Market volatility comes and goes. Diversification remains.

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Have you ever found yourself sighing in exhaustion, muttering "what a day," and then realizing it's only 10:30 AM? If so, you know how investors in capital markets felt at the time of this writing (mid-April 2025).

Today's tariff turmoil

Barely a quarter of 2025 has passed, and we've experienced more than enough excitement for a whole year. Markets have been whipsawed by unpredictable shifts in trade rhetoric and policy announcements, with the Trump administration repeatedly issuing harsh tariff threats only to soften them days later. Policy toward China is the exception, but there are exceptions to the exception—staying up to date on tariff news is a full-time job these days.

Year to date through April 8 is a short period of time—and an especially volatile one—meaning there is inevitably a good deal of noise in the data. Yet in times like these, we find it useful to look at our portfolios' experience and compare it to our prior expectations. We can't know what the market will do in any particular period, but naturally we have some understanding of how our portfolios should typically perform in specific market environments. Every crisis is different, so our expectations won't always hold true. Still, we believe there is value in conducting this exercise and using what we learn to evolve our expectations for the future.

For the purposes of this analysis, we considered the year to date through April 8, the day before President Trump's 90-day tariff pause for non-retaliating nations and the subsequent market rally—one of the largest one-day rallies on record. Obviously, we have no idea whether this marks the ultimate bottom in equity prices (We certainly hope it does!). We simply chose this period as it feels like a non-arbitrary lens through which to assess our portfolios' performance during this especially volatile time.

Strategic asset allocation

The essence of diversification is acknowledging the unknown and seeking to mitigate risks to one's portfolio as much as possible. SEI's asset allocation approach is built with this objective in mind. Our process includes several unique principles that differentiate our portfolios from more simplistic approaches. Importantly, these principles are strategic, not tactical, in nature. In other words, they are features that we believe make sense as a neutral or default position rather than being based on any particular temporary market view. These principles reflect different means by which we diversify our portfolios and seek to insulate them against the inevitable unpredictability that comes with investing in capital markets.

Principle: Global equity diversification

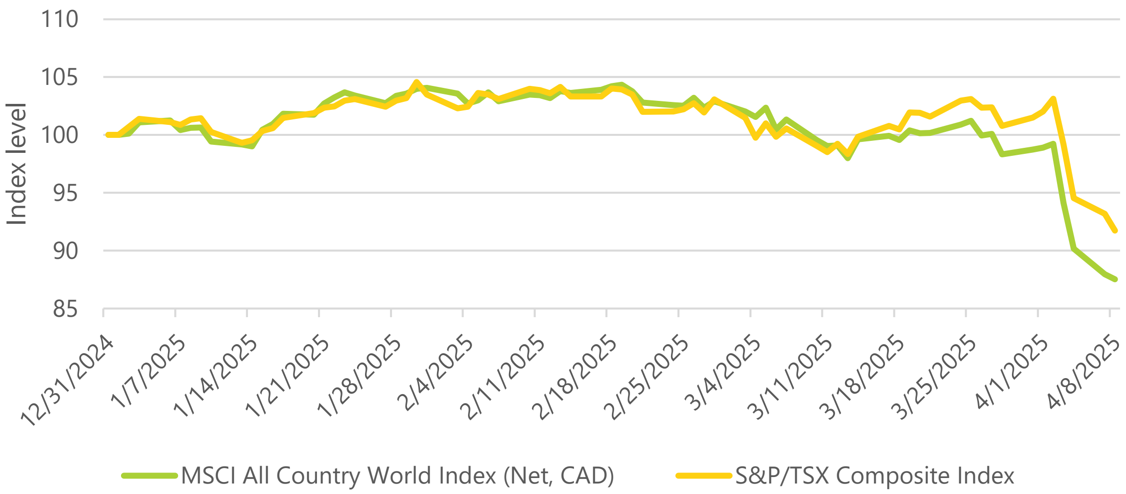
We recognize that many investors feel more comfortable with securities listed in their home country and therefore prefer to favor that country in their portfolios' geographic exposures. As goals-based investors operating at the intersection of traditional and behavioral finance, we are readily able to accommodate investors who have a strong preference for this "home country bias." That common preference aside, we firmly believe there is a strong case to be made in favor of globally diversified equity portfolios.

Individual countries' stock markets often contain high levels of concentration in individual sectors, industries, and companies. Diversifying globally spreads this risk out more broadly, reducing the portfolio's vulnerability to shocks from any individual source of risk. This is a classic application of the principle of diversification: by broadening out geographic exposures, the investor can reduce portfolio volatility without sacrificing expected return.

Naturally, over any short period of time, assessing the effectiveness of global diversification is subject to noise. With the benefit of hindsight, one's home country will either have underperformed the rest of the world or outperformed it, making global diversification appear to be a good decision or a bad one, respectively. Unfortunately, predicting the future is far more challenging than describing the past. Investing in the capital markets inherently entails uncertainty, and in the face of uncertainty, effective diversification prepares portfolios for the widest range of potential outcomes.

For Canadian investors, global diversification has generally produced positive outcomes in recent years. With the United States such a large component of global benchmarks, both strong price performance and an appreciating U.S. dollar have yielded significant outperformance for international equities. The year to date has seen precisely the opposite dynamic, with U.S. equities and the U.S. dollar lagging against peers as investors try to make sense of ever-changing U.S. trade policy. These two environments demonstrate the importance of global diversification: we never know where the next crisis will be focused, and balancing risk across many geographies, sectors, and industries provides the best insulation against unpredictable future shocks.

Exhibit 1: Canadian versus Global Equities



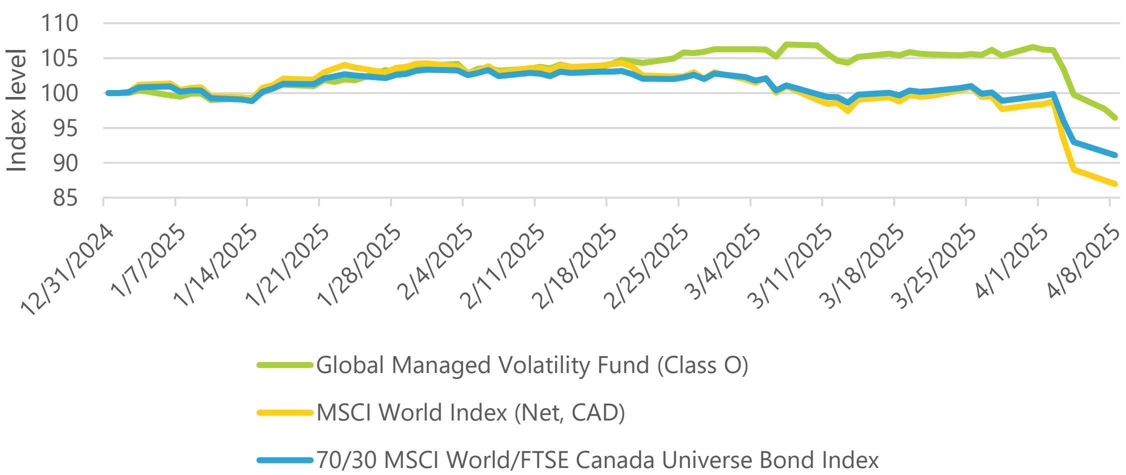
Past performance is not a guarantee of future results.
Sources: SEI, Bloomberg. December 31, 2024, to April 8, 2025.

Principle: Exposure to low-volatility equity

SEI has invested in low volatility (in our parlance, managed volatility) equities for more than 20 years. The historical record demonstrates that low volatility stocks have generated equity-like returns over the long-term, but with a 20% or greater reduction in volatility. Particularly for investors in lower-risk portfolios—where absolute risk is of greater importance than tracking error (relative risk) to a benchmark—this is an extremely compelling option for a portion of one's equity exposure.

While exceptions always exist, low volatility equities historically provide a meaningful amount of cushion during most equity drawdowns. Year-to-date results followed this pattern, as seen in Exhibit 2. Global low-volatility equities significantly outperformed both their traditional counterparts and even a roughly risk-adjusted combination of stocks and bonds.

Exhibit 2: Managed Volatility



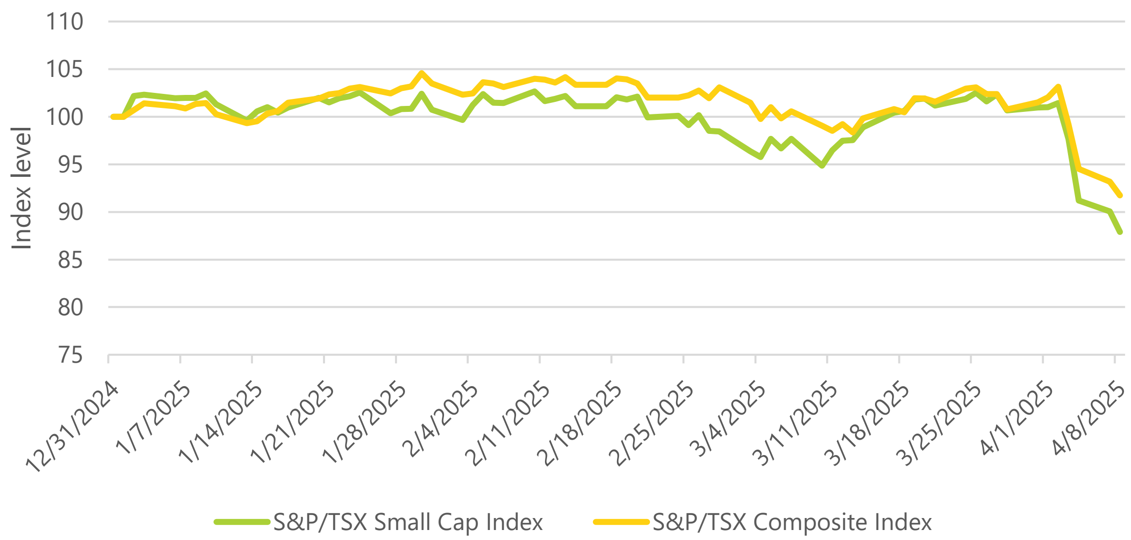
Past performance is not a guarantee of future results, please see standardized performance section.
Sources: SEI, Bloomberg. 70/30 portfolio comprised of 70% MSCI World and 30% FTSE Canada Universe Bond Index is rebalanced monthly. December 31, 2024, to April 8, 2025.

Principle: Equity diversification by size

Consistent with our pursuit of diversification wherever it's available, we strategically invest in equities across the market-capitalization spectrum. We are confident that this more diversified posture offers enhanced expected risk-adjusted returns compared to more concentrated, large- or mega-cap-focused approaches.

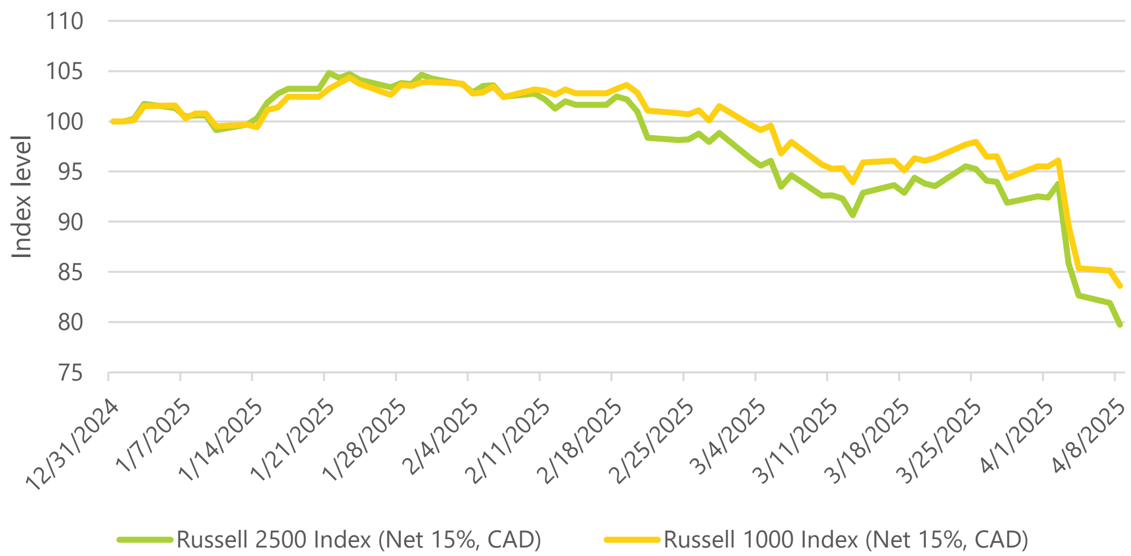
In the interest of an unbiased assessment, we believe it fair to note that small-cap equities have modestly lagged their larger counterparts so far in 2025, as shown in Exhibit 3. This is largely expected given the market backdrop. Small company stocks tend to be more volatile than those of larger firms, and they often underperform during periods of extreme market stress. While this year has been no exception, we remain confident in our size-diversified approach to equity portfolios.

Exhibit 3: Canadian Small Cap versus Canadian Large Cap



Past performance is not a guarantee of future results.
Sources: SEI, Bloomberg. December 31, 2024, to April 8, 2025.

Exhibit 4: U.S. Small Cap versus U.S. Large Cap



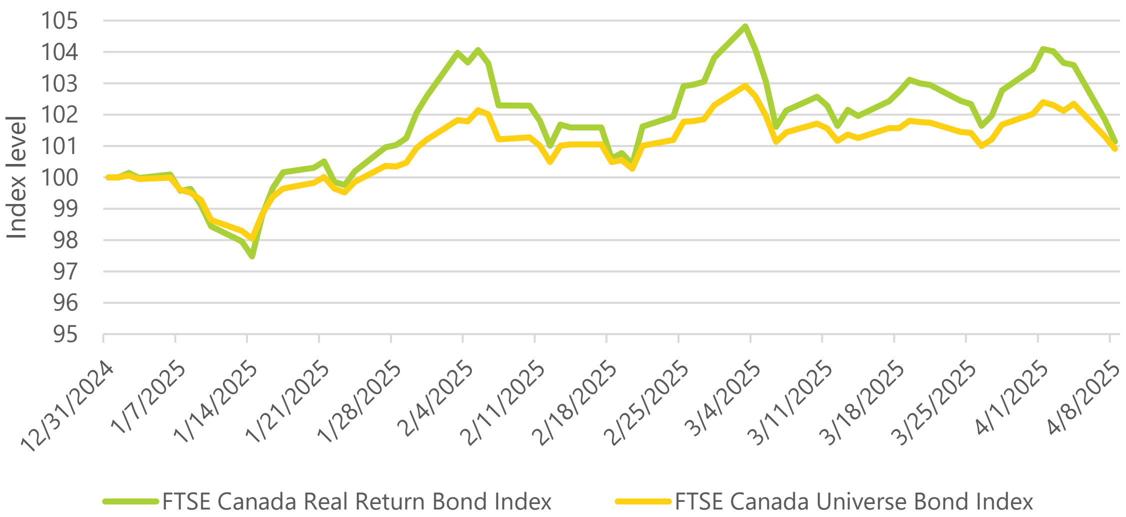
Past performance is not a guarantee of future results.
Sources: SEI, Bloomberg. December 31, 2024, to April 8, 2025.

Principle: Inflation sensitivity

We firmly believe inflation sensitivity should be a strategic holding in most portfolios. All SEI portfolios are designed to support some form of future spending, and most spending goals are subject to the risk of unexpected inflation. In other words, inflation presents a substantial risk to most portfolios' objectives. As with any risk, attempting to mitigate it after the event has already occurred is prohibitively expensive and self-defeating. Accordingly, we believe that investors should always maintain inflation sensitivity in their portfolios. Markets are forward-looking, and outsmarting the market's expectations of inflation is no easier than predicting the direction of stock prices or interest rates. Therefore, efficient inflation sensitivity is an important strategic feature of most portfolios.

Inflation-linked (real return) bonds, with their principal and coupon payments directly linked to changes in the Consumer Price Index (CPI), provide a somewhat nuanced form of inflation protection. Though their payments are tied directly to inflation, their relatively long maturity means that short-term returns will be sensitive to changes in real (inflation-adjusted) interest rates. This sensitivity is not inherently a bad thing: duration is typically a valuable diversifier to equity risk, and longer-duration bonds are naturally designed to provide protection against long-term inflation by minimizing reinvestment risk (the risk that real interest rates fall, forcing investors to reinvest coupon and principal payments at less attractive rates). In the year to date, real return bonds have largely matched the returns of non-inflation-linked (nominal) bonds, with each delivering slightly positive returns through April 8. We remain confident that, despite short-term volatility, inflation-linked bonds provide a valuable source of long-term inflation protection.

Exhibit 5: Real return bonds versus nominal bonds



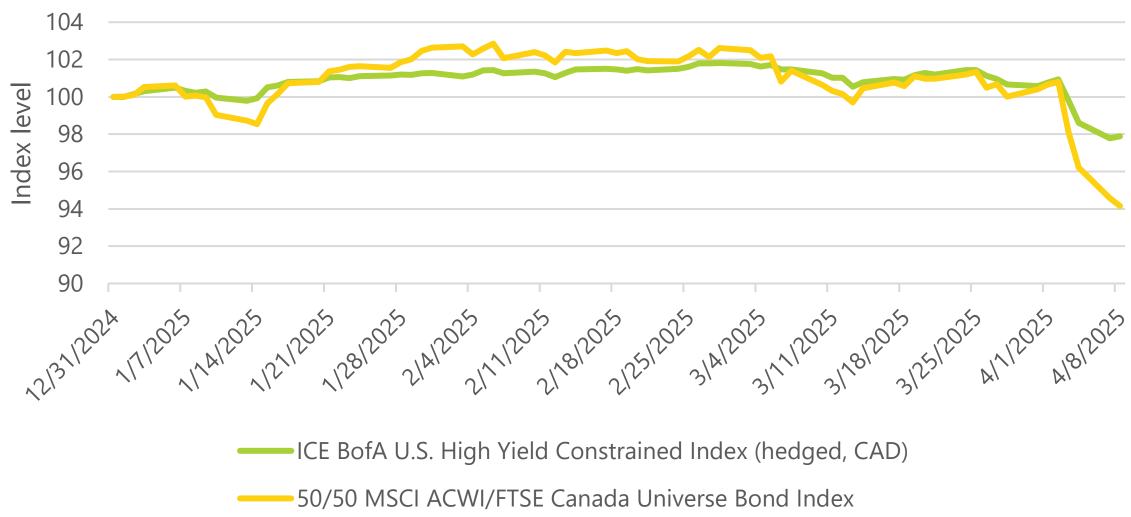
Past performance is not a guarantee of future results.
Source: SEI, FTSE. December 31, 2024, to April 8, 2025.

Principle: High yield fixed income

High yield (or below-investment-grade) bonds play an important role in our approach to strategic asset allocation. While structured as fixed-income securities, these assets carry risks associated with both bonds (interest-rate sensitivity, or duration) and equities (vulnerability to economic and earnings downturns). Although they share these common risk exposures, they are not perfectly correlated with either stocks or bonds and can therefore provide valuable diversification to a broader portfolio. It's useful to note that these exposures are largely absent from traditional core bond indexes, such as the Bloomberg Global Aggregate Bond Index, meaning that more simplistic approaches to asset allocation often forego the potential benefits of non-investment-grade exposure.

Given its hybrid bond/equity-like characteristics, where possible, our portfolios typically fund exposures to high yield in a risk-aware fashion. This may entail sourcing the high yield allocation from a combination of stocks and bonds or adjusting the portfolio's risk composition through other means (e.g. allocating to low volatility equity). This affords us the ability to improve expected portfolio returns without increasing expected risk, as would occur if the allocations were funded strictly from investment-grade bonds. Accounting for this hybrid risk exposure is especially critical during times of economic stress, when correlations between riskier credit and equities tend to rise. Thus far in 2025, this approach has benefited investors, with high-yield outperforming approximately risk-equivalent combinations of equities and bonds. Exhibit 6 highlights the results.

Exhibit 6: High Yield



Past performance is not a guarantee of future results.
Sources: Bloomberg, ICE, SEI. December 31, 2024, to April 8, 2025. High Yield is represented by the ICE BofA US High Yield Constrained Index (hedged, CAD). The 50/50 portfolio comprised of 50% MSCI ACWI and 50% FTSE Canada Universe Bond Index is rebalanced monthly.

Conclusion: Diversification remains

What a short, strange trip it's been. Neither we nor any other investor can claim to know what will happen next. Volatility is a normal—even healthy—part of investing in capital markets. But that surely doesn't make it pleasant. The good news is that diversification is an investor's best friend in times of heightened uncertainty. And though we can't guarantee outperformance every time there's a crisis, we are grateful that our portfolios have performed as expected in the context of this one. Tariffs or no tariffs, at SEI, diversification is never in short supply.

Standardized performance as of March 31, 2025

	1 Year	3 Year	5 Years	10 Years	Since Inception	Inception Date
Global Managed Volatility Fund	22.4%	13.9%	13.9%	8.7%	11.7%	Mar 30, 2012

Performance shown is for Class O units, net of the Fund's operating expenses. Performance does not reflect management fees payable to SEI and any advisory fees that may be payable to the dealer. Past performance does not guarantee future results.

Index definitions

The **Bloomberg Global Aggregate Bond Index** is a market capitalization-weighted index that tracks the performance of investment-grade (rated BBB- or higher by S&P Global Ratings/Fitch Ratings or Baa3 or higher by Moody's Investors Service) fixed-income securities denominated in 13 currencies. The index reflects reinvestment of all distributions and changes in market prices.

Consumer-price indexes (CPI) measure changes in the price level of a weighted-average market basket of consumer goods and services purchased by households. A consumer price index is a statistical estimate constructed using the prices of a sample of representative items whose prices are collected periodically.

The **FTSE Canada Universe Bond Index** comprises a series of benchmarks designed to track the performance of the bonds denominated in Canadian dollars.

The **FTSE Canada Real Return Bond Index** is designed to be a broad measure of the performance of Canadian inflation indexed bonds issued in Canadian Dollars.

The **MSCI ACWI Index** is a market capitalization-weighted index that tracks the performance of over 2,558 companies and is representative of the market structure of 47 developed and emerging-market countries in North and South America, Europe, Africa, and the Pacific Rim. The index is calculated with net dividends reinvested in U.S. dollars.

The **MSCI World Index** tracks the performance of the large- and mid-cap segments of equity markets across 23 developed-market countries. The index's 1,517 constituents comprise approximately 85% of the free float-adjusted (i.e., including only shares that are available for public trading) market capitalization in each country.

The **ICE BofA U.S. High Yield Constrained Index** is a market capitalization-weighted index which tracks the performance of U.S. dollar-denominated below-investment-grade (rated BB+ or lower by S&P Global Ratings and Fitch Ratings or Ba1 or lower by Moody's Investors Service) corporate debt publicly issued in the U.S. domestic market.

The **S&P/TSX Small Cap Index** is composed of the smaller (by market capitalization) securities listed on the TSX selected by S&P Dow Jones Indexes LLC using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals.

The **S&P/TSX Composite Index** tracks the performance of the broad Canadian equity market—i.e., stocks listed on the Toronto Stock Exchange (TSX).

The **Russell 1000 Index** tracks the performance of 1000 of the largest U.S. equity securities based on market capitalization. The index is a subset of the Russell 3000 Index, which comprises the 3,000 largest U.S. companies, and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership.

The **Russell 2500 Index** tracks the performance of the small- to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The index is a subset of the Russell 3000 Index, which comprises the 3,000 largest U.S. companies representing approximately 96% of the investable U.S. equity market and includes approximately 2,500 of the smallest companies based on a combination of their market cap and current index membership.

Glossary

Home country bias refers to the tendency of equity investors to favor investing in domestic stocks over investing in the stocks of foreign companies.

Inflation-linked bonds are fixed-income securities whose principal and coupons are linked to price indices. They are designed to eliminate the risk of unexpected inflation to the holders of the bonds.

Investment-grade bond credit rating is a rating that indicates that a bond has a relatively low risk of default.

Low volatility stocks typically exhibit less volatility and have more stable prices than traditional equity indexes.

Nominal bonds provide fixed payments based on a predetermined interest rate, rather than adjusting for inflation.

Tracking error reflects how closely the returns of a fund or portfolio follows its benchmark (usually an index). If tracking error is measured historically, it is referred to as "ex-post tracking error." If a model is used to predict future tracking error, it is called "ex-ante tracking error."

Important information

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There are risks involved with investing, including loss of principal. Diversification may not protect against market risk. There may be other holdings which are not discussed that may have additional specific risks. In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavourable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Bonds and bond funds will decrease in value as interest rates rise.

Index returns are for illustrative purposes only, and do not represent actual performance of an SEI Fund. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.