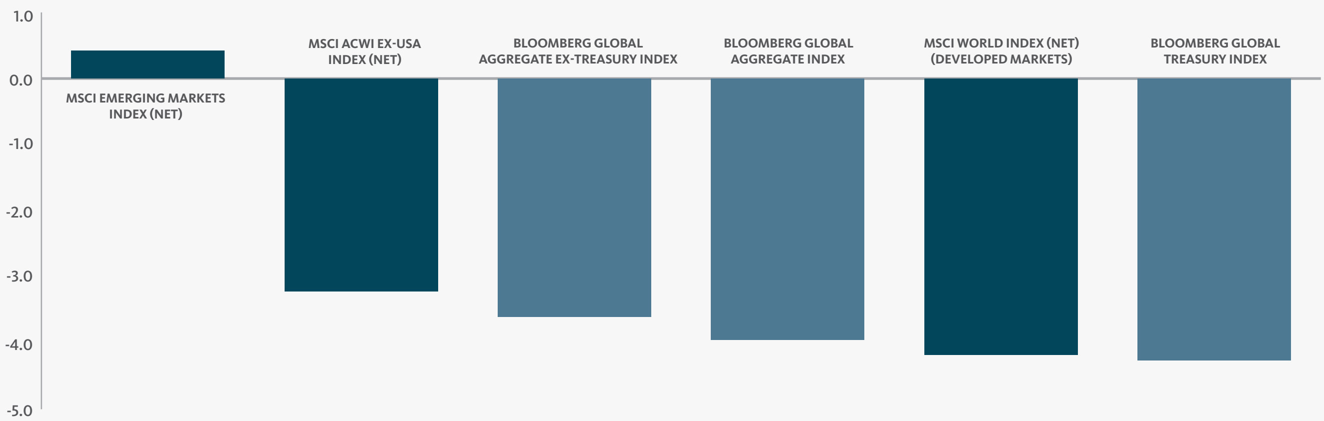
Ukraine mounted a counteroffensive in late August that targeted the region around Kherson, which is in the southern part of the country that has been occupied by Russia since shortly after its invasion.

Russia announced joint military drills with China, India, and other nations taking place in its far east and the Sea of Japan during early September. The exercises will include more than 50,000 troops and 60 warships.

[4] According to market data from The Wall Street Journal
[5] "The U.K., a Maritime Insurance Hub, Commits to Cap Price of Russian Oil." 1 September 2022.
[6] "Russia's Gazprom keeps gas pipeline to Germany switched off." Associated Press. 2 September 2022.

Major Index Performance in August 2022 (Percent Return)

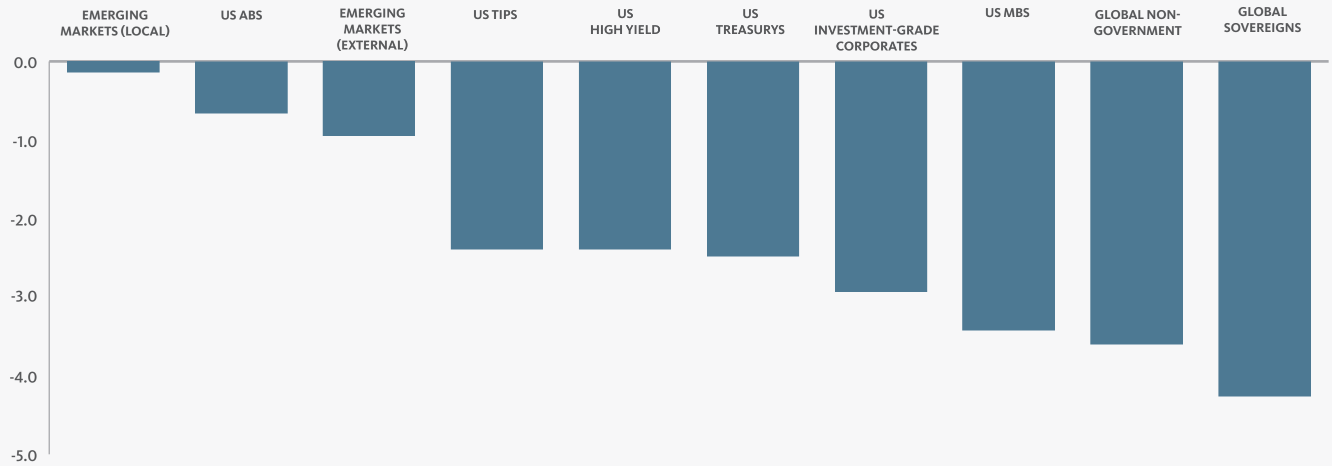
■ FIXED INCOME ■ EQUITIES



Sources: FactSet, Lipper. See "Corresponding Indexes for Major Index Performance Exhibit" in the Index Descriptions section for more information.

All references to performance are in US dollar terms unless otherwise noted. See Standardised Performance for more information.

Fixed-Income Performance in August 2022 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Fixed-Income Performance Exhibit" in the Index Descriptions section for more information.

Economic data

UK

- Consumer prices in the UK increased in July by 0.6% during the month and 10.1% over the prior year—up from 0.8% and 9.4%, respectively, in June—and setting a new 40-year high for the year-over-year inflation rate.[7]
- UK manufacturing activity began to contract during August following three months of slowing growth.[8]
- The UK services sector continued to expand at modest-but-healthy levels in August that were roughly in line with the prior three months.[9]
- The UK's claimant count (which calculates the number of people claiming Jobseeker's Allowance) declined in July for the seventeenth consecutive month—by about 11,000—with total claimants holding firm at 3.9% of the population.
- The UK economy contracted by 0.1% in the second quarter of 2022 (compared to growth of 0.8% in the first quarter) and expanded by 1.9% over the 12 months through June (after gaining 8.7% for the prior one-year period).

Eurozone

- Eurozone consumer prices increased in August by 0.5% for the month and 9.1% over the prior year, versus respective gains of 0.1% and 8.9% in July. August's year-over-year inflation figure was the highest since Eurostat began tracking data in 1997.[10]
- The eurozone unemployment rate held at 6.6% in July for the third straight month—retaining the lowest level since Eurostat began recording employment data in 1998.[11]

[7] "UK Inflation Hits Double Digits for the First Time in 40 Years." Bloomberg. 17 August 2022.
[8] S&P Global / CIPS UK Manufacturing PMI. 1 September 2022.
[9] S&P Global / CIPS Flash UK Composite PMI. 23 August 2022.
[10] "Eurozone inflation rises to record 9.1%." Financial Times. 31 August 2022.
[11] "Eurozone Unemployment Holds Stable At Historic Low." Barron's. 1 August 2022.

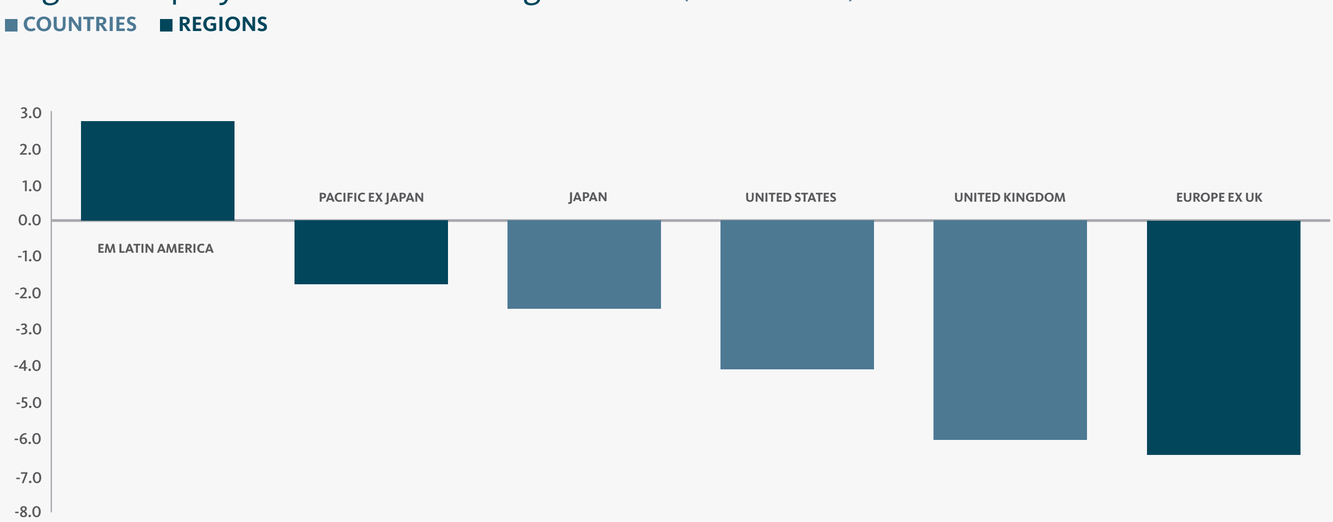
- A modest contraction in eurozone manufacturing activity that began in July continued through August.[12]
- The expansion in eurozone services activity essentially ground to a standstill in August after peaking this spring.[13]
- The eurozone economy grew by 0.6% during the second quarter and 3.9% year over year, compared to 0.5% and 5.4%, respectively, in the first quarter.

US

- The US Personal Consumption Expenditures Price Index (the Fed's preferred inflation measure) fell to 6.3% year over year through July from 6.8% in June, easing off a 40-year record high.[14]
- Manufacturing growth in the US continued to slow in August, reflecting a modest expansion after declining sharply in June.[15]
- US services activity shrank at an accelerating pace in August after tumbling into contraction during July.[16]
- US nonfarm payrolls increased by 315,000 in August, but the unemployment rate climbed to 3.7% (from 3.5% in July) as the labour-force participation rate increased (thereby expanding the pool of potential workers).
- US job openings rose to 11.24 million during July from 11.04 million in June. The number of unemployed Americans measured 5.67 million in July, meaning there were about two jobs available for every jobseeker.
- The overall US economy contracted during the second quarter by an annualised 0.6% after declining by 1.6% during the first quarter.

[12] S&P Global Eurozone Manufacturing PMI. 1 September 2022.
[13] S&P Global Flash Eurozone Composite PMI. 23 August 2022.
[14] "The Fed's preferred inflation measure set a new 40-year high in June." CNN. 29 July 2022.
[15] S&P Global US Manufacturing PMI. 1 September 2022.
[16] S&P Global Flash US Composite PMI. 23 August 2022.

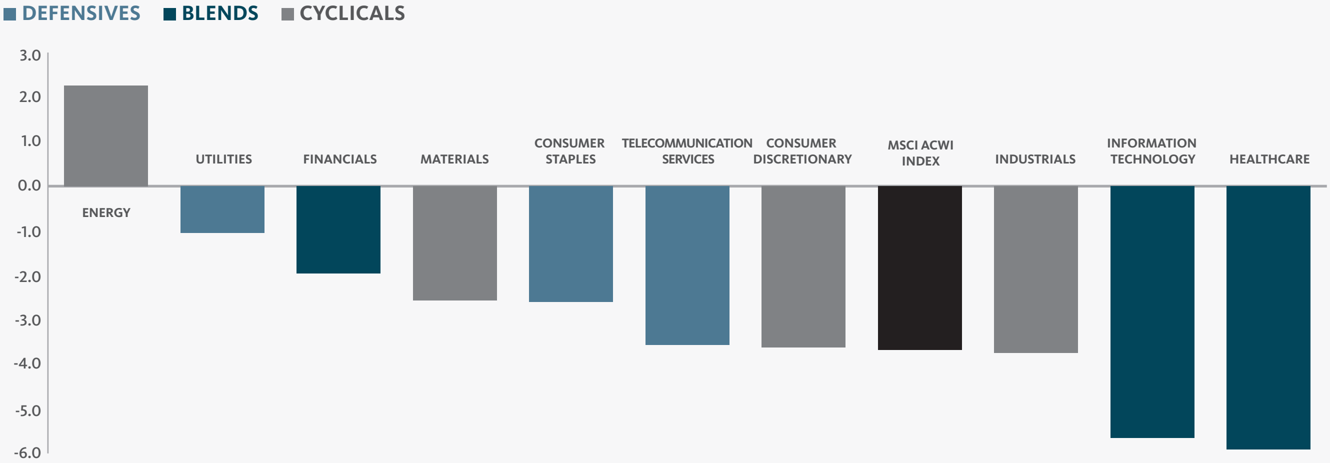
Regional Equity Performance in August 2022 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Regional Equity Performance Exhibit" in the Index Descriptions section for more information.

All references to performance are in US dollar terms unless otherwise noted. See Standardised Performance for more information.

Global Equity Sector Performance in August 2022 (Percent Return)



Sources: FactSet, Lipper. MSCI ACWI Index Sector Components (Cyclicality determined by SEI).

Central banks

- At its early August meeting, the Bank of England's (BoE) Monetary Policy Committee hiked its benchmark rate by 0.50% to 1.75%, the largest individual increase in 27 years.[17]
- The European Central Bank (ECB) did not hold a meeting on monetary policy during August. At its July meeting, the ECB increased its three benchmark rates by 0.50% rather than the expected 0.25% hikes for the first time in 11 years.[18] At the same meeting, the ECB approved the establishment of a Transmission Protection Instrument (TPI) to ensure the smooth transmission of monetary-policy normalisation across eurozone countries. According to the ECB, the TPI "can be activated to counter unwarranted, disorderly market dynamics" by making "secondary market purchases of securities issued in jurisdictions experiencing a deterioration in financing conditions."
- The Federal Open Market Committee (FOMC) did not meet in August after increasing the federal-funds rate by 0.75% toward the end of July—the second hike of its size in this tightening cycle—bringing the benchmark rate to a range between 2.25% and 2.50%. The central bank has also begun to reduce its balance sheet, allowing Treasurys and mortgages to run off (that is, mature without being replaced) at maximum respective paces of $30 billion and $17.5 billion per month in August (and then $60 billion and $35 billion per month, respectively, in September).
- The Bank of Japan (BOJ) did not convene a monetary policy meeting in August but remained committed to its loose-policy orientation at its July meeting. Its short-term interest rate remained at -0.1%, and the 10-year Japanese government bond (JGB) yield target held near 0%. The central bank continued to offer purchases of 10-year JGBs at 0.25% in order to keep its yield within the BOJ's acceptable range.

[17] "Bank of England announces biggest interest rate hike in 27 years." Yahoo! Finance. 4 August 2022.
[18] "European Central Bank raises interest rates for first time in 11 years." The Guardian. 21 July 2022.

Markets are presumably pricing in a recession by mid-2023, considering the funds rate is projected to decline at that point.

SEI's view

It's been our mantra for the past year that US inflation would be higher for longer than most economists and investors appeared to expect. We believe this remains the case, although the gap between our expectations and those priced in US markets has narrowed considerably, and the pace of inflation's increase is almost certainly close to a peak.

Federal funds-rate futures indicate that investors are anticipating a series of increases between now and year-end that could bring the funds rate as high as 3.9%. Markets are presumably pricing in a recession by mid-2023, considering the funds rate is projected to decline at that point.

We believe this to be a reasonable forecast, but the outcome will depend on how quickly the economy actually weakens and inflation ebbs. The evidence as of today suggests that the US economy may continue to show a resilience that surprises both the Fed and investors.

Still, there are signs of economic trouble ahead. The surge in US mortgage rates is delivering a big blow to the housing market. Beyond real estate, economists have begun citing the surge in retail inventories as an indication of recession; although we are doubtful that the inventory problems of department stores and general merchandisers are serious enough to throw the economy into recession in the near term.

There is no denying that rising interest rates will slow economic growth. But changes in monetary policy affect the economy with a long and variable lag. While the financial strength of US businesses and households is likely to ebb, the starting point is a high one. The labour market, for instance, remains exceptionally tight. One should expect large wage gains to continue at the lower end of the wage-income spectrum, where the job market is tightest, until there is a better balance between the demand and supply of labour.

American job switchers have enjoyed a sharper-than-average wage gain over the past 12 months. It should not be surprising that the US quit rate is significantly higher than in 2019 or at the previous economic peak in 2007.

Other major developed economies aren't too far behind. The UK has an unemployment rate below 4%. Canada and Europe usually have unemployment rates that are considerably higher than the US and the UK. That remains the case, but both report jobless totals that are below previous cyclical lows.

All this suggests that workers are in a strong position to seek bigger wage gains in an effort to keep up with inflation. The possibility of a global wage-price spiral still cannot be dismissed out of hand. This could force central banks to raise interest rates more than they would prefer.

In Europe, the need to hike interest rates has once again elevated the spectre of another periphery debt crisis. The stress has not reached the crisis levels of the 2010-to-2012 period. Given all the other problems facing Europe, the ECB has vowed to support the weaker members of the eurozone with continued bond purchases.

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As was the case last time, the economic priorities of the strongest countries are diverging from their weaker neighbours. The German-led group needs a more aggressive policy-tightening along the lines of what the Fed is expected to do. Meanwhile, the weaker countries—especially Italy and Greece—now bear an even heavier debt burden relative to the size of their economies compared to a decade ago. The interest expense on that debt could get out of hand fairly quickly if the cost of capital continues its sharp upward trajectory.

The zero-COVID policy pursued by the Chinese government has hurt the economy to an extent seldom seen in the past three decades. Home sales have also plummeted, falling more than 30% over the 12 months ended August for China's top-100 developers. Chinese authorities are now trying to revive the property market by lowering mortgage rates, cutting mortgage down-payment requirements, and encouraging banks to start lending again.

China's economy-wide lending plummeted in July after finally turning positive for the first time in a year. However, it is doubtful that more lending will be enough to stave off a global recession given the rising interest-rate trend in advanced economies. It might even prove counterproductive if a revival in Chinese demand for energy and other raw materials exacerbates the commodity-price boom at a time when global supplies are still constrained.

The poor performance of financial markets this year suggests that investors have already discounted a lot of bad news. Recent increases in forward-earnings estimates contrast sharply with the year-to-date price decline in the S&P 500 Index. The result has been one of the sharpest reductions in stock multiples outside of a recession in the past 25 years.[19]

The froth certainly appears to have been taken out of the markets by this year's selloff. That's the good news. The bad news is that stock prices may not yet fully reflect an economic recession and corresponding decline in earnings. Multiples tend to slide as projected earnings estimates fall. Even if price-to-earnings ratios remain at current levels, there could be a decline in projected earnings—and a comparable drop in stock prices—as analysts incorporate the impact of a recession into their models. While the consensus view is that stock prices face rough seas ahead, it is possible that earnings multiples need not contract much further—as long as bond yields stabilise and do not climb significantly higher.

[19] According to SEI's analysis of data provided through Factset.

Standardised Performance

		1 year to 31-Aug-22	1 year to 31-Aug-21	1 year to 31-Aug-20	1 year to 31-Aug-19	1 year to 31-Aug-18
KEY MEASURES						
Dow Jones Industrial Average		-9.07%	26.77%	10.27%	4.12%	21.00%
S&P 500 Index		-11.23%	31.17%	21.94%	2.92%	19.66%
NASDAQ Composite Index		-21.99%	30.49%	49.33%	-0.72%	27.45%
MSCI ACWI Index (Net)		-15.88%	28.64%	16.52%	-0.28%	11.41%
Bloomberg Barclays Global Aggregate Index		-15.38%	1.81%	6.60%	7.18%	-1.18%
MAJOR INDEX PERFORMANCE						
Bloomberg Barclays Global Aggregate ex-Treasury Index		-15.38%	1.81%	6.60%	7.18%	-1.18%
Bloomberg Barclays Global Aggregate Index		-17.61%	0.52%	5.54%	7.77%	-1.36%
Bloomberg Barclays Global Treasury Index		-19.56%	-0.61%	4.59%	8.27%	-1.51%
MSCI ACWI ex-USA (Net)		-19.52%	24.87%	8.31%	-3.27%	3.18%
MSCI Emerging Markets Index (Net)		-21.80%	21.12%	14.49%	-4.36%	-0.68%
MSCI World Index (Net)		-15.08%	29.76%	16.79%	0.26%	13.10%
FIXED-INCOME PERFORMANCE						
US Treasury Inflation-Protected Securities (TIPS)	Bloomberg Barclays 1-10 Year U.S. TIPS Index	-2.96%	5.82%	7.24%	5.88%	0.54%
Global Non-Government	Bloomberg Barclays Global Aggregate ex-Treasury Index	-15.38%	1.81%	6.60%	7.18%	-1.18%
Global Sovereigns	Bloomberg Barclays Global Treasury Index	-19.56%	-0.61%	4.59%	8.27%	-1.51%
US Investment-Grade Corporates	Bloomberg Barclays U.S. Corporate Investment Grade Index	-14.91%	2.53%	7.50%	13.33%	-1.01%
US Asset-Backed Securities (ABS)	Bloomberg Barclays U.S. Asset-Backed Securities Index	-4.63%	0.87%	4.26%	5.54%	0.32%
US Mortgage-Backed Securities (MBS)	Bloomberg Barclays U.S. Mortgage-Backed Securities Index	-9.73%	-0.18%	4.54%	7.06%	-0.53%
US Treasurys	Bloomberg Barclays U.S. Treasury Index	-10.80%	-2.11%	6.98%	10.38%	-1.54%
US High Yield	ICE BofAML US High Yield Constrained Index	-10.43%	10.26%	3.62%	6.58%	3.27%
Emerging Markets (External)	JPMorgan EMBI Global Diversified Index	-20.82%	4.59%	2.73%	13.77%	-3.37%
Emerging Markets (Local)	JPMorgan GBI-EM Global Diversified Index	-19.43%	4.14%	1.55%	11.91%	-10.05%
REGIONAL EQUITY PERFORMANCE						
United Kingdom	FTSE All-Share Index	-14.59%	31.06%	-4.38%	-5.89%	5.59%
EM Latin America	MSCI Emerging Markets Latin America Index (Net)	-7.09%	34.73%	-23.59%	8.86%	-11.80%
Europe ex UK	MSCI Europe ex UK Index (Net)	-25.36%	29.71%	9.85%	-2.31%	1.92%
Pacific ex Japan	MSCI Pacific ex Japan Index (Net)	-12.41%	22.69%	1.18%	0.99%	4.05%
United States	S&P 500 Index	-11.23%	31.17%	21.94%	2.92%	19.66%
Japan	TOPIX, also known as the Tokyo Stock Price Index	-18.73%	19.49%	9.88%	-6.80%	8.76%
GLOBAL EQUITY SECTOR PERFORMANCE						
MSCI ACWI Index		-15.88%	28.64%	16.52%	-0.28%	11.41%
MSCI ACWI Consumer Discretionary Index		-21.85%	18.33%	34.50%	-0.08%	17.60%
MSCI ACWI Consumer Staples Index		-5.25%	12.80%	5.49%	10.31%	0.28%
MSCI ACWI Energy Index		40.10%	32.17%	-27.42%	-15.80%	21.15%
MSCI ACWI Financials Index		-12.75%	43.70%	-6.51%	-5.19%	4.99%
MSCI ACWI Healthcare Index		-12.27%	22.68%	23.31%	-0.52%	13.45%
MSCI ACWI Industrials Index		-16.89%	32.51%	6.97%	-1.76%	8.71%
MSCI ACWI Information Technology Index		-21.03%	33.13%	53.38%	3.33%	25.30%
MSCI ACWI Materials Index		-17.41%	34.95%	15.82%	-6.37%	4.95%
MSCI ACWI Telecommunication Services Index		-33.43%	29.85%	23.01%	9.98%	-4.92%
MSCI ACWI Utilities Index		0.78%	16.51%	0.21%	15.14%	-1.48%

All references to performance are in US dollar terms unless otherwise noted. See Standardised Performance for more information.

Glossary of Financial Terms

Bull market: A bull market refers to a market environment in which prices are generally rising (or are expected to rise) and investor confidence is high.

European Commission: The European Commission is the executive branch of the EU. It operates as a cabinet government, with 27 members headed by a president.

Fiscal policy: Fiscal policy relates to decisions about government revenues and outlays, like taxation and economic stimulus.

Futures: Futures are derivative financial instruments that serve as contracts between buyers and sellers of securities, commodities, or other assets at a future date for a given price.

Group of 7 (G7): The G7 is an inter-governmental forum for the leaders of major advanced democratic nations that includes Canada, France, Germany, Italy, Japan, the UK, and the US.

Hawk: Hawk refers to a central-bank policy advisor who has a negative view of inflation and its economic impact, and thus tends to favour higher interest rates.

Maturity: A bond's maturity, or term, is a timeframe during which the bondholder will receive interest payments. At the end of this period, the bondholder is repaid its face value. The maturity is typically determined when a bond is issued.

Monetary policy: Monetary policy relates to decisions by central banks to influence the amount of money and credit in the economy by managing the level of benchmark interest rates and the purchase or sale of securities. Central banks typically make policy decisions based on their mandates to target specific levels or ranges for inflation and employment.

Mortgage-backed securities: Mortgage-backed securities (MBS) are pools of mortgage loans packaged together and sold to the public. They are usually structured in tranches that vary by risk and expected return.

Price-to-earnings (PE) ratio: The PE ratio is equal to the market capitalisation of a share or index divided by trailing (over the prior 12 months) or forward (forecasted over the next 12 months) earnings. The higher the PE ratio, the more the market is willing to pay for each dollar of annual earnings.

Quantitative easing: Quantitative easing refers to expansionary efforts by central banks to help increase the supply of money in the economy.

Summary of Economic Projections: The Fed's Summary of Economic Projections (SEP) is based on economic projections collected from each member of the Fed Board of Governors and each Fed Bank president on a quarterly basis.

Yield: Yield is a general term for the expected return, expressed in percentage or basis points (one basis point is 0.01%), of a fixed-income investment.

Yield curve: The yield curve represents differences in yields across a range of maturities of bonds of the same issuer or credit rating (likelihood of default). A steeper yield curve represents a greater difference between the yields. A flatter curve indicates the yields are closer together.

Index Descriptions

The Bloomberg Commodity Index is composed of futures contracts and reflects the returns on a fully collateralised investment in the Index. This combines the returns of the Index with the returns on cash collateral invested in 13-week (3-month) US Treasury bills.

The Bloomberg Global Aggregate Index is an unmanaged market-capitalisation-weighted benchmark that tracks the performance of investment-grade fixed-income securities denominated in 13 currencies. The Index reflects reinvestment of all distributions and changes in market prices.

The MSCI ACWI Index is a market-capitalisation-weighted index composed of over 2,000 companies, and is representative of the market structure of 46 developed- and emerging-market countries in North and South America, Europe, Africa, and the Pacific Rim. The Index is calculated with net dividends reinvested in US dollars.

The S&P 500 Index is a market-capitalisation-weighted index that consists of 500 publicly traded large US companies that are considered representative of the broad US stock market.

The U.S. Dollar Index (DXY Index) measures the value of the US dollar relative to a basket of other currencies, including the currencies of some major trading partners of the US: the euro, Swiss franc, Japanese yen, Canadian dollar, British pound, and Swedish krona.

Corresponding Indexes for Key Measures Exhibit

Dow Jones Industrial Average	The Dow Jones Industrial Average is a widely followed market indicator based on a price-weighted average of 30 blue-chip New York Stock Exchange stocks that are selected by editors of The Wall Street Journal.
NASDAQ Composite Index	The NASDAQ Composite Index is a market-value-weighted index of all common stocks listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) system, representing a subset of the US equity market.
MSCI ACWI Index	The MSCI ACWI Index is a market-capitalisation-weighted index composed of over 2,000 companies, and is representative of the market structure of 46 developed- and emerging-market countries in North and South America, Europe, Africa and the Pacific Rim. The Index is calculated with net dividends reinvested in US dollars.
Bloomberg Global Aggregate Index	The Bloomberg Global Aggregate Index is an unmanaged market-capitalisation-weighted benchmark that tracks the performance of investment-grade fixed-income securities denominated in 13 currencies. The Index reflects reinvestment of all distributions and changes in market prices.
Chicago Board Options Exchange Volatility Index (VIX)	The Chicago Board Options Exchange Volatility Index (VIX) tracks the expected volatility in the S&P 500 Index over the next 30 days. A higher number indicates greater volatility.

Corresponding Indexes for Major Index Performance Exhibit

MSCI ACWI ex-USA Index	The MSCI ACWI ex-USA Index includes both developed- and emerging-market countries, excluding the US.
MSCI Emerging Markets Index	The MSCI Emerging Markets Index is a free float-adjusted market-capitalisation-weighted index designed to measure the performance of global emerging-market equities.
MSCI World Index	The MSCI World Index is a free float-adjusted market-capitalisation-weighted index that is designed to measure the equity market performance of developed markets.
Bloomberg Global Aggregate Index	The Bloomberg Global Aggregate Index is an unmanaged market-capitalisation-weighted benchmark that tracks the performance of investment-grade fixed-income securities denominated in 13 currencies. The Index reflects reinvestment of all distributions and changes in market prices.
Bloomberg Global Aggregate ex-Treasury Index	The Bloomberg Global Aggregate ex-Treasury Index is an unmanaged market index representative of the total return performance of ex-Treasury major world bond markets.
Bloomberg Global Treasury Index	The Bloomberg Global Treasury Index is composed of those securities included in the Bloomberg Global Aggregate Index that are Treasury securities.

Corresponding Indexes for Fixed-Income Performance Exhibit

US High Yield	ICE BofA U.S. High Yield Constrained Index
Global Sovereigns	Bloomberg Global Treasury Index
Global Non-Government	Bloomberg Global Aggregate ex-Treasury Index
Emerging Markets (Local)	JPMorgan GBI-EM Global Diversified Index
Emerging Markets (External)	JPMorgan EMBI Global Diversified Index
US Mortgage-Backed Securities (MBS)	Bloomberg U.S. Mortgage Backed Securities Index
US Asset-Backed Securities (ABS)	Bloomberg U.S. Asset-Backed Securities Index
US Treasurys	Bloomberg U.S. Treasury Index
US Treasury Inflation-Protected Securities (TIPS)	Bloomberg 1-10 Year U.S. TIPS Index
US Investment-Grade Corporates	Bloomberg U.S. Corporate Bond Index

Corresponding Indexes for Regional Equity Performance Exhibit

United States	S&P 500 Index
United Kingdom	FTSE All-Share Index
Pacific ex Japan	MSCI Pacific ex Japan Index (Net)
Japan	TOPIX, also known as the Tokyo Stock Price Index
Europe ex UK	MSCI Europe ex UK Index (Net)
EM Latin America	MSCI Emerging Markets Latin America Index (Net)

All references to performance are in US dollar terms unless otherwise noted. See Standardised Performance for more information.

Important Information

Data refers to past performance. Past performance is not a reliable indicator of future results.

Investments in SEI Funds are generally medium- to long-term investments. The value of an investment and any income from it can go down as well as up. Investors may get back less than the original amount invested. Returns may increase or decrease as a result of currency fluctuations. Additionally, this investment may not be suitable for everyone. If you should have any doubt whether it is suitable for you, you should obtain expert advice.

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*Please refer to our latest Prospectus (which includes information in relation to the use of derivatives and the risks associated with the use of derivative instruments), Key Investor Information Document, Summary of UCITS Shareholder rights (which includes a summary of the rights that shareholders of our funds have) and the latest Annual or Semi-Annual Reports for more information on our funds, which can be located at **Fund Documents**. And you should read the terms and conditions contained in the Prospectus (including the risk factors) before making any investment decision.*

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