

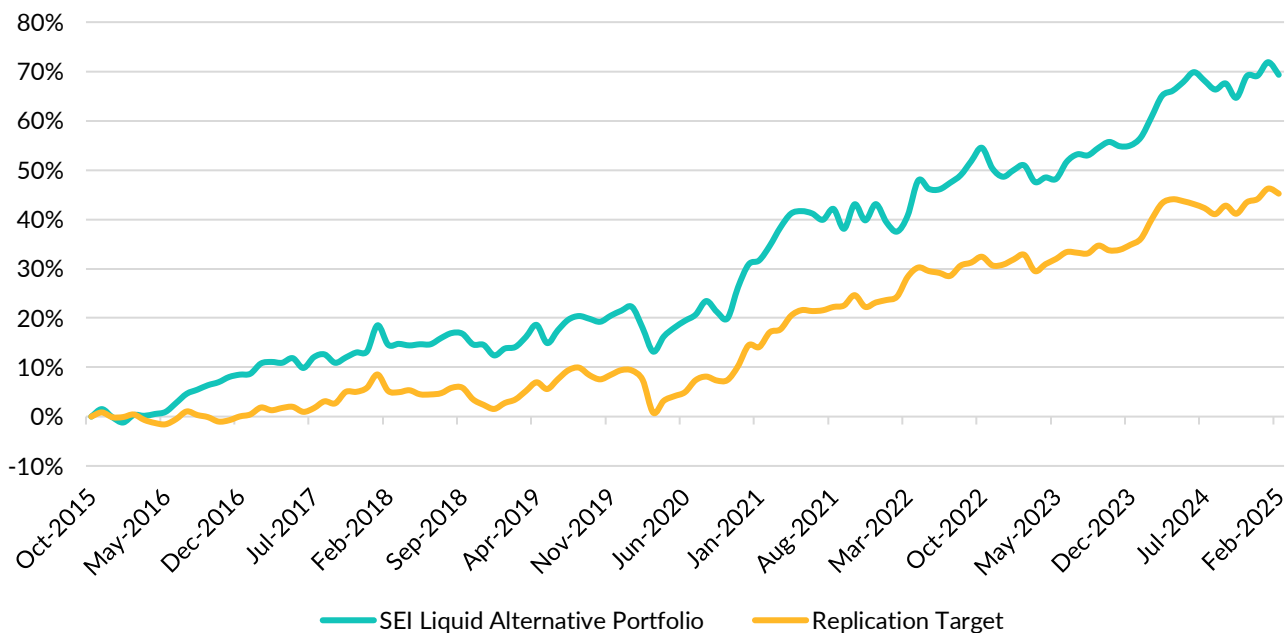


SEI LIQUID ALTERNATIVE FUND FEBRUARY 2025

Dear Colleagues:

The Portfolio¹ declined **-1.5%** net in February and is flat this year. The MSCI World Index returned **-0.7%** for the month, while the Bloomberg Global Aggregate Index increased **1.4%** in February.

Performance



*Source: DBi and Bloomberg. Data as of February 28th, 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.

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Which Trump is it? During 2024 and early 2025, hedge funds and other investors lined up behind the Trump Trade: the anticipation that pro-growth policies would drive equity gains, a strong US dollar and sticky inflation. Yet in February, Trump's energy seemed to shift to tariffs and trade wars which, if implemented as threatened, are likely anti-growth. Rattled, the markets responded in kind: the dollar and rates reversed and equities, on average, fell.

The challenge for allocators today is several-fold. First, it is nearly impossible to separate the signal from the noise – that is, to differentiate between hardball negotiating tactics and true policy intentions. Second, each primary effect will have second and third order effects – some good and some bad – which will feed back into the system. Finally, the markets will respond to the above in both predictable and unexpected ways. Taken together, as noted last month, uncertainty is on the rise and the world will likely look very different in a few years. Our solution: diversify, tap into the talents of great managers and maintain liquidity.

The **Strategic Alpha** (Multi-Strategy) replication portfolio fell **-1.1%** in February and is up **1.0%** this year. Based on preliminary reporting of the Target portfolio of Equity Long/Short, Relative Value and Event-Driven hedge funds, the portfolio is trailing this year. Reversals in US equities offset gains from international markets as tariffs took more of a foothold. A hedge in the US dollar and a short rates position also detracted. Since inception, the replication portfolio has delivered approximately 124 bps per annum of alpha relative to the Target with a correlation of around 0.80.

The **Tactical Alpha** (Managed Futures) replication portfolio returned **-2.1%** in February and is down **-1.2%** this year. The SG CTA index returned **-2.6%** in February and is down **-2.0%** in 2025. The portfolio shifted from a more bullish developed market equity stance to prefer emerging markets over US stocks. A safe haven trade in February provided a tailwind for the Japanese yen, which was accretive for the portfolio, but a sudden fall in interest rates, reversing a trend that started in October last year, negatively impacted the portfolio. Within commodity currencies, both the Canadian dollar and Australian dollar shorts detracted from performance. Since inception, the replication portfolio has generated 281 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

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SOURCES

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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.