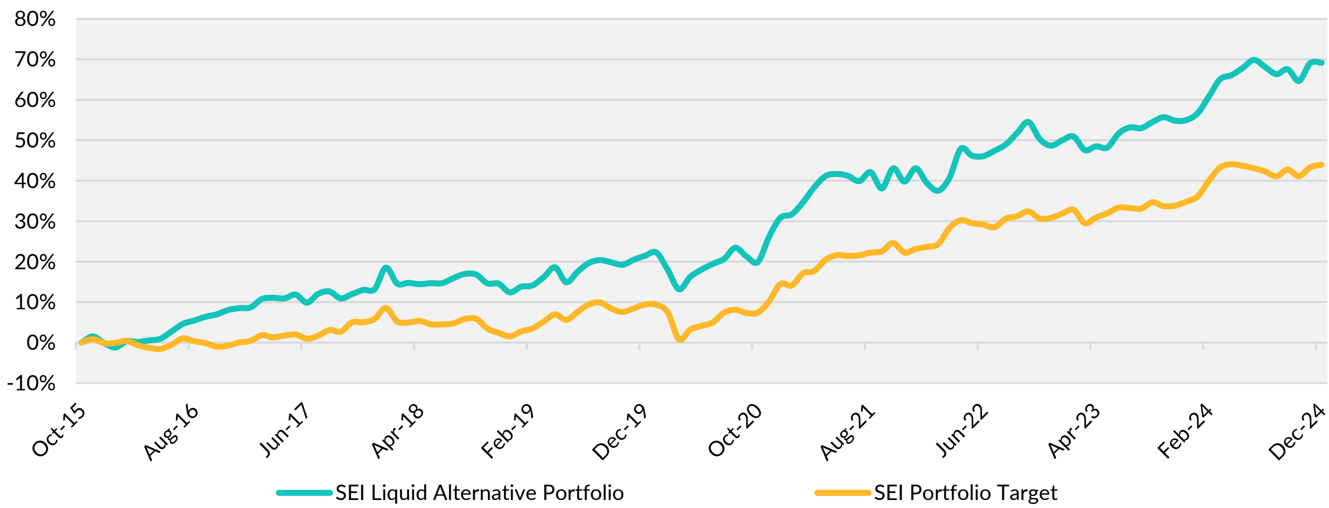
SEI LIQUID ALTERNATIVE FUND

4Q2024 Sub-Advisor Performance Review

The figures below represent the performance of the Fund's Portfolio managed by DBi, net of sub-advisory fees and estimated expenses, and are shown in USD terms. Please consult SEI directly for performance of individual share classes.

- The **Portfolio**[1] returned **0.9%** in the fourth quarter and finished 2024 up **9.1%**, approximately 235 bps ahead of the Target hedge funds.
- The **Strategic Alpha** (Multi-Strategy replication) portfolio rose **2.2%** this quarter and returned **9.2%** this year.
- The **Tactical Alpha** (Managed Futures replication) portfolio declined **-0.9%** in the fourth quarter and ended the year up **9.1%**.
- Since inception, the Portfolio has outperformed the Target portfolio of seventy leading hedge funds by approximately 184 bps per annum with a higher Sharpe ratio.



Inception to Dec 31, 2024	SEI Liquid Alternative Portfolio	SEI Portfolio Target HFs
CAGR	5.9%	4.1%
Cumulative Return	69.1%	44.0%
Volatility	6.0%	4.7%
Max Drawdown	-7.4%	-8.3%
Sharpe Ratio	0.68	0.47

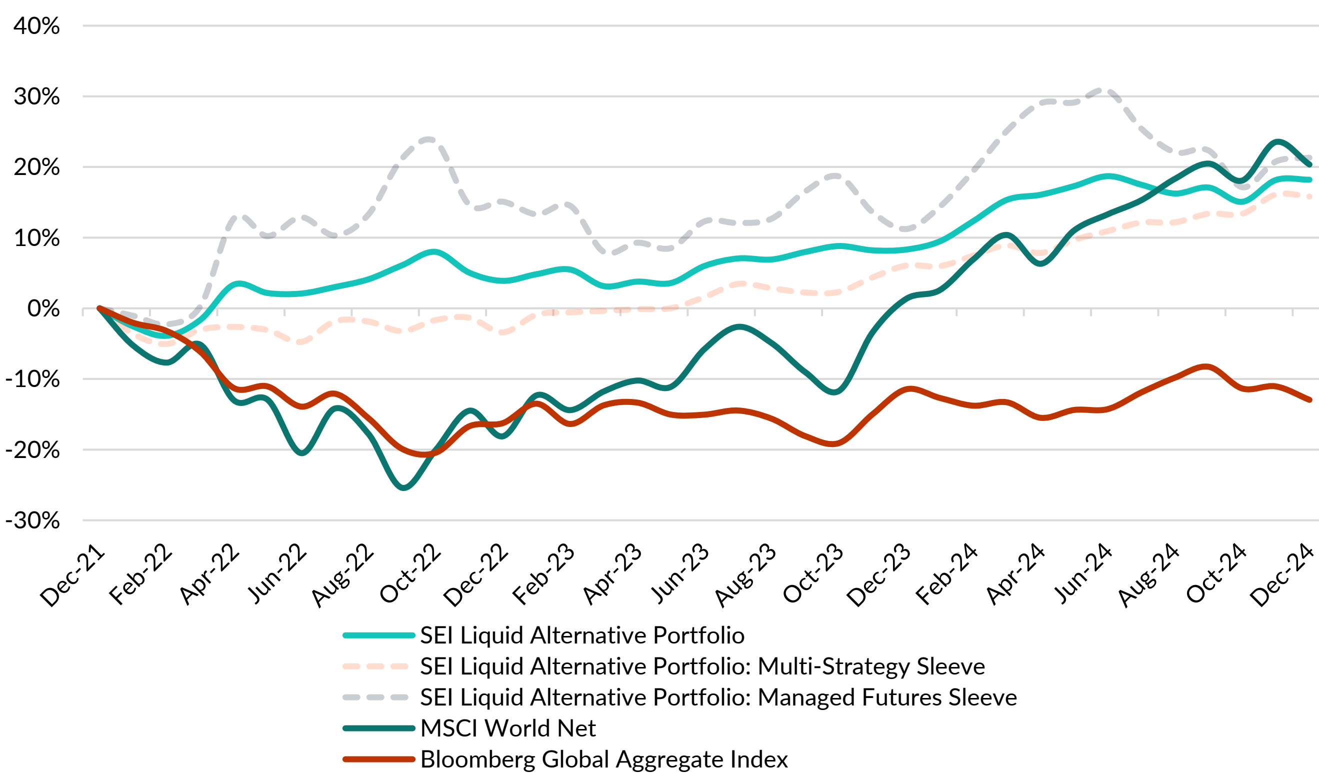
Source: Bloomberg, DBi, Eurekahedge. 16 November 2015 till 31 December 2024. Data refers to cumulative past performance. Cumulative past performance is not a reliable indicator of future results. The SGMF Liquid Alternative Fund referred to within this letter is not managed against the indices referenced in this letter or elsewhere in this presentation. This data is being shown for illustrative purposes only.

MARKET COMMENTARY

The “impossible” keeps happening. In half a decade we’ve gone from trillions of dollars of negative yielding bonds to a world with entrenched inflation. Bonds have gone from a rock-solid diversifier to an arguably failed asset class. Over roughly the same period, crypto has gone from a purported vessel for money laundering to a (semi) respected asset class. In less time, AI has gone from a science experiment to a new industrial revolution. In eighteen months, Trump has gone from sitting in a dusty courtroom to hosting his second inauguration. These are but a few examples of a world in wrenching spasms of flux.

Change often is good for hedge funds. Flexibility and nimbleness are a competitive advantage when most allocators – by design, anchoring or benchmarking – refuse to budge. Take the return of inflation. In January 2021, legendary macro investor Stan Druckenmiller argued that a resurgence – while far from certain – was far more likely than the market assumed. We wrote about this a month later. Over the coming months, some macro hedge funds put on contrarian trades. As evidence mounted, many fundamental managers dialed back risk. Soon, CTAs went all in.

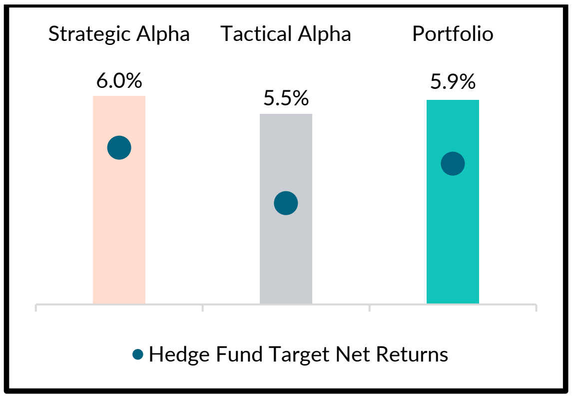
The chart below shows the performance of the Portfolio over the past three years. While equities and bonds both dropped 20% or more in 2022, the Portfolio rose. As equities roared back in 2023 and 2024, the Portfolio rose again each year. Three years later, the Portfolio has delivered comparable returns to equities with far better risk characteristics. Notably, each of the Strategic Alpha and Tactical Alpha sub-portfolios, shown as dotted lines, has roughly matched the performance of equities, but drove returns in strikingly different periods. Meanwhile, of course, bonds have posted double digits losses (even after interest payments) – something that was generally considered “impossible” five years ago.

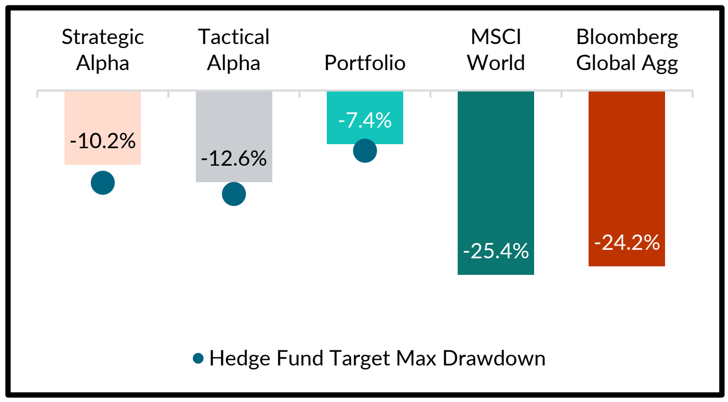


Source: Bloomberg, DBi. 31 December 2021 till 31 December 2024. Data refers to cumulative past performance. Cumulative past performance is not a reliable indicator of future results. The SGMF Liquid Alternative Fund referred to within this letter is not managed against the indices referenced in this letter or elsewhere in this presentation. This data is being shown for illustrative purposes only.

PERFORMANCE REVIEW

The Portfolio gained **0.9% net** in the fourth quarter and finished the year up **9.1%**, approximately 235 bps ahead of the Target portfolio of seventy leading hedge funds. As shown in the chart on the left, both the Strategic Alpha and Tactical Alpha portfolios have outperformed their respective Targets since inception, which translates into outperformance at the Portfolio level of approximately 184 bps per annum. Further, as shown on the right, each sub-portfolio has had a shallower drawdown than the Target hedge funds – a surprising characteristic to even seasoned allocators. Lastly, and as shown in the preceding section, because the two sub-portfolios have tended to perform well in different periods, the combined Portfolio drawdown is only 7.4% since inception – less than a third of both stocks and bonds[2].





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STRATEGIC ALPHA (MULTI-STRATEGY) - 60% ALLOCATION

The Multi-Strategy replication portfolio gained **2.2%** during the fourth quarter and ended up **9.2%** for the year, modestly behind the results of the Multi-Strategy Target portfolio of fifty Equity Long/Short, Relative Value and Event-Driven hedge funds. Since inception, our replication models have delivered approximately 144 bps of annualized alpha relative to the Target with a correlation of 0.80 – yet with daily liquidity and reasonable fees. Equity positioning increased somewhat during the fourth quarter, with an incremental shift from international developed to emerging market stocks. A long-standing hedge in the US dollar, as well as a duration weighted short position in rates, added to performance.

TACTICAL ALPHA (MANAGED FUTURES) – 40% ALLOCATION

The Tactical Alpha portfolio, which seeks to replicate the pre-fee returns of leading managed futures hedges funds, returned **-0.9%** last quarter and finished the year up **9.1%**, well ahead of the SocGen CTA index, which rose 2.4% in 2024. Broadly speaking, managed futures hedge funds called the Trump trade early last year – a pivot to long equities, long the US dollar and caution around inflation. While those positions proved prescient, the wild fluctuations in market sentiment and some short-term macro events caused hedge funds to derisk or reposition at various times, which detracted from performance. Since launch in 2015, the replication portfolio (even without commodities) has outperformed the hedge fund index by 258 bps per annum and would rank among top decile hedge funds over this period.

CONCLUSION

In November, the Fund marked its nine-year anniversary. Much has changed since launch. Once denigrated as "too simple," replication now is viewed as a repeatable investment process with structural alpha – arguably the only "liquid alternative" to consistently outperform "actual" hedge funds. Across the rest of the liquid alts landscape, "2% returns after 2% in fees" taught allocators to be skeptical of sales pitches geared around complexity and high fees. Single manager funds with unsustainably good numbers increasingly were seen for what they are. Funds that gated or imposed swing pricing underscored that allocators should never take liquidity for granted. In essence, then, this Fund was built to deliver the benefits of hedge funds while carefully sidestepping the predictable landmines faced by allocators back then – and today.

We thank you as always for your support. Please do not hesitate to reach out with any questions or comments.

Sincerely,

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.
Dynamic Beta investments, LLC 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.

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[1] The Portfolio reflects the USD performance of the managed accounts managed by DBi, net of 85 bps of estimated expenses. Please contact SEI for share class-level performance.
[2] Stocks refers to the MSCI World Index and bonds refers to the Bloomberg Global Aggregate Bond Index