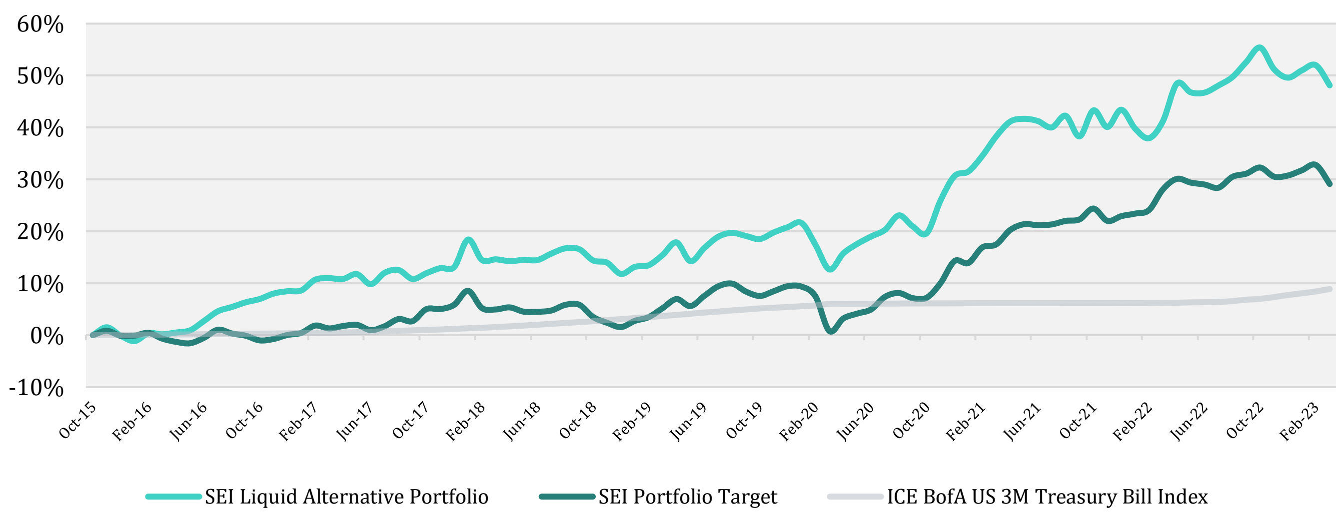
SEI LIQUID ALTERNATIVE FUND

1Q2023 Sub-Advisor Performance Review

The figures below represent the performance of the Fund's Portfolio managed by DBi, net of sub-advisory fees, and are shown in USD terms. Please consult SEI directly for performance of individual share classes.

- The **Portfolio**[1] returned **-1.0%** net in the first quarter of 2023, modestly ahead of the target hedge funds, after returning **4.3%** in 2022.
- The **Strategic Alpha** (replication of Equity Long/Short, Relative Value and Event-Driven hedge funds) portfolio rose **3.3%** while the **Tactical Alpha** (replication of Managed Futures funds) declined **-6.1%.**
- Since inception, the Portfolio has outperformed the target portfolio of seventy leading hedge funds by 194 bps per annum, or approximately by two-thirds on a cumulative basis, through fee and expense disintermediation.
- The Fund recently received several performance-related awards from Lipper, which will be highlighted in a forthcoming press release by SEI.
- ***Please note that subsequent letters will be issued directly by SEI and hence the format will change.***



Data as of Mar 31, 2023	SEI Liquid Alternative Portfolio	SEI Portfolio Target HFs	ICE BofA US 3M Treasury Bill Index
YTD Return	***-1.0%***	*-1.3%*	*1.1%*
CAGR	**5.4%**	3.5%	1.2%
Cumulative Return	**48.1%**	29.1%	8.9%
Volatility	**6.4%**	5.0%	0.3%
Max Drawdown	**-7.4%**	-8.3%	0.0%
Sharpe Ratio	**0.66**	0.46	-

Source: Bloomberg, DBi. As of 31st March 2023. Data refers to cumulative past performance. Cumulative past performance is not a reliable indicator of future results. The SGMF Liquid Alternative Fund referred to within this letter is not managed against the indices shown in this slide or elsewhere in this presentation or against any other benchmark. This is a UCITS Fund which is not managed in relation to any benchmark. This data is being shown for illustrative purposes only.

MARKET COMMENTARY

During January and February, the markets fiercely debated whether the Fed would need to keep hiking rates – not just to further tamp down inflation but to restore its credibility. By early March, the "too hot" camp was winning again: the market expected the Fed to hike 50 bps and peak rates would soon touch 6%. Then on March 9, SVB suddenly collapsed, which kicked off an overnight run on regional banks, and soon the decade-long train wreck at Credit Suisse came to an ignominious end. Something big finally had "broken" and, in the blink of an eye, central banks were back in triage mode – effectively guaranteeing trillions of unsecured deposits and providing emergency credit. Treasuries staged a historic rally and various legs of the inflation trade – value vs. growth, non-US vs. US, Euro vs. yen – sharply reversed. By month end, by some measures the bond market was signaling an imminent recession and 200 bps of rate cuts in the next year or two; stock markets were oddly unfazed and rose as well.

The head snapping shift in the "consensus" view underscores three points. First, we are indeed living in highly uncertain times: several long-term tailwinds (free money, globalization, geopolitical stability, etc.) are now headwinds. No one seems to have an accurate playbook on precisely how these complicated, intertwined "big shifts" will reverberate through the economy and markets. Will inflation remain stubbornly high? Will deglobalization reverse corporate profit expansion? Will government profligacy be curtailed, not by prudence but by bond vigilantes? Will widespread antipathy toward free market capitalism constrain innovation and growth? Are bedrock institutions – e.g. democracy, the judiciary – at risk? So given the difficulty of long-term forecasts, most market strategists revert to questions – e.g. will the Fed will hike 25 bps or not? -- that are easier to predict but largely irrelevant over a longer time horizon. Minute shifts in near-term assumptions are extrapolated over the horizon, and the market tail wags the dog. Further, we mostly worry about what we can see, but the real shocks are when new risks suddenly, alarmingly materialize – covid/lockdowns or bank-run-by-smartphone. Through the breathless hysteria of media coverage, it can take time to process both the real scope and magnitude of the issue, but also the policy or private market response.

We believe this uncertainty will benefit hedge funds. The first eighteen months of the inflation trade highlighted the diversification value of strategies that can take, and hold, bold contrarian positions. The extreme valuation disparities of the last decade are likely to revert, and hence benefit investors unbeholden to benchmarks. March did show that it's not always easy: some of 2022's hedge fund heroes (i.e. managed futures funds) walked into the SVB propeller. Hence, we opt for diversification across strategies and, synthetically, managers. As more things are likely to break, we continue our attempt to minimize risks – most prominently, counterparty, illiquidity – that are easily ignored during good times but can be damaging in a world of rolling crises.

PERFORMANCE REVIEW

The Portfolio lost **-1.0%** in Q1 of 2023. Diversification between the Strategic Alpha and Tactical Alpha strategies is designed to enable the Portfolio to deliver "absolute returns" over a market cycle.

STRATEGIC ALPHA (ELS/RV/ED) - 60% ALLOCATION

The Multi-Strategy replication portfolio gained **3.3%** during the first quarter, approximately 190 bps ahead of the target portfolio of fifty Equity Long/Short, Relative Value and Event-Driven hedge funds. We believe our replication models, since inception, have delivered over 90% of the pre-fee returns of the Target with a correlation of 0.80. Current positioning remains conservative: underweight equities with a bias to cheaper, value-oriented markets. Our sense is that fundamentally-driven hedge funds remain very cautious about the macro environment and believe that higher rates will favor markets – non-US developed, value in small/mid caps, perhaps emerging markets – that underperformed during the 2010s.

TACTICAL ALPHA (MANAGED FUTURES) – 40% ALLOCATION

After historic gains during the first eighteen months of the inflation trade, managed futures funds have struggled over the past six months. The schizoid market – terrified of inflation one month, sanguine the next – has caused oscillations rather than sustained trends. Despite some sharp reversals in Treasuries over the past year, most funds remained steadfast that the Fed would continue to hike; by early March, economic data supported that view and funds dialed up short positions in Treasuries … only to stumble into the propeller of a violent market reversal when the mini-banking crisis hit. The SocGen CTA Index of hedge funds dropped -6.3% in March, one of its worst months since 2000, and our replication of it declined -5.7%. Year-to-date, we are slightly behind the Index, but have approximately doubled cumulative performance (49.3% for the strategy versus 24.7% for the index) through fee disintermediation since launch over seven years ago.

Given the sharp market moves, our replication portfolio rotated among positions; interestingly, though, we have maintained most of the short position in Treasuries – due to the fact that, while some hedge funds de-risked during the heat of the crisis, longer-term trend followers did not. Our sense is that the market overreacted: a "13 standard deviation move" in short term Treasuries was more a function of a crowded, panicked unwind than a collective conclusion that the economy was poised to plummet into a deep recession. We will see how this plays out over the coming weeks and months.

CONCLUSION

At launch, "absolute returns" was widely considered "beta of 0.2, cash plus 5% gross." To put this goal in context, since 2000 the MSCI World has delivered cash plus 3% gross – for which investors have had to bear two 40% plus drawdowns and one or two other 20% drops. The Bloomberg Global Aggregate has delivered cash plus 1.5% gross – with limited drawdowns during the great bond bull markets, but losses last year that reversed half a decade of returns. Hence, "cash plus 5%" with controlled beta and limited drawdowns indeed is a lofty goal: it requires the generation of "alpha," simply defined as excess returns without incremental risk. Hedge funds have generated meaningful alpha over time, but too often it is paid away in fees. UCITS versions of hedge funds, by comparison, have delivered less alpha due to "performance drag" from regulatory constraints – which, combined with surprisingly high fees, explains the disappointing effort to "democratize" hedge funds.

From our point of view, we believe replication was and is the most straightforward and efficient way to "extract" two sources of hedge fund alpha and deliver them in a daily liquid UCITS fund. **Strategic alpha** comes from factor shifts. A simple example is when one equity market materially outperforms another with comparable risk – for instance, if European stocks deliver double the performance of tech-heavy US large caps in the 2020s, the excess return will largely be "alpha." **Tactical alpha**, by contrast, is derived from shorter term market moves -- like detecting the inflation trade early and riding it for eighteen months. Both sources of alpha exist because the vast majority of allocators, by design, change allocations very slowly and only at the margin. Large alpha generation opportunities are created when more flexible investors find opportunities away from the benchmark returns or when the macro backdrop shifts quickly. We use replication, then, to seek to deliver these sources of alpha in a daily liquid, UCITS fund with equitable fees. A simple framework is provided in the updated SEI presentation.

We thank you as always for your support. Please do not hesitate to reach out with any questions or comments.

Sincerely,

The Dynamic Beta Team

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SOURCES

Some of the information presented in this document includes information that has been obtained from third-party sources.
Dynamic Beta is the source and owner of all Dynamic Beta performance information.

GLOSSARY OF TERMS

Alpha represents the portion of a fund return not attributable to beta.
Annualized Standard Deviation measures the annualized volatility of an asset over multiple time periods.
Beta is a measure of systematic risk of a fund compared to a market index.
Compounded Annual Return measures the annual rate of return of an asset over multiple time periods.
Maximum Drawdown measures the peak to trough decline of investment performance over a given period of time.
Sharpe Ratio measures the risk-adjusted returns of a fund and is a ratio equal to the annualized excess returns of the fund divided by its annualized standard deviation.

INDEX DEFINITIONS

The SG CTA Index is an index published by Société Générale that is designed to reflect the performance of a pool of Commodity Trading Advisors (CTAs) selected from the largest managers open to new investment and report returns on a daily basis. The index is equal-weighted and rebalanced annually. (Source Bloomberg. Ticker: NEIXCTA Index)

The MSCI World Index is an index maintained by MSCI that reflects the performance of large and mid-cap equities across 23 developed markets with net dividends reinvested. (Source Bloomberg. Ticker: M1WO Index)

Additional definitions available upon request.

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[1] The Portfolio reflects the performance of the managed accounts, net of sub-advisory fees, managed by DBi. Please contact SEI for share class-level performance.