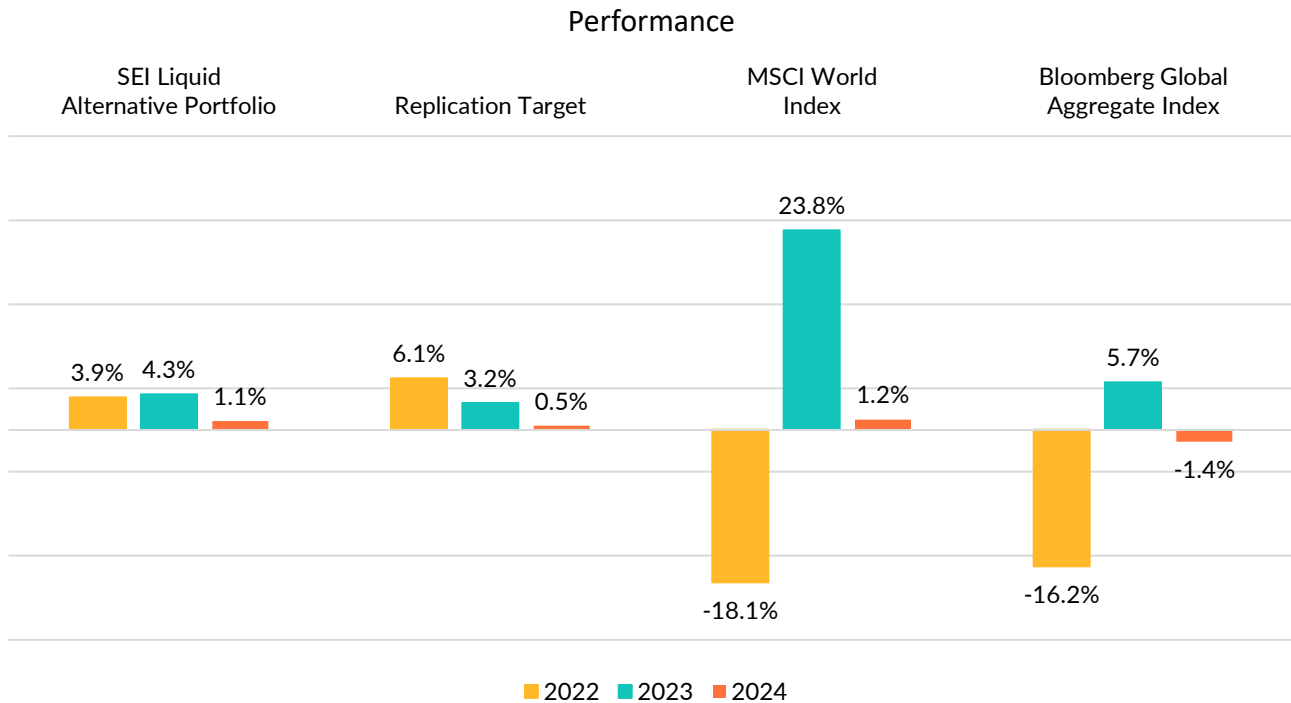




SEI LIQUID ALTERNATIVE FUND JANUARY 2024

Dear Colleagues:

The Portfolio¹ returned **1.1%** in January, approximately 60 bps ahead of the Target portfolio of seventy leading hedge funds, after returning **4.3%** in 2023. The MSCI World Index rose 1.2% and the Bloomberg Global Aggregate Index fell -1.4%.



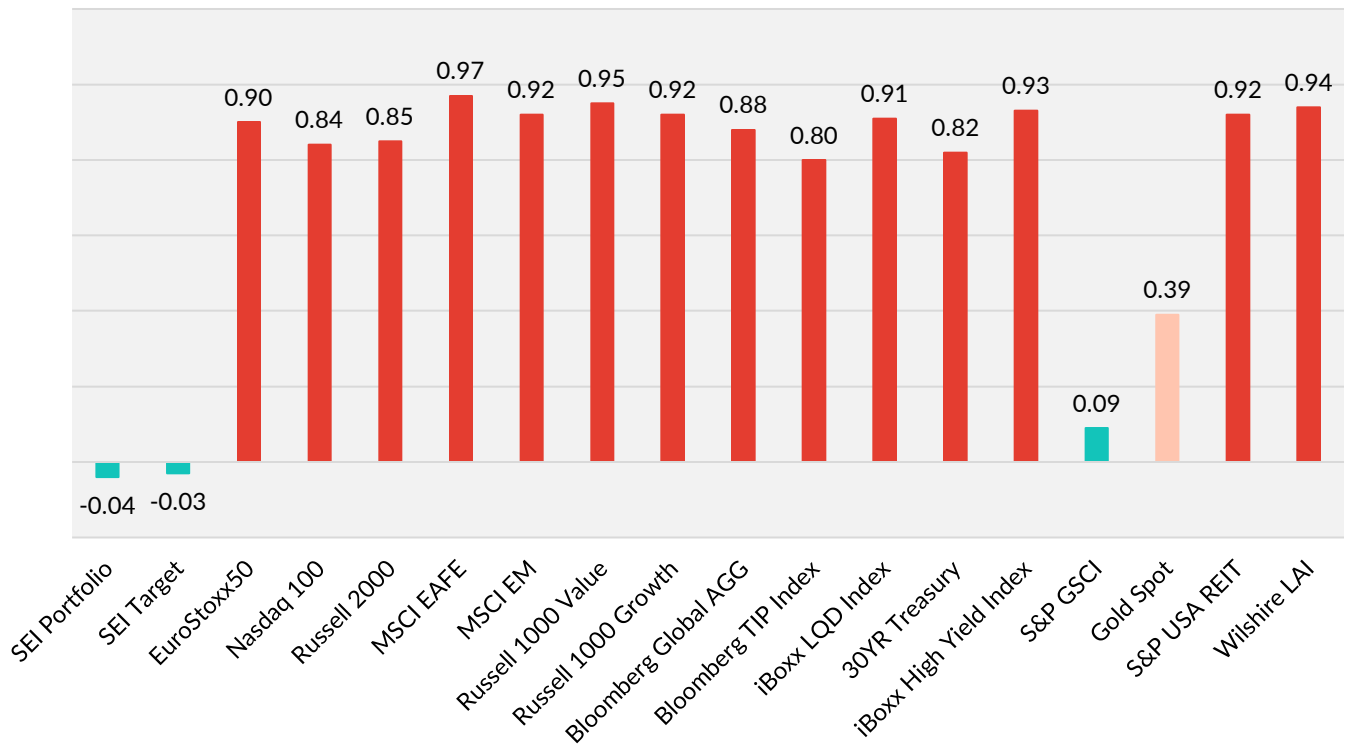
*Source: DBi and Bloomberg. Data as of January 31th, 2024

This document was prepared by DBi based upon information from sources believed to be reliable. However, DBi does not guarantee the accuracy of the information provided. This document includes opinions, projections and other forward-looking statements that reflect the opinions of DBi and are not guarantees of future performance. This document shall not constitute an offer to sell or a solicitation of an offer to purchase any security, investment product or investment advisory service offered by DBi. Past results may not be indicative of future performance.

The markets in January were a bit mixed. Equities overall rose, but emerging markets and small cap stocks declined 4-5%. Rates bounced a bit as investors dialed back expectations of “taper tomorrow.” Crude oil rose with new signs of chaos in the Middle East, while there were some signs of a reemergence of the King Dollar trade. The overall sense was a mild, but not debilitating, hangover from the euphoric melt up late last year.

For allocators, the central issue in 2022 and 2023 was that diversification was shockingly scarce. In our year end letter, we noted that bond volatility had doubled in recent years, but also that the correlation between stocks and bonds had flipped from negative to positive – but just “how positive” is a bit shocking. The chart below shows the correlation of numerous stock and bond categories to the MSCI World. Of course, we expect most equity markets to move together. But bonds? The Bloomberg Global Agg had a correlation to the MSCI World of 0.88 in 2023. Other bond categories were similarly correlated, as were real estate and liquid alternatives. (By contrast, this Fund and the Target hedge funds were approximately zero.) There is ample evidence that correlations are likely to remain positive if inflation remains above 2.5%, and many market historians think this could be the “new normal” for decades. If this persists, allocators will need to rethink basic capital markets assumptions as they seek to optimize client portfolios and raise the efficient frontier.

Correlation to MSCI World in 2023



Source: Bloomberg, DBi. 01/01/2023-12/31/2023
See last page for definitions. For illustrative purposes only.

The **Strategic Alpha** (Multi-Strategy) replication portfolio returned **-0.1%** in January after returning **9.6%** in 2023. The Target portfolio of Equity Long/Short, Relative Value and Event-Driven hedge funds rose 0.1% last month on preliminary reporting after gaining 7.7% last year. Since inception, we estimate that the replication portfolio has delivered approximately 90% of pre-fee returns, with a correlation of around 0.80, and approximately 108 bps per annum of alpha. Gains coming from a short hedge in long-dated Treasury futures were offset by losses, as noted above, within the value-oriented emerging markets and small caps equities.

The **Tactical Alpha** (Managed Futures) replication portfolio gained **2.8%** in January after falling **-3.4%** in 2023; the Target portfolio of hedge funds rose 1.0% last month and returned -3.5% last year. Since inception, the replication portfolio has generated a cumulative return of 54%, nearly double that of the Target hedge funds, with a correlation of approximately 0.80, and approximately 257 bps per annum of alpha. Gains were broad based, facilitated by a rally in the US dollar, a spread trade between developed and emerging countries, and the models tactical shifts in interest rate duration.

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

All the best,

The DBi Team

IMPORTANT DISCLOSURES

This presentation is prepared and circulated for informational purposes only and shall not constitute an offer to sell or the solicitation of an offer to invest in any programs ("Program" or "Programs") offered by Dynamic Beta investments in any jurisdiction. Such an offer may only be made pursuant to the definitive Trading Advisory Agreement of a Program, which will be furnished to qualified investors on a confidential basis upon request.

Dynamic Beta claims compliance with the Global Investment Performance Standards (GIPS®). The firm's list of composite descriptions is available upon request.

RISK DISCLOSURE

Past results are not indicative of future results.

Investment in the Programs is speculative and involves a high degree of risk, including the risk that the entire amount invested may be lost. The use of a proprietary technique, model or algorithm does not guarantee any specific or profitable results. There is no assurance that the Programs will be profitable. Past performance is not indicative of future results. Investment returns will fluctuate and the value of an investor's interest in a Program will fluctuate and may be worth more or less than the original cost when redeemed.

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.

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