Quarterly Market Commentary

Third Quarter 2024

Central banks get on the cutting edge.

- Global equity markets gained ground during the third quarter amid periods of volatility. Emerging markets outperformed their developed-market counterparts. Stocks rallied amid investors' optimism leading up to the Federal Reserve's (Fed) interest-rate cut in mid-September, as well as previous rate reductions by several other major central banks.
- Global fixed-income assets posted gains for the quarter. U.S. Treasury yields moved significantly lower across the curve, resulting in a positively sloped yield curve for the first time in more than two years. (Bond prices move inversely to yields.)
- Given the near-term effects of early stimulus measures in the U.S. on an already healthy economy and the wide-ranging efforts from China to prompt a rebound, we see lower recession probabilities and a favourable environment for risk assets in the fourth quarter.

SEI's Domestic View

It was an eventful third quarter, and the fourth quarter of 2024 promises to be at least as interesting. Central banks in most advanced economies have now joined the Bank of Canada (BOC) in cutting policy interest rates. The Canadian economy continued to avoid recession, while the U.S. economy continued to exhibit surprising strength. China finally pulled out the "policy bazooka" in an attempt to reinvigorate its economy and stock market. Finally, ongoing conflict in the Middle East intensified, creating a further push-pull in energy commodities. Against that eventful backdrop, elections are looming in both Canada and the U.S. We'll explore the potential outcomes and also briefly revisit the Canadian housing market.

After leading the way with initial rate cuts this year, the BOC has now been joined by several other key central banks as inflation has continued to recede from the elevated levels of recent years. The BOC was able to continue lowering its interest rate target in the third quarter thanks to further progress on inflation (as well as lingering concerns about Canadian households and consumers), cutting the rate in 25-basis point (a basis point equates to 0.01%) increments three times from July to September. Meanwhile, markets expect the BOC to continue on this dovish path into late 2025.

While Canada has made the most impressive progress against inflation among advanced economies, we continue to think the so-called "last mile" to many other central banks' desired inflation-rate destinations could prove challenging, especially in the U.S. and perhaps in the U.K. as well. As expressed in the latest SEI Forward,[1] we believe markets are pricing in an overly aggressive number of rate cuts by the Federal Reserve (Fed) given the still-strong economic backdrop in the U.S. Should SEI be proven correct, that could pose a challenge to the BOC, as Canadian and U.S. interest rates have tended to track fairly closely in recent history. The spread between the BOC and Fed policy rates has become fairly wide compared to the last 10 years. That will remain the case if recent market expectations prove roughly correct. However, if the Fed disappoints by keeping rates higher than expected, that would stretch the current rate differential even further. While by no means assured—the market's current outlook for BOC cuts might also be overly aggressive as well—a further widening of the rate differential could create interesting challenges, both for policymakers at the BOC and the loonie.

In addition to monetary measures, looming elections in the U.S. and Canada promise to create interesting dynamics for fiscal, trade and regulatory policies in North America in 2025. While SEI does not recommend trading around election forecasts, it can still be worthwhile to think about how electoral decisions and resulting policy shifts could impact economies, financial markets, and portfolios in order to prepare oneself emotionally for the potential risks that lie ahead.

[1] https://www.seic.com/en-ca/insights/third-quarter-sei-forward

It's been—and remains—a fascinating presidential race in the U.S., accompanied by interesting Congressional dynamics, and the outcome is far too close to call at this point. Based on polling and aggregated forecasts, the least likely outcome appears to be a Democratic Party sweep of the White House and Congress. While there may be a slightly higher probability of a Republican Party sweep, the most likely outcome at this point appears to be some sort of split between control of the White House and one or both houses of Congress (including the possibility that control of the House and the Senate flip from Republican and Democrat, respectively, to Democrat and Republican). We believe markets are likely to prefer a split-control outcome, as it would almost certainly take the most radical policy proposals of the winning presidential candidate off the table. For a more in-depth analysis of the U.S. election, see our Chief Market Strategist Jim Solloway's latest Outlook, "A long autumn."[2]

Closer to home, it looks fairly certain, based on recent polling results, that the Conservative Party is set to assume control between now and October 2025, depending on when elections are called or the current government dissolved. Whenever it happens, the election looks sure to usher in meaningful changes in regulatory and fiscal policies.

Given the U.S. election is likely to occur first, let's take a closer look at potential implications associated with a sweep by either political party there. One prominent Wall Street bank's trading desk has created four baskets of securities—one group of long positions and one group of short positions for each party—expected to be impacted meaningfully by the presidential candidates' policy proposals.[3] On the Republican side, favourably impacted industries include banks and other financial services companies, along with energy and commodity producers, all of which should benefit from deregulation; domestic, non-residential construction-exposed firms and tariff beneficiaries are also featured on the long side. On the short side, consumer and industrial companies exposed to tariffs would be expected to underperform, along with renewable energy companies. The largest components of the Democratic basket reverse the positioning in energy and financials, while adding a long position in infrastructure-related companies. The health care sector is split into long exposures to research & development spending, entitlement spending, and companies that should benefit from continuation of the Affordable Care Act,[4] with short positions in pharmaceutical companies given Democrats' desires to expand recent Medicare drug-price negotiations.

For Canada, favourable movements in U.S. energy and financial regulations under Republicans could have positive effects, but those would likely be overwhelmed by a large, broad hike in U.S. tariffs given the importance of U.S.-bound exports to Canada's economic performance. As a result, a Republican sweep could arguably be the riskiest election outcome for the Canadian economy and equity market. That said, it's possible a Trump administration would prove willing to negotiate on trade (Trump's existing U.S.-Mexico-Canada Agreement is already scheduled for renegotiation in 2026), and that might be even more feasible with a Conservative-led Canadian government.

Like many other advanced economies, home affordability remains a pressing issue in Canada. In a recent analysis,[5] Oxford Economics estimated that it will likely take another decade and over four million new homes to bring the housing market back into balance. However, they also expressed concern that the Canadian Mortgage and Housing Corporation's (CMHC) plan[6] to improve affordability by adding a further 3.5 million homes would likely run into severe capacity constraints in the near term (perhaps stoking inflation pressures) and eventually create an oversupply that could lead to a prolonged housing slump. This wouldn't unfold over a short period of time, but it would mark a nearly 180-degree turn from the current situation. Of course, with an election looming in Canada and current polling indicating a significant shift in political control, housing policy seems likely to undergo some important changes.

---

[2] https://www.seic.com/en-ca/insights/long-autumn

[3] Goldman Sachs' "Democratic Policy Pair" and "Republican Policy Pair" baskets include both long and short positions in various sectors and industries based on expectations of US sectors and industries that would be positively or negatively impacted by the respective candidates' policy platforms.

[4] https://housedocs.house.gov/energycommerce/ppacacon.pdf

[5] Oxford Economics Research Briefing | Canada, "Housing market will take another decade to rebalance," 30 July 2024.

[6] Canadian Mortgage and Housing Corporation (2023), "Housing shortages in Canada: Updating how much housing we need by 2030," available at: https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/housing-research/research-reports/2023/housing-shortages-canada-updating-how-much-we-need-by-2030-en.pdf.

Perhaps you've heard someone utter the allegedly Chinese blessing/curse, "May you live in interesting times." According to most internet sources, this is not a Chinese saying but something that was invented in the west in the 20th century.[7] There are a couple of important lessons to take away from this. First, humans, being the often-anxious creatures we are, seem prone to believe they are living in especially interesting times, whenever that might be. Second, received wisdom is often worth a reexamination with sometimes surprising and bemusing results. However, at SEI we would argue that the received wisdom of portfolio diversification remains steadfastly true. No matter how interesting or anxiety-inducing the economic, political, geostrategic, and market environment may be, investors will always be well served by diversifying the sources of risk in their portfolios.

SEI's Global View

Given the near-term effects of early stimulus measures in the U.S. on an already healthy economy and the wide-ranging efforts from China to prompt a rebound, we see lower recession probabilities and a favourable environment for risk assets in the fourth quarter. Broader participation in global equities is our key viewpoint, as performance should expand beyond a handful of names in a few sectors from one country. The rest of the world outperforming the U.S., emerging markets outperforming developed, small caps outperforming large, value stocks outperforming growth, and active management outperforming passive are all versions of the reflation theme we see potentially playing out for the remainder of 2024. Therefore, while we remain, as always, strategically diversified among profitable companies with strong earnings momentum at reasonable prices, we are particularly confident in global value and active management in the U.S. large-cap space. Value looks particularly attractive as the magnitude of the dispersion between cheap and expensive names has reached historically wide levels. Likewise, we favour active management in U.S. large caps given the unusually high amount of idiosyncratic risk in passive strategies from increased concentration in high-multiple, mega-tech names.

Our positive view on broad commodities has also been reinforced, in particular, by the Chinese stimulus efforts. Most complexes should benefit, including industrial and precious metals, despite the latter's strong performance this year. Energy is worth another look as rhetoric from Saudi Arabia regarding increased production levels raises concerns; however, elevated tensions in the Middle East are enough of an offset in the near term.

One of the key events of the third quarter was the sharp drop in yields as investors priced in central bank pivots around the globe. In the U.S. for instance, the yield on the 10-year note started the quarter at just under 4.50%, reaching a low of 3.62% just before the September Fed meeting. Interestingly, after the Fed lowered overnight rates, the 10-year yield rose to close out the quarter at roughly 3.75%. This combination of lower short-term yields but higher longer-term yields finally reversed the two-year-long inversion of the U.S. yield curve. More importantly, we see this trend as the market beginning to question the effects of monetary stimulus and fiscal excess on longer-term yields. We couldn't agree more. We see upward pressure on longer-term rates in the U.S. even with additional interest rate cuts from policy-makers in 2024.

Speaking of fiscal excess, we would be remiss to not mention the upcoming U.S. presidential election. While differences are stark between the two major-party candidates, there are actually areas of common ground. Unfortunately, one of those areas is a lack of any interest in reigning in government spending. As we have noted before, government debt has reached the point where it must be addressed. Sadly, entitlement reform remains a "third rail" in U.S. politics, which should keep upward pressure on long-term interest rates. With regards to the election outcome, for what it's worth, our sense is that the most likely result is some combination of divided government, which tends to be the most favourable outcome for markets. We will not be positioning for anything specific, but will continue to emphasize truly diversified portfolios, which we believe remain the best approach in managing uncertainty.

Economic Backdrop

Global equity markets gained ground during the third quarter amid periods of volatility. Emerging markets outperformed their developed-market counterparts. Stocks rallied amid investors' optimism leading up to the Fed's interest-rate cut in mid-September, as well as previous rate reductions by several other major central banks. Stocks also benefited from generally favourable economic data and, late in the quarter, China's announcement of new economic stimulus measures. The U.S. broad-market S&P 500 Index posted its best performance for the first nine months of a calendar year since 1997, raising its aggregate market capitalization above $50 trillion for the first time.[8]

---

[7] See, for example: https://en.wikipedia.org/wiki/May_you_live_in_interesting_times
[8] According to Bloomberg. September 30, 2024

By an 11-1 margin, the Federal Open Market Committee (FOMC) voted to reduce the federal-funds rate by 50 basis points (0.50%) to a range of 4.75% to 5.00% following its meeting on September 17-18. Fed Governor Michelle Bowman favoured a 25-basis-point cut. According to a statement announcing the rate decision, the FOMC "has gained greater confidence that inflation is moving sustainably toward 2 percent, and judges that the risks to achieving its employment and inflation goals are roughly in balance…The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the [FOMC's] goals."

The Fed's so-called dot plot of economic projections indicated a median federal-funds rate of 4.4% at the end of 2024, down from its previous estimate of 5.1% issued in June, signaling that the central bank anticipates additional federal-funds rate cuts totaling roughly 50 basis points by the end of this year. The central bank also projected that the benchmark rate will drop another 100 basis points to 3.4% by the end of 2025. The Fed estimated that core inflation, as measured by the core personal-consumption-expenditures (PCE) price index, will end the year at an annual rate of 2.6%—modestly lower than the central bank's 2.8% forecast in March. The core personal-consumption-expenditures (PCE) price index is the Fed's preferred measure of inflation as it excludes volatile energy and food prices.

The Pacific ex. Japan region was the strongest performer among developed markets for the third quarter, led by Hong Kong and Singapore. Conversely, in a reversal of a recent trend, the Nordic countries were the weakest performers due largely to Denmark, which declined during the quarter. Additionally, Norway recorded a relatively smaller positive return. The Association of Southeast Asian Nations (ASEAN) led the emerging markets for the quarter due mainly to strength in Thailand and the Philippines. Europe was the most notable laggard among emerging markets attributable primarily to weakness in Turkey and Poland.[9]

Towards the end of the quarter, authorities in China announced a raft of new stimulus measures, dubbed a "policy bazooka" by some market observers, in hopes of turning around the world's second-largest economy. On September 24, the People's Bank of China, the nation's central bank, announced reductions in key interest rates and reserve requirements for banks (among other policy actions), following up with a 20-basis-point decrease in the one-year policy loan lending rate the following day. Moreover, on September 26, China's political leaders, including President Xi Jinping, made a statement vowing fiscal support for China's economy. In the last week of September, stocks in Asia rallied on the news, with the Shanghai Shenzhen CSI 300 Index, a market capitalization-weighted index that includes the largest companies on the Shanghai and Shenzhen stock markets, to its best weekly performance since 2008.

Global fixed-income assets, as measured by the Bloomberg Global Aggregate Bond Index, advanced 7.0% for the quarter. Investment-grade corporate bonds were the strongest performers within the U.S. fixed-income market, followed by mortgage-backed securities (MBS), high-yield bonds, and U.S. Treasury securities. Treasury yields moved significantly lower across the curve. Yields on 2-, 3-, 5- and 10-year Treasury notes fell by corresponding margins of 1.05%, 0.94%, 0.75%, and 0.55%, ending the quarter at 3.66%, 3.58%, 3.58%, and 3.81%, respectively.[10] The spread between 10- and 2-year notes widened from -0.35% to +0.15% over the quarter, resulting in a positively sloped yield curve (in which longer-term yields are higher than shorter-term yields) for the first time in more than two years. A positively sloped yield curve generally indicates that the economy is expected to grow in the future.

Global commodity prices, as measured by the Bloomberg Commodity Total Return Index, saw an uptick of 0.7% during the quarter. The West Texas Intermediate (WTI) and Brent crude oil prices fell 16.4% and 15.6%, respectively, amid concerns that China's slowing economy could hamper demand for oil. The New York Mercantile Exchange (NYMEX) natural gas price climbed 12.5% for the quarter amid an increase in demand for natural gas-generated electricity spurred by unusually hot weather in much of the U.S. The gold spot price was up 13.7% during the quarter, benefiting from investors' growing optimism leading up to the Fed's interest-rate cut in September, as well as weakness in the U.S. dollar. (The gold price generally moves inversely to the U.S. dollar.) After declining in July due to relatively strong harvests (increasing supply) in the U.S., as well as a decline in exports from the country, wheat prices rallied to end the quarter up 1.8% amid increased demand.

[9] All equity market performance statements are based on the MSCI ACWI Index.
[10] According to the U.S. Department of the Treasury. As of September 30, 2024.

Central Banks

- The Bank of Canada (BOC) cut its policy rate by 0.25% to 4.25% following its September 4 meeting, stating that global economic growth of about 2.5% was in line with BOC expectation. In its press release, the BOC noted that economic growth was generally strong in the U.S. and the Euro area as inflation continues to moderate. However, a slowing U.S. labour market and weak domestic demand and economic growth from China weighed on the positives. Ultimately it appears the BOC decision was due largely to domestic inflation moderating to about 2.5%. The BOC stated it will continue to monitor upward price pressures from increases in shelter costs and other services, while excess supply and lower energy prices apply downward price pressures.

- At a news conference following the FOMC meeting on September 18, Fed Chair Powell noted that the central bank does not feel the urgency to implement more aggressive interest-rate reductions. “There is nothing in the [dot plot] that suggests the [FOMC] is in a rush,” he said. Powell added that the Fed is “moving at a pace we think is appropriate.” He also commented that the central bank is “committed to maintaining our economy’s strength. This decision reflects our growing confidence that with an appropriate recalibration of our policy stance, strength in the labour market can be maintained.” When asked if the larger rate cut was an effort by the central bank to compensate for not easing monetary policy sooner, Powell replied, “We don’t think we are behind. We think this is timely but you can take this as a sign of our commitment not to get behind.”

- The Bank of England (BOE) maintained the Bank Rate at 5.00% at its meeting on September 19. One BOE Monetary Policy Committee (MPC) member voted to reduce the benchmark interest rate by 25 basis point (0.25%) to 4.75%. In its announcement of the rate decision, the MPC commented, “In the absence of material developments, a gradual approach to removing policy restraint remains appropriate. Monetary policy will need to continue to remain restrictive for sufficiently long until the risks to inflation returning sustainably to the 2% target in the medium term have dissipated further. The Committee continues to monitor closely the risks of inflation persistence and will decide the appropriate degree of monetary policy restrictiveness at each meeting.”

- For the second time over its past three meetings, the ECB reduced its benchmark interest rate by 0.25% points to 4.00% on September 12. The ECB had cut its benchmark rate by 0.25% in early June—its first cut since 2019. In a statement announcing the rate decision, the ECB’s Governing Council noted that “the dynamics of underlying inflation and the strength of monetary policy transmission, it is now appropriate to take another step in moderating the degree of monetary policy restriction.” The central bank projects that the eurozone economy will grow 0.8% for the 2024 calendar year—down marginally from its previous estimate of 0.9%, due to ”a weaker contribution from domestic demand over the next few quarters.”

- The Bank of Japan (BOJ) left its benchmark interest rate unchanged at 0.25% following its meeting on September 19-20. In a statement announcing the rate decision, the BOJ commented, “Japan's economy is likely to keep growing at a pace above its potential growth rate, with overseas economies continuing to grow moderately and as a virtuous cycle from income to spending gradually intensifies against the background of factors such as accommodative financial conditions.” The central bank expects inflation to increase gradually and that “medium- to long-term inflation expectations will rise with a virtuous cycle between wages and prices continuing to intensify.” During a news conference following the meeting, BOJ Governor Kazuo Ueda noted that there is some uncertainty regarding the ability of the U.S. economy to achieve a soft landing; consequently, the BOJ must take more time to determine if more interest-rate hikes are needed. “The outlook for overseas economic development is highly uncertain. Markets remain unstable. We need to scrutinize such developments carefully for the time being,” he said.

Economic Data (unless otherwise noted, data sourced to Bloomberg)

- According to Statistics Canada, consumer prices (as measured by the change in the Consumer Price Index (CPI)) slid 0.2% in August as prices for air travel, gasoline, clothing, and travel tours declined. The 2.0% year-over-year increase was the smallest annual increase in prices since February 2021, as price pressures eased for gasoline. Producer prices were weak in August, as the Industrial Product Price Index (IPPI) slipped 0.8% and the Raw Materials Price Index (RMPI) fell 3.1%. Year-over-year prices increased 0.2% and declined 1.8%, respectively, for the IPPI and RMPI. Over the past year, gains have been concentrated in metals, while energy and petroleum products have been weaker.

- The Department of Labor reported that the consumer-price index (CPI) rose 0.2% in August, matching the upturn in July. The 2.5% year-over-year advance in the index was down from the 2.9% annual rise in July, and represented the smallest annual increase since February 2021. Housing costs were up 0.5% and 5.2% in August and year-over-year, respectively. Transportation increased 0.9% for the month and 7.9% versus the same period in 2023. Conversely, prices for fuel oil declined 1.9% for the month and 12.1% year-over-year, while gasoline prices fell 0.6% and 10.3% for the respective periods. The 3.2% rolling 12-month rise in core inflation in August, as measured by the CPI for all items less food and energy, was unchanged from the annual rise in July, which was the smallest year-over-year increase since April 2021. According to the third estimate from the Department of Commerce, U.S. gross domestic product (GDP) increased at an annualized rate of 3.0% in the second quarter of 2024—unchanged from the government's second estimate and more than doubling the 1.6% rise in the first quarter of the year. The largest contributors to GDP growth for the second quarter included consumer spending, private inventory investment (a measure of the changes in values of inventories from one time period to the next), and nonresidential fixed investment (purchases of both nonresidential structures and equipment and software). Imports, which are subtracted from GDP, increased over the quarter.

- The Office for National Statistics (ONS) reported that inflation in the U.K., as measured by the CPI, increased 0.3% in August, up from the 0.2% decline in July. The CPI rose at an annual rate of 2.2%, matching the 12-month upturn for the previous month. The largest contributors to the year-over-year rise in inflation included alcohol and tobacco, and health care, which more than offset declines in costs for housing and household services, as well as furniture and household goods . Core inflation, which excludes volatile food prices, rose by an annual rate of 3.6% in August, up from the 3.3% year-over-year increase in June.[11] According to the second estimate of the ONS, U.K. GDP expanded by 0.5% in the second quarter, slightly lower than both the government's initial estimate of 0.6% and the 0.7% growth rate in the first quarter of this year. Output in the services sector rose 0.6% over the three-month period, while production and construction output fell 0.3% and 0.2%, respectively.[12]

- Eurostat pegged the inflation rate for the eurozone at 1.8% for the 12-month period ending in September, a decline from the 2.2% annual increase in August. Costs in the services sector rose 4.0% for the period, down slightly from the 4.1% annual gain in August. Prices for food, alcohol and tobacco increased 2.4% year-over-year in August, marginally higher than the 2.3% annual rate for the previous month. Non-energy industrial goods increased 0.4% over the previous 12 months, unchanged from the annual rise in August, while energy prices fell 6.0% following a 3.0% year-over-year downturn in August. Core inflation, which excludes volatile energy and food prices, increased at an annual rate of 2.7% in September, slightly lower than the 2.8% year-over-year upturn for the previous month.[13] Eurostat also reported that eurozone GDP edged up 0.2% in the second quarter of 2024, down marginally from the 0.3% increase in the first quarter, and grew 0.6% year-over-year. The economies of Iceland and Norway were the strongest performers for the second quarter, expanding 1.7% and 1.4%, respectively. In contrast, GDP in Ireland and Latvia declined by corresponding margins of 1.0% and 0.9% during the quarter.[14]

Index Data (Q3 2024)

- The S&P/TSX Composite Index climbed 10.54%.
- The FTSE Canada Universe Bond Index gained 4.66%.
- The S&P 500 Index, which measures U.S. equities, returned 4.54%.
- The MSCI ACWI (Net) Index, used to gauge global equity performance, was up 5.26%.
- The ICE BofA U.S. High Yield Constrained Index, representing U.S. high-yield bond markets, returned 4.99% (currency hedged) and 3.94% (unhedged).
- The Chicago Board Options Exchange Volatility Index, also known as the "fear index," a measure of implied volatility in the S&P 500 Index, moved higher from 12.44 to 16.73 as it spiked to above 38 in early August.
- WTI Cushing crude-oil prices, a key indicator of movements in the oil market, slumped from US$81.54 to US$68.17 a barrel to end the quarter.
- The Canadian dollar strengthened to C$1.35 per U.S. dollar. The U.S. dollar was generally weaker versus the world's other major currencies, ending September at US$1.12 versus the euro, US$1.34 against sterling, and at 143.04 yen.

---

[11] According to the ONS. September 18, 2024.
[12] According to the ONS. September 30, 2024.
[13] According to Eurostat. October 1, 2024.
[14] According to Eurostat. September 6, 2024.

Important information

SEI Investments Canada Company, a wholly owned subsidiary of SEI Investments Company, is the Manager of the SEI Funds in Canada.

The information contained herein is for general and educational information purposes only and is not intended to constitute legal, tax, accounting, securities, research or investment advice regarding the Funds or any security in particular, nor an opinion regarding the appropriateness of any investment. This information should not be construed as a recommendation to purchase or sell a security, derivative or futures contract. You should not act or rely on the information contained herein without obtaining specific legal, tax, accounting and investment advice from an investment professional. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. There is no assurance as of the date of this material that the securities mentioned remain in or out of the SEI Funds.

Statements that are not factual in nature, including opinions, projections and estimates, assume certain economic conditions and industry developments and constitute only current opinions that are subject to change without notice. Nothing herein is intended to be a forecast of future events, or a guarantee of future results.

This material may contain "forward-looking information" ("FLI") as such term is defined under applicable Canadian securities laws. FLI is disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action. FLI is subject to a variety of risks, uncertainties and other factors that could cause actual results to differ materially from expectations as expressed or implied in this material. FLI reflects current expectations with respect to current events and is not a guarantee of future performance. Any FLI that may be included or incorporated by reference in this material is presented solely for the purpose of conveying current anticipated expectations and may not be appropriate for any other purposes.

Information contained herein that is based on external sources or other sources is believed to be reliable, but is not guaranteed by SEI Investments Canada Company, and the information may be incomplete or may change without notice. Sources may include Bloomberg, FactSet, Morningstar, Bank of Canada, Federal Reserve, Statistics Canada and BlackRock. All data as of 9/30/2024 unless otherwise noted.

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. Emerging markets involve heightened risks related to the same factors, in addition to those associated with their relatively small size and lesser liquidity. 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.