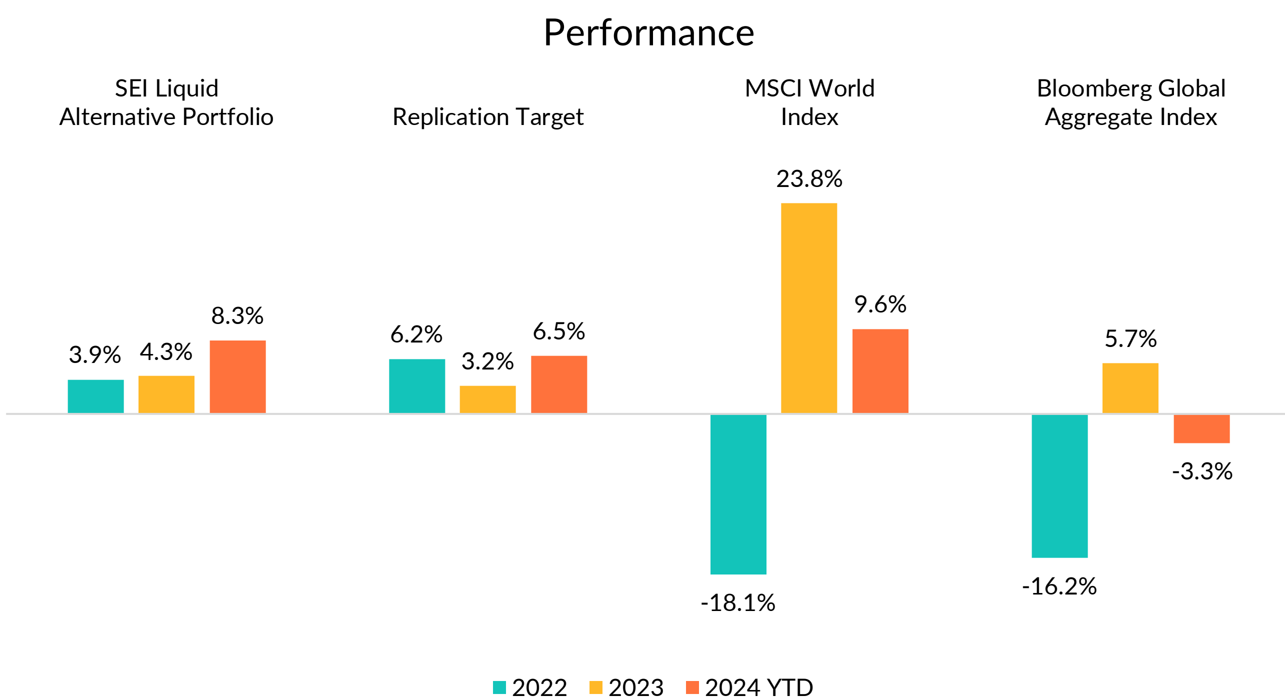
SEI LIQUID ALTERNATIVE FUND

MAY 2024

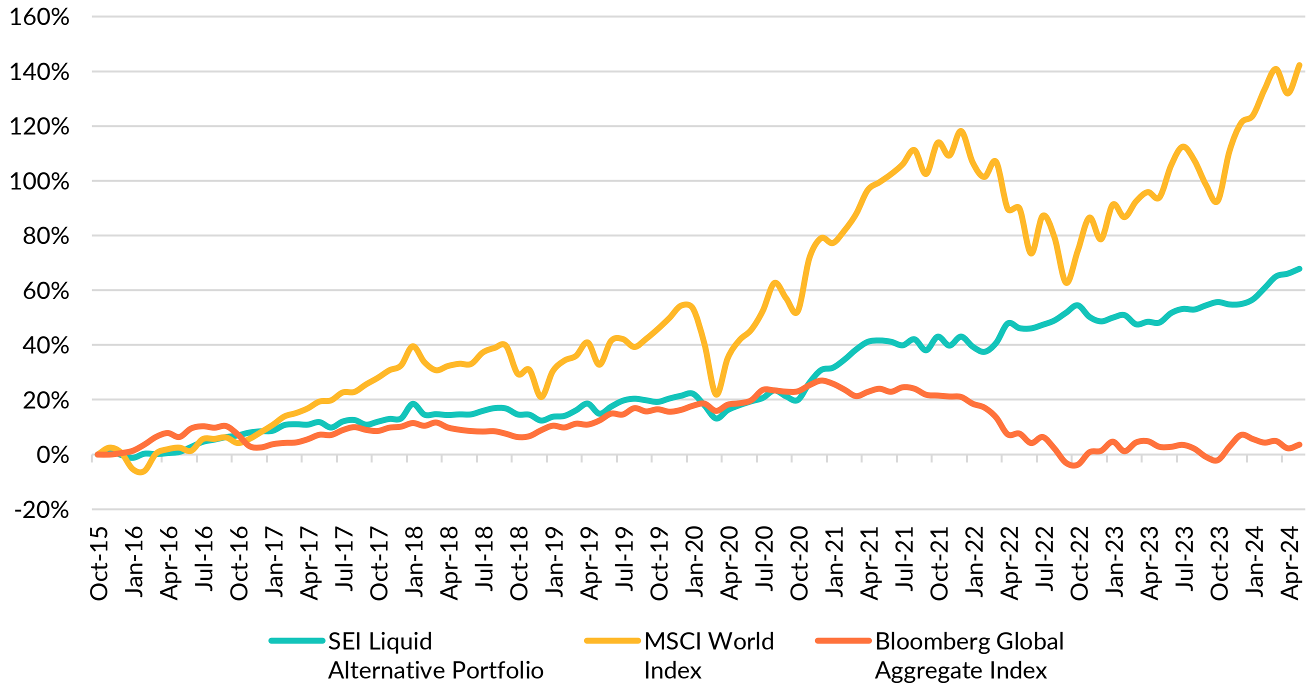
Dear Colleagues:

The Portfolio[1] returned **1.1%** in May and is up **8.3%** in 2024, more than 150 bps ahead of the Target portfolio of seventy leading hedge funds. The MSCI World Index rose 4.5% for the month and is up 9.6% year-to-date, while the Bloomberg Global Aggregate Index bounced 1.3% in May but remains down -3.3% this year.



*Source: DBi and Bloomberg. Data as of May 31st, 2024

The following chart shows the performance of the Portfolio against equities and bonds since inception in late 2015. Since launch, the Portfolio has delivered 247 bps of alpha relative to the MSCI World index with a beta of 0.2. As importantly, with short term interest rates yielding approximately 5.4%, our objective remains to deliver this plus 500 bps of returns, before fees -- in line with actual gross returns over cash of 523 bps per annum. This year through May, the Portfolio has returned 688 bps gross over cash.



Fed policy remains the tail that wags the market dog. Last month, we warned that the market consensus is often overconfident and wrong. May was a case in point: fears of resurgent inflation in April were tempered by a few signs of moderating inflation. This, of course, spurred another broad-based, risk-on rally. As noted, both stocks and bonds rose – a continuation of a troubling trend where stocks and bonds keep moving in tandem, which undercuts a core rationale for holding fixed income as a diversifier. On our end, we have no crystal ball to predict the market movements over the coming months, but do expect these rapid shifts in consensus thinking to continue given the myriad complicated macroeconomic variables at play. Hence, we take comfort in the diversified nature of the Fund's investment portfolio, where one side tends to benefit from risk on periods, while the other has the potential to capitalize on macroeconomic dislocations and a sudden shift to risk off.

The **Strategic Alpha** (Multi-Strategy) replication portfolio returned **1.7%** in May and is up **3.4%** for the year, approximately 100 bps behind the Target portfolio of Equity Long/Short, Relative Value and Event-Driven. Gains in equities were partially offset by losses on a hedge in the US dollar. Since inception, we estimate that the replication portfolio has delivered approximately 90% of pre-fee returns of the Target, with a correlation of around 0.80, and 140 bps per annum of alpha – yet with daily liquidity.

The **Tactical Alpha** (Managed Futures) replication portfolio rose **0.1%** in May and has gained **16.1%** in 2024, meaningfully ahead of the Target portfolio of managed futures hedge funds. As noted last month, outperformance this year is attributable to both fee disintermediation and the avoidance of certain “non-core” positions that recently have detracted from hedge fund returns. Losses in currencies, as the US Dollar gave back some YTD gains, and on short positions in Treasuries were largely offset losses by gains in equities. Since inception, the replication portfolio has materially outperformed the Target hedge funds, net of fees, with a correlation of approximately 0.80 and 306 bps per annum of alpha.

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, LLC (“DBi”) 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.

DBi 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.
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 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.