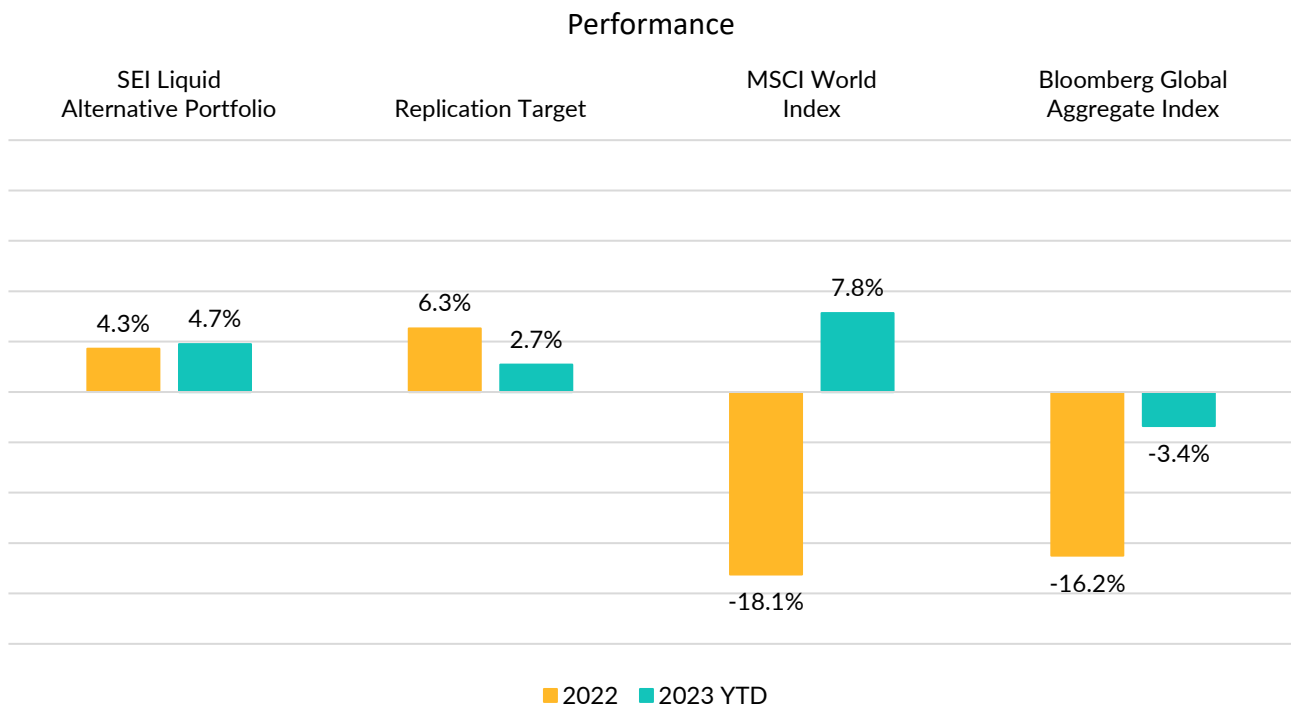




SEI LIQUID ALTERNATIVE FUND OCTOBER 2023 UPDATE

Dear Colleagues:

The Portfolio¹ returned **0.8%** in October and is now up **4.7%** in 2023, approximately 200 bps ahead of the Target portfolio of seventy leading hedge funds. The MSCI World Index entered a correction late in the month and ended down -2.9%, while the Bloomberg Global Aggregate Index lost -1.2% and remains down nearly -20% since the hiking cycle began.



*Source: DBi and Bloomberg. Data as of October 31st, 2023

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In October, rates continued to march upward. The yield on the ten-year Treasury rose 30 bps and touched 5%, a psychological if statistically insignificant milestone. The curve steepened a bit as it dawns on more and more people that the US – now more so than Europe – is hurtling toward a fiscal propeller. Pundits are trawling through economic data to find evidence that the much-anticipated shockwaves of 500 bps of rates hikes will flatten economic activity and kick off a new easing cycle. The geopolitical backdrop seems especially dark, with new horrors in the Middle East, more signs of political ineptitude and division, and frightening social fragmentation. And yet the MSCI World index is up 8% this year, propelled by seven stocks whose economic models seem astonishingly insulated from the normal laws of economics and scale. These truly are unusual times.

The **Strategic Alpha** (Multi-Strategy) replication portfolio gained **0.1%** in October and is up **5.8%** year to date. The Target portfolio of Equity Long/Short, Relative Value and Event-Driven hedge funds declined -0.3% last month and are up an estimated 3.5% year to date. Since inception, we believe the replication portfolio has delivered over 90% of pre-fee returns, with a correlation of around 0.80, and approximately 117 bps per annum of alpha. Losses on equities and currencies were offset by a gain on a short hedge in long-dated Treasuries.

The **Tactical Alpha** (Managed Futures) replication portfolio gained **1.8%** in October and is up **3.1%** year-to-date; the Target portfolio of hedge funds declined -1.1% last month and is up 0.8% this year. Outperformance last month was driven primarily by the absence of direct exposure to commodity futures as hedge funds were poorly positioned for both the -10% decline in oil and 7% rise in gold. Since inception, the replication portfolio has generated a cumulative return of 59%, nearly double that of the Target hedge funds, with a correlation of approximately 0.80, and approximately 276 bps per annum of alpha. Gains on short positions in Treasuries and the Yen were offset in part by losses on equities.

Please do not hesitate to reach out with any questions or comments.

All the best,

The DBi Team

¹ Performance of the portfolios managed by DBi, net of estimated fees and expenses. Please consult SEI directly for performance of individual share classes.