



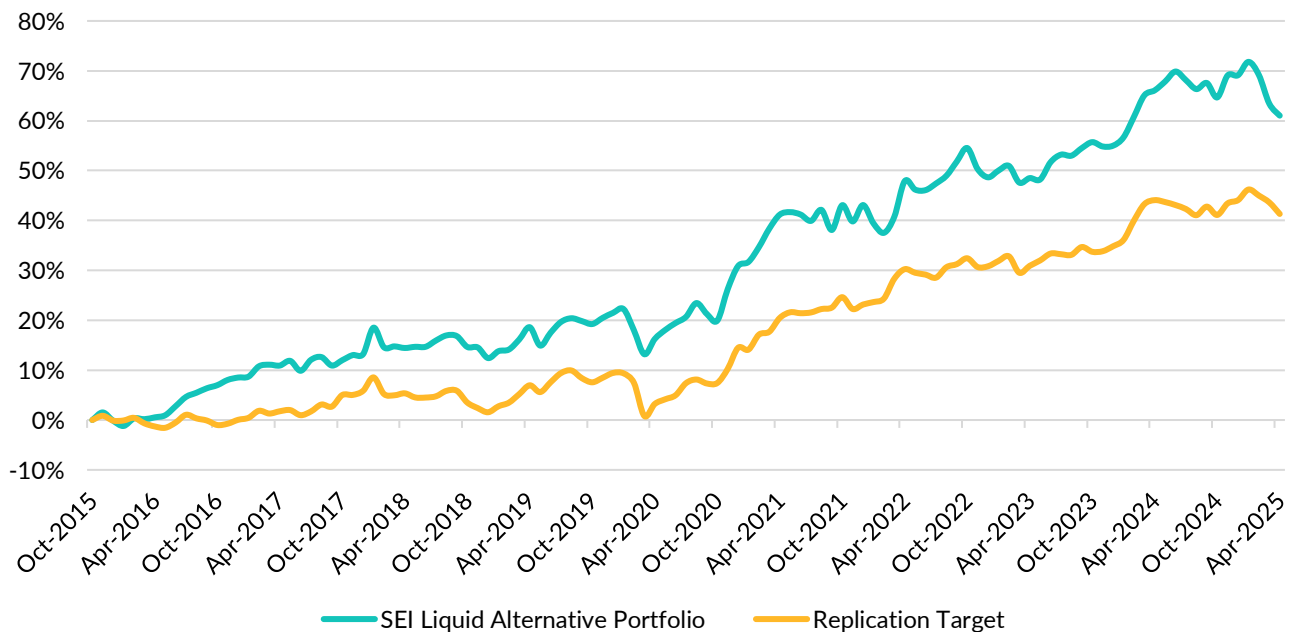
SEI LIQUID ALTERNATIVE FUND

APRIL 2025

Dear Colleagues:

The Portfolio¹ declined **-1.5%** net in April and is down **-4.8%** this year. The MSCI World Index increased 0.9% for the month, while the Bloomberg Global Aggregate Index returned 2.9% in April.

Performance



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

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*Source: DBi and Bloomberg. Data as of April 30th, 2025

Signal, meet noise.

April was an astonishing month in the markets. When the Liberation Day sledgehammer dropped, equities plummeted 10% over two days; then, after the Trump administration beat a hasty retreat, stocks spiked and ended the month flattish. The US dollar, long a reliable hedge against an equity decline, dropped in tandem – down an astonishing 6% at one point – as investors started to seriously consider an emerging markets-style currency meltdown. Despite market panic about a Covid-style economic disruption, Treasury yields remained flattish. The list goes on.

The Portfolio declined through April for two principal reasons. First, managed futures funds were whipsawed by the speed and severity of the market moves. In contrast to 2000, 2022 and other periods, the managed futures sleeve declined with equities. Second, our hedge against a risk off environment centered on the US dollar which, as discussed above, dropped with the crisis of confidence in US policy. Our research suggests that these moves are unique and isolated, and we have already seen strong evidence of normalization. Consequently, we plan no changes in our investment process.

The **Strategic Alpha** (Multi-Strategy) replication portfolio fell **-1.8%** in April and is down **-4.2%** this year. Based on preliminary reporting of the Target portfolio of Equity Long/Short, Relative Value and Event-Driven hedge funds, the portfolio is underperforming this year by several hundred basis points – a large but not unprecedented divergence. As noted, the primary driver of this performance differential was our long hedge in the US Dollar, which arguably should have risen with the threat of tariffs but fell due to fears of capital flight. On the positive side, a shift to non-US equities – including a well-timed increase in exposure to emerging markets – plus a hedge that would benefit from rate cuts generated gains. Since inception, the replication portfolio has outperformed the Target by approximately 100 bps per annum with a correlation of around 0.80.

The **Tactical Alpha** (Managed Futures) replication portfolio returned **-0.9%** in April, well ahead of the SG CTA index, which declined **-4.4%**. April was another example when replication has outperformed during a challenging market, and the portfolio is now ahead of the Target by 100 bps this year and 350 bps over the trailing twelve months. The sharp market moves led to a meaningful derisking of the portfolio during the month, which also limited participation in the rebound. Since inception, the replication portfolio has generated 275 bps per annum of alpha relative to the Target with a correlation of 0.80.

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

All the best,

The DBi Team

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SOURCES

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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 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.