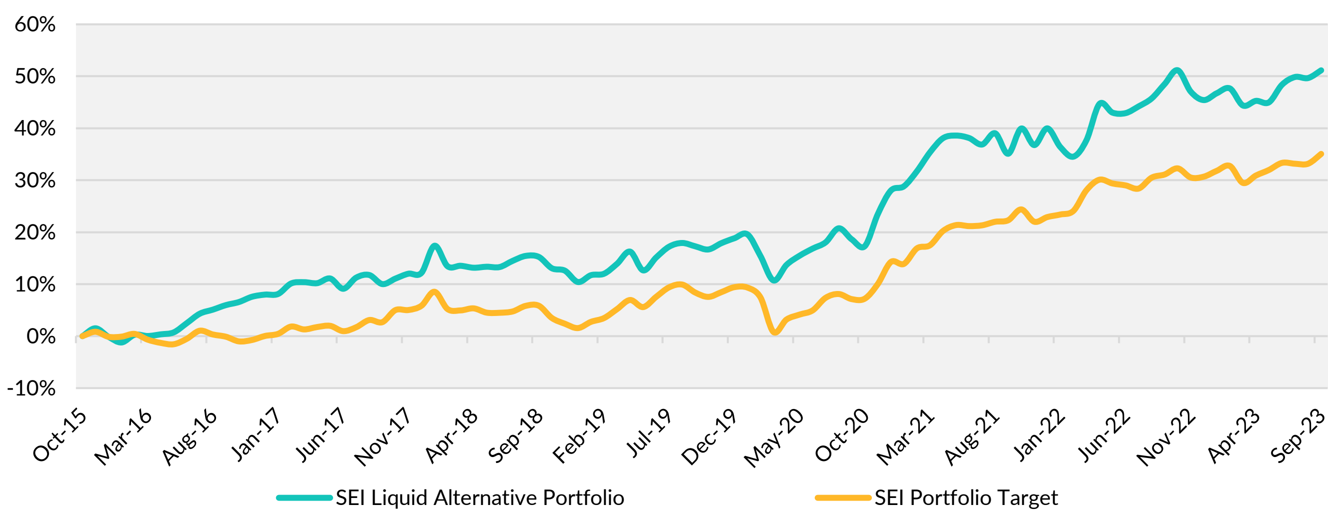
SEI LIQUID ALTERNATIVE FUND

3Q2023 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 **1.9%** in the third quarter of 2023, ahead of the Target hedge funds. The MSCI World and Bloomberg Global Aggregate Bond indices declined -3.5% and -3.6%, respectively.
- The **Strategic Alpha** (replication of Equity Long/Short, Relative Value and Event-Driven hedge funds) portfolio rose **0.5%** and is up **5.7%** in 2023, approximately 150 bps ahead of the Target hedge funds.
- The **Tactical Alpha** (replication of Managed Futures funds) gained **3.8%** and is up **1.3%** this year, in line with the Target hedge funds.
- Since inception, the Portfolio has outperformed the Target portfolio of seventy leading hedge funds by 149 bps per annum through fee and expense disintermediation.



Data as of Sep 30, 2023	SEI Liquid Alternative Portfolio	SEI Portfolio Target HFs
YTD Return	***3.9%***	*3.4%*
CAGR	**5.4%**	3.9%
Cumulative Return	**51.2%**	35.1%
Volatility	**6.2%**	4.9%
Max Drawdown	**-7.4%**	-8.3%
Sharpe Ratio	**0.63**	0.49

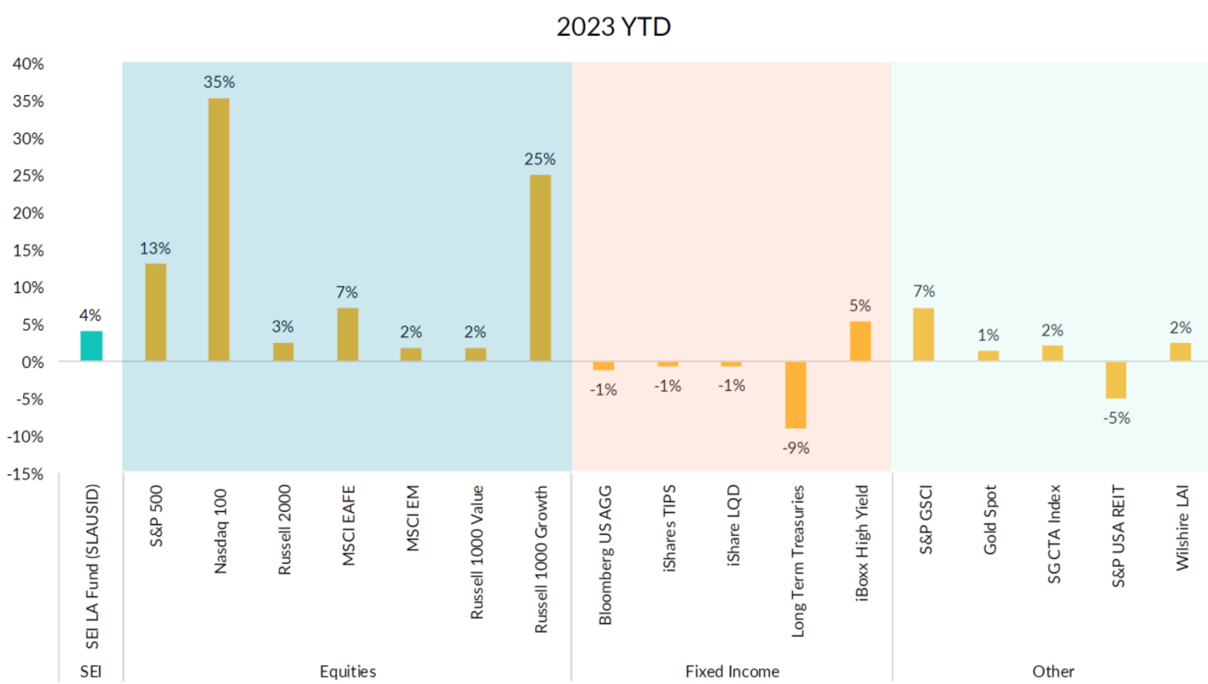
Source: Bloomberg, DBi. As of 30 September 2023. Data refers to cumulative past performance. Cumulative past performance is not a reliable indicator of future results. The SGMF Liquid Alternative Fund referred to within this letter is not managed against the indices referenced in this slide or elsewhere 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

As discussed extensively in prior letters, this has been a humbling period for most market strategists. The taper trade was dead wrong. The "Year of the Bond" turned into the "Year of Cash." The overnight banking crisis … was solved by morning. We're still waiting for the "delayed impact" of higher rates. Nothing big broke.

For hedge funds, an added complication has been how to make money off "correct" calls. Nail "sticky inflation" – as did the CTA world -- and good luck holding your positions through the SVB/Credit Suisse bond market unwinds. Stock pickers who rationally concluded that higher rates would translate into higher returns in value stocks flat out missed the AI wave. For relative value investors, the long-awaited valuation convergence between non-US and US stocks has yet to materialize.

For traditional investors, two big trades have worked this year: growth stocks and cash. Ironically, in January those were contradictory macro calls – i.e., higher rates should have been good for cash but bad for growth stocks. Then AI fever hit – and who cares about rates when you're on the cusp of a new tech revolution? -- and the Nasdaq popped 35% through September, pulling the S&P 500 with it. Outside the Magnificent Seven and a few others, the report card is dismal: most equity categories have underperformed cash, most bond categories are in the red, REITS are down, and the obvious inflation hedges -- TIPS and gold – are not working for the second year in a row.



Data Year to date through 30 September 2023
Source: Bloomberg. Performance net of fees for the noted share class.

The great challenge is how to think about where we go from here. Our simple view is as follows: spending is addictive. Governments like to spend money because their voters (today) like it. Companies prefer to hire than fire. Splurging on another vacation is a lot more fun than adding to a rainy day fund. Throw in structural issues like deglobalization, and all this suggests that inflation will be a tough nut to crack. For two years, many allocators have hoped that the surge was ephemeral; it might be time to battle plan for a very different world order.

PERFORMANCE REVIEW

The Portfolio gained **1.9%** in Q3 and is up **3.9%** in 2023. The Target portfolio of hedge funds returned 1.3% in the third quarter and is up 3.4% year to date. Since inception in 2015, the Portfolio has returned a cumulative 51% compared to 35% for the Target – evidence, we think of the value of fee disintermediation – and 13% for the Wilshire Liquid Alternative Total Return Index – which shows the difficulty of managing hedge fund type strategies in regulated, liquid vehicles.

Importantly, the beta of the Portfolio to stocks and bonds this year has been 0.06 and -0.14, respectively. More on this below.

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

The Multi-Strategy replication portfolio gained **0.5%** during the third quarter and is up **5.7%** year-to-date. Losses on equities were largely offset by a hedge (short position) in long dated Treasuries. By contrast, the target portfolio of fifty Equity Long/Short, Relative Value and Event-Driven hedge funds has returned 4.2% this year. We believe our replication models, since inception, have delivered approximately 90% of the pre-fee returns of the Target with a correlation of 0.80.

TACTICAL ALPHA (MANAGED FUTURES) – 40% ALLOCATION

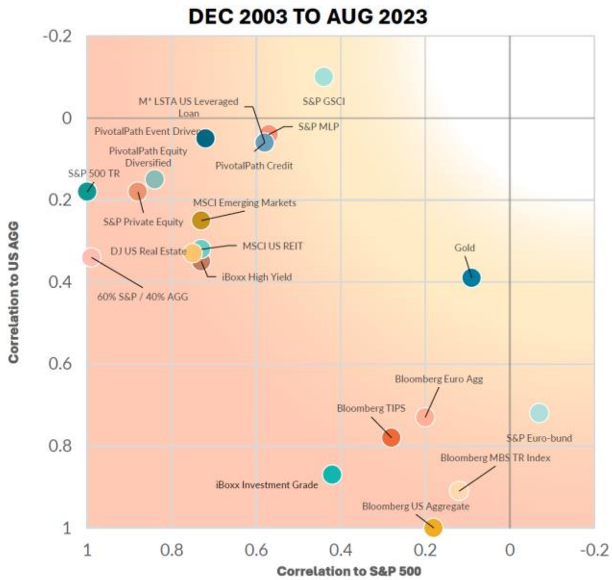
The Tactical Alpha portfolio, which seeks to replicate the pre-fee returns of leading managed futures hedges funds, returned **3.8%** in the third quarter and is up **1.3%** this year. The SocGen CTA Hedge Fund index returned 1.8% in the quarter and is up 1.8% this year. Gains were concentrated in short positions in Treasuries and commodity producing currencies, and were partially offset by losses in equities following a pivot into a long position during the quarter.

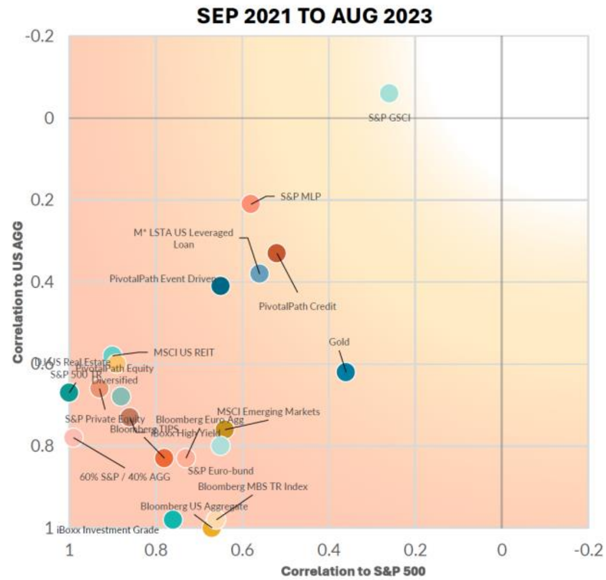
CONCLUSION

In two months, we will celebrate the eighth anniversary of the launch of the Fund. Much has changed in the investor landscape – for instance, the benefits of replication, then esoteric, are now well understood. On a broader front, we have witnessed the accelerated adoption of model portfolios in the wealth management world. While we believe this has been unequivocally good for end investors, we think some oversold the return potential of simple portfolios of stocks and bonds. For context, the 2010s were a truly unique market environment: stock returns were exceptionally high, the volatility of both stocks and bonds was unusually low, and stock and bonds correlations were negative. The combination meant traditional 60/40 portfolios generated exceptionally high risk-adjusted returns. The chart below shows how the rolling three year Sharpe ratio was above 1.0, perhaps double the long term average, for most of the decade:

Entire industries (robos, for one) sprang up to pitch this as the "easy solution." Fast forward to today, and the sharp rise in volatility and a flip to positive correlations means that a 60/40 has twice the risk of just several years ago – a risk profile akin to periods of extreme market stress like the GFC. This chart shows the rolling standard deviation of a 60/40 portfolio over the last three decades:

The flip in stock-bond correlations is having a stunning effect on how model allocators seek diversification, and hence risk reduction. Our data shows that, recently, most all "diversifiers" have high correlation to ***either*** stocks or bonds. The chart on the left shows a range of asset classes and strategies with correlation to stocks (horizontal axis) and bonds (vertical axis) over the past two decades or so. The cluster on the upper right are highly correlated to stocks; those on the lower right are highly correlated to bonds. Clearly, most diversifiers were designed to buttress or augment the two primary legs of the asset allocation stool. However, as shown on the right, the flip in stock and bonds correlations indicates that most traditional diversifiers are now highly correlated to ***both*** stocks and bonds.





Hence, we believe the new market order will reward allocators who embrace diversification outside stocks and bonds as a way to manage portfolio volatility.

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

Sincerely,

The DBi 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 investments, LLC is the source and owner of all DBi 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.