



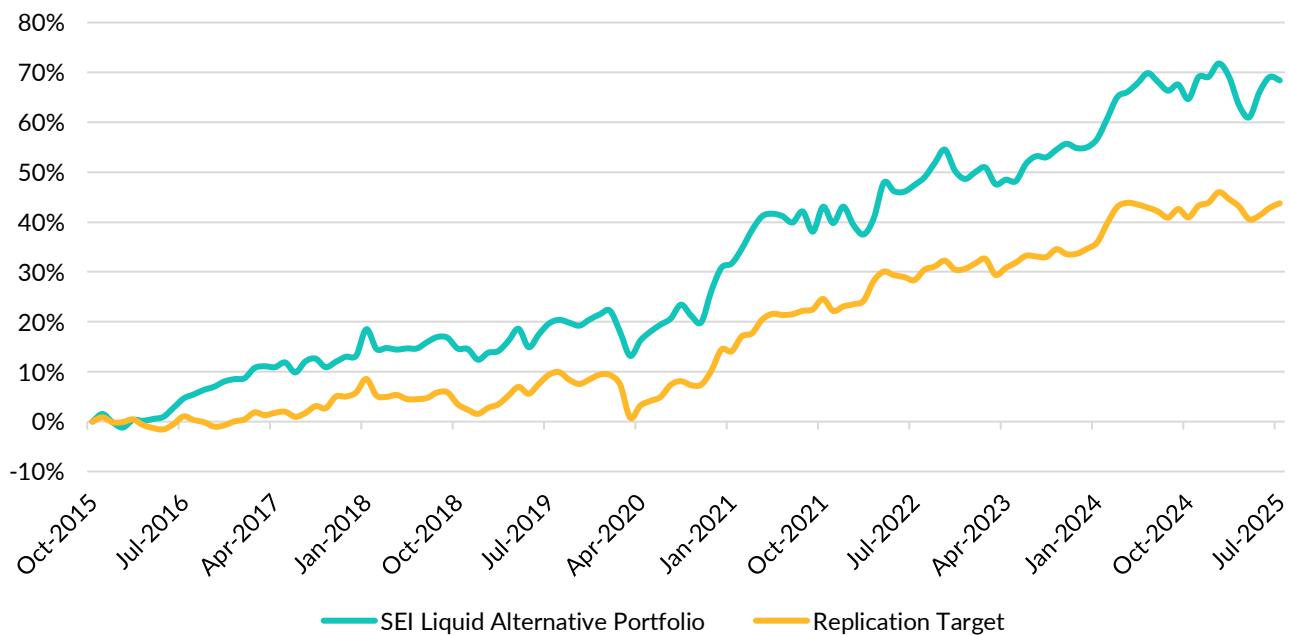
## SEI LIQUID ALTERNATIVE FUND

JULY 2025

Dear Colleagues:

The Portfolio<sup>1</sup> fell **-0.4%** net in July and is down **-0.4%** this year. The MSCI World Index increased 1.3% for the month, while the Bloomberg Global Aggregate Index fell -1.5% in July.

### Performance



\*Source: DBi and Bloomberg. Data as of July 31<sup>st</sup>, 2025

<sup>1</sup> 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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Last month, we noted that the markets were decidedly “risk on.” This continued in July with another month of gains for equities – accompanied by a bounce in the US dollar and relative calm on the rates front. In a sense, the market has settled into a view that investors should tune out, to the extent possible, the day-to-day noise on the political front and focus on fundamentals. Yet this is more difficult than it sounds. The range of “fundamental” outcomes is particularly wide given the speed at which the world is changing. Will tariffs finally reverberate through inflation data? Are the labor market revisions signaling a pronounced economic slowdown? How quickly will AI disrupt vulnerable industries? What new macroeconomic disruption lurks around the corner?

Now layer on top of this the market’s response, which is equally unpredictable. Will equity investors continue to embrace the transition from “capital light” tech behemoths to capital investment machines? Will bond investors revolt against profligate government spending? To borrow from Mark Twain, were rumors of the demise of the American Exceptionalism trade, and its impact across markets, exaggerated -- or merely premature?

Through such market conditions, our best advice is to diversify. Today’s winners often struggle tomorrow, and vice versa. Given the pace and magnitude of market moves recently, dispersion is wide. Trades that seem obvious in retrospect rarely look as attractive in real time. In other words, be prepared for ongoing market volatility, spread your bets and, when possible, preserve liquidity.

The **Strategic Alpha** (Multi-Strategy) replication portfolio rose **0.3%** in July and is up **2.6%** this year. Based on preliminary reporting of the Target portfolio of Equity Long/Short, Relative Value and Event-Driven hedge funds, the portfolio underperformed slightly this month. A rally in US stocks and a rise in long term rates helped to drive gains. A reversal in EAFE and a fall in short term bond prices partially offset those gains. Since inception, the replication portfolio has outperformed the Target by over 100 bps per annum with a correlation of around 0.80.

The **Tactical Alpha** (Managed Futures) replication portfolio returned **-1.5%** in July, behind the performance of the SG CTA index, which rose 0.2%. Part of the underperformance was due to the exclusion of commodities, which as mentioned in the past, can at times aid performance, but over the long term should be a minimal factor. The portfolio is still ahead of the target by over 250 bps this year. A pullback in the Euro, after rising 15% this year, drove losses. A short Yen position helped to partially offset those losses. Shifting into US stocks versus international also benefited the portfolio while a fall in bond prices detracted as the portfolio started to increase duration. Since inception, the replication portfolio has generated 280 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

### **IMPORTANT DISCLOSURES**

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### **SOURCES**

Some of the information presented in this document includes information that has been obtained from third-party sources. DBi 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 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.