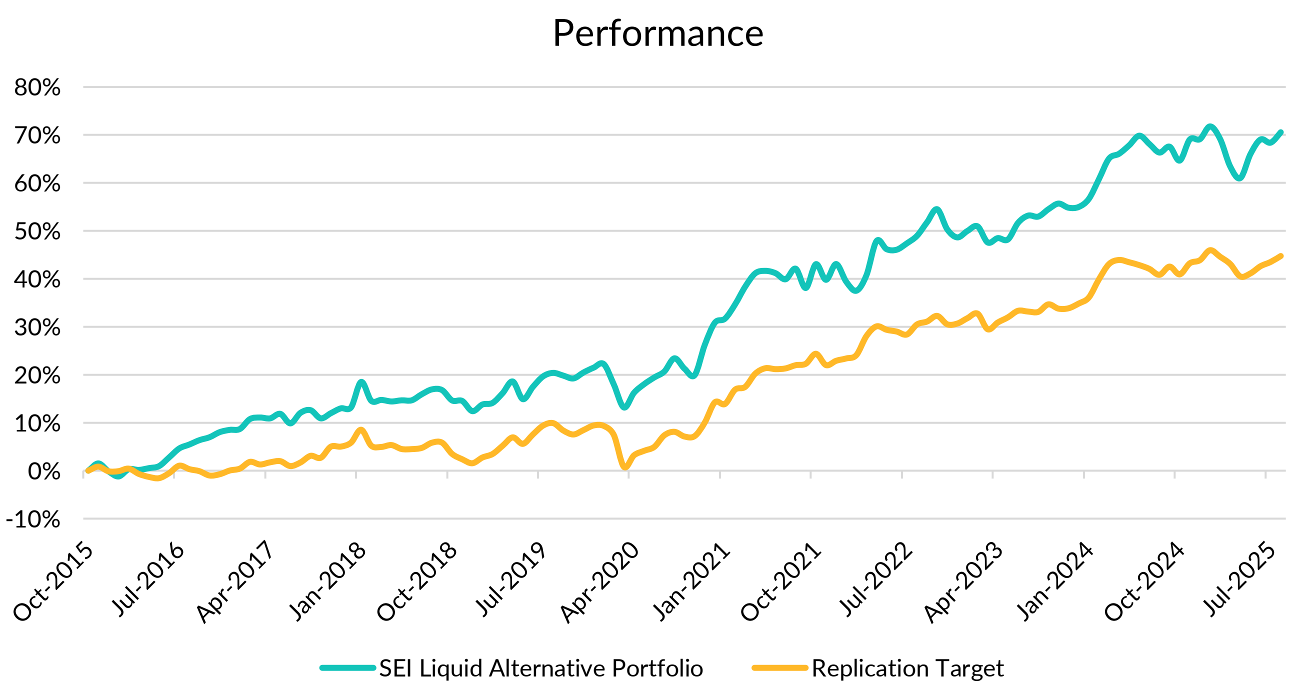
SEI LIQUID ALTERNATIVE FUND

AUGUST 2025

Dear Colleagues:

The Portfolio[1] gained **1.3%** net in August and is up **0.9%** this year. The MSCI World Index increased 2.6% for the month, while the Bloomberg Global Aggregate Index rose 1.5% in August.

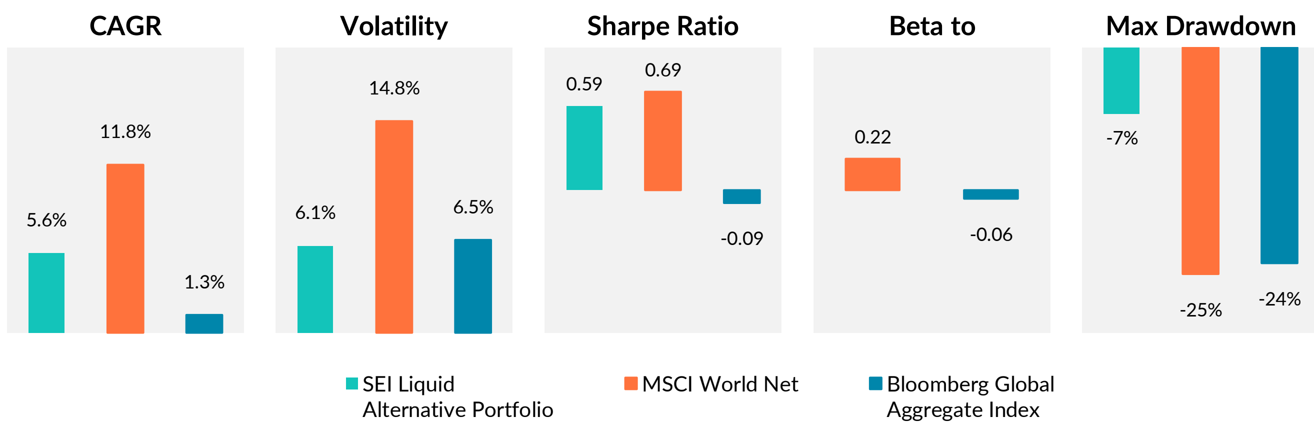


*Source: DBi and Bloomberg. Data as of August 31st, 2025

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

The market backdrop remains defiantly risk on. Liberation Day is yesterday's news. The brief panic about AI is a distant memory. Market dross is shining like gold. Cracks in the economic ice – e.g. alarming downward revisions in employment in the US – are cheered because rate cuts must soon follow. Hints of bond vigilantism – France? the UK? – are dismissed as isolated, contained. Broad-based political dysfunction and profligacy is treated as a noisy irritation – something to worry about tomorrow. Geopolitical brushfires flare up then subside.

To be clear, it is quite remarkable that nothing big has broken. Despite a drumbeat of negative news, equities are having another great year and bonds have risen nicely. For allocators, though, the celebration is tempered by the fact that stocks and bonds keep moving in tandem. High correlation to stocks undercuts the statistical foundation for including bonds in model portfolios – in essence, bonds become watered down equities. Many are responding by investing in private credit, where the rise in correlation (and volatility) is conveniently hidden. Others are building 20% diversifying buckets outside of stocks and bonds. That is where this fund can play a role. Since inception, the strategy has outperformed bonds by over 400 bps per annum with comparable volatility and beta to equities, a much lower maximum drawdown and with a Sharpe ratio akin to equities. Diversification is available if you look in the right places.



* Source: DBi, Bloomberg and DBi calculations. November 16th, 2015, till August 31st, 2025.

The **Strategic Alpha** (Multi-Strategy) replication portfolio rose **1.2%** in August and is up **3.9%** this year. Based on preliminary reporting of the Target portfolio of Equity Long/Short, Relative Value and Event-Driven hedge funds, the portfolio outperformed in August but is behind this year. Gains were supported by strength in international equities, both emerging and developed, as well as a decline in short-term rates. Rallies in small and mid-cap stocks also contributed positively, though the impact was more modest given the portfolio's conservative positioning. Meanwhile, the depreciation of the U.S. dollar proved immaterial, as the replication strategy has effectively neutralized its use of this hedge since June. 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 **1.4%** in August, ahead the performance of the SG CTA index, which rose 1.1%. The dollar's decline during the month fueled a rally in the euro, which contributed positively to performance, though gains were partially offset by the portfolio's short yen position. Strength across emerging markets and U.S. equities further contributed to gains. A net long duration position was also accretive as yields fell. The portfolio is ahead of the target by approximately 300 bps this year. 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

RISK DISCLOSURE

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.