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QUARTERLY MARKET COMMENTARY | Q4 2019

Markets Ring in the Decade on a High Note

Quarterly Snapshot

- Equity and fixed-income markets around the globe wrapped up 2019 with above-average annual performance, giving investors the gift of optimism as they rang in the New Year.
- As the decade chimed to a close, the UK's Conservative Party consolidated its power in a mid-December election—winning a majority of seats in the House of Commons and gaining approval for Prime Minister Boris Johnson's EU departure deal.
- Figuring out how investors might react to shifting conditions is almost always a challenging exercise. With that in mind, as always, we retain our emphasis on long-term, strategic investing over tactical reactions to short-term events.

The final quarter of 2019 could be taken as a microcosm of the full year and, for that matter, the entire decade. Each period began in the wake of volatile, confidence-testing equity-market selloffs, yet proceeded to soar dramatically—overshooting far beyond the point of recovery.

Equity and fixed-income markets around the globe wrapped up the decade with above-average annual performance[1], giving investors the gift of optimism as they rang in the New Year. Developed-market equities generally performed quite well for the 12-month period relative to historical averages; US shares shined the brightest, maintaining their dominance of the past decade. Although emerging-market equities lagged for the year and the decade, they outpaced their developed-market counterparts for the final quarter of 2019.

The riskiest segments of the fixed-income universe (high-yield bonds and emerging-market debt) along with US investment-grade corporates outperformed in 2019. Local-currency emerging-market debt was the star of the fourth quarter; however, over the last decade it lagged its hard-currency counterpart, as well as high yield and US investment-grade corporates.

Government bond rates declined over the full year across all maturities in the UK, eurozone and US. However, government bond rates climbed across the yield curve in the UK and eurozone during the fourth quarter. In the US, long-term rates rose but short-term rates fell during the three-month period, resulting in a steeper yield curve that all-but vanquished an inversion that began in late 2018.

As the tower clock chimed its way closer to the end of the decade, the UK's Conservative Party consolidated its power in a mid-December election—winning a majority of seats in the House of Commons and gaining approval for Prime Minister Boris Johnson's EU departure deal. The country is set to officially leave the EU at the end of January 2020, giving way to an 11-month transition period during which the UK and EU will negotiate the terms of their future relationship. Ursula von der Leyen, president of the European Commission, expressed concern in late December that the transition period may not be long enough and that an extension could be necessary; Johnson previously said he will not tolerate a longer transition period.

[1] See Standardised Performance section for a comparison of 2019 returns against those of the last five years.

All references to performance are in US dollar terms unless otherwise noted. See Standardised Performance for more information.

Key Measures: Q4 2019

Equity		
Dow Jones Industrial Average	6.67%	↑
S&P 500 Index	9.07%	↑
NASDAQ Composite Index	12.47%	↑
MSCI ACWI Index (Net)	8.95%	↑
Bond		
Bloomberg Barclays Global Aggregate Index	0.49%	↑
Volatility		
Chicago Board Options Exchange Volatility Index PRIOR QUARTER: **16.24**	13.78	↓
Oil		
WTI Cushing crude oil prices PRIOR QUARTER: **$54.07**	$61.06	↑
Currencies		
Sterling vs. US dollar	$1.32	↑
Euro vs. US dollar	$1.12	↑
US dollar vs. yen	¥108.68	↑

Sources: Bloomberg, FactSet, Lipper

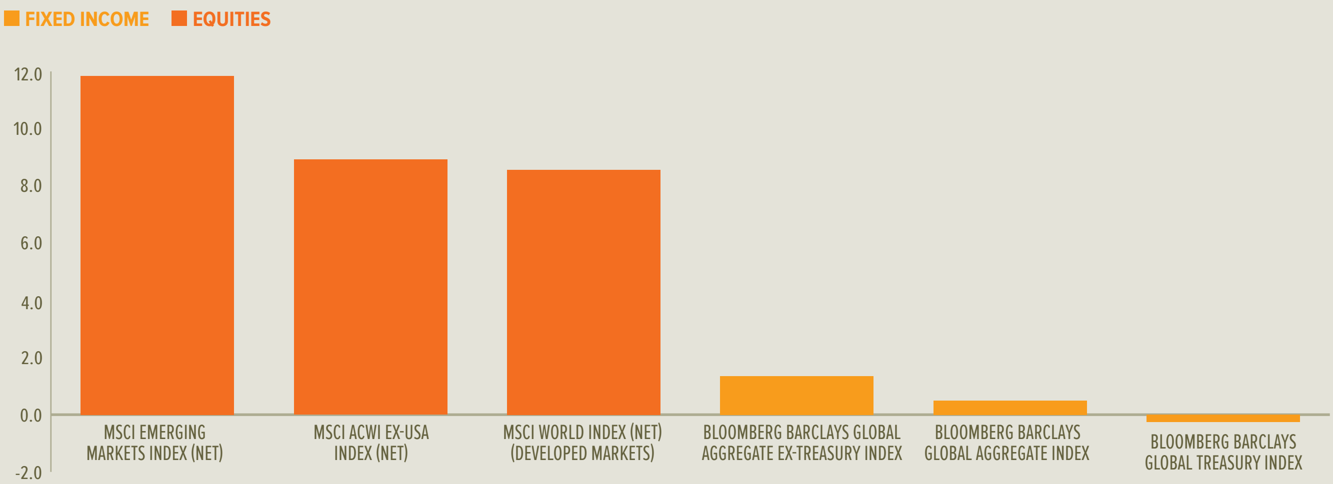
China and the US settled on a limited "phase-one" trade agreement in mid-December, which the countries' leaders agreed to formally sign by mid-January[2]. The deal includes the following provisions:

- A commitment from China to purchase about $50 billion in US agricultural goods over a two-year period; assurances that China will address its long-standing practice of forcing the transfer of intellectual property and technology to Chinese counterparts in exchange for access to the Chinese market; and a promise to continue opening its financial-services industry to foreign investors.
- A reduction of existing US tariffs on Chinese goods (from 15% to 7.5% on $110 billion of goods, with another $240 billion of goods still subject to 25% tariffs); a delay in the imposition of additional tariffs that were previously scheduled for 15 December.

Also in December, US President Donald Trump's administration finally secured bipartisan support in the House of Representatives (the House) for the US-Mexico-Canada Agreement (USMCA) to replace the North American Free Trade Agreement—one year after the three countries' respective leaders signed the deal. This win for the administration came just one day after the House approved articles of impeachment against Trump—making him the third US president in history to be impeached (the political equivalent of a criminal indictment). As the culmination of a three-month investigation, President Trump was formally charged with abuse of power (using the power of the presidency for his own benefit) and obstruction of Congress (blocking Congress's investigation into his alleged wrongdoing). An impeachment of a US president does not equal removal from office; this is determined in the Senate (the upper chamber of Congress), where a trial must be held once the House passes on the articles. The process was suspended at year end as House leaders said they plan to hold the documents until the Senate agrees to certain trial rules.

[2] "Trump sets date for signing US-China 'deal'" BBC News. 31 December 1999.

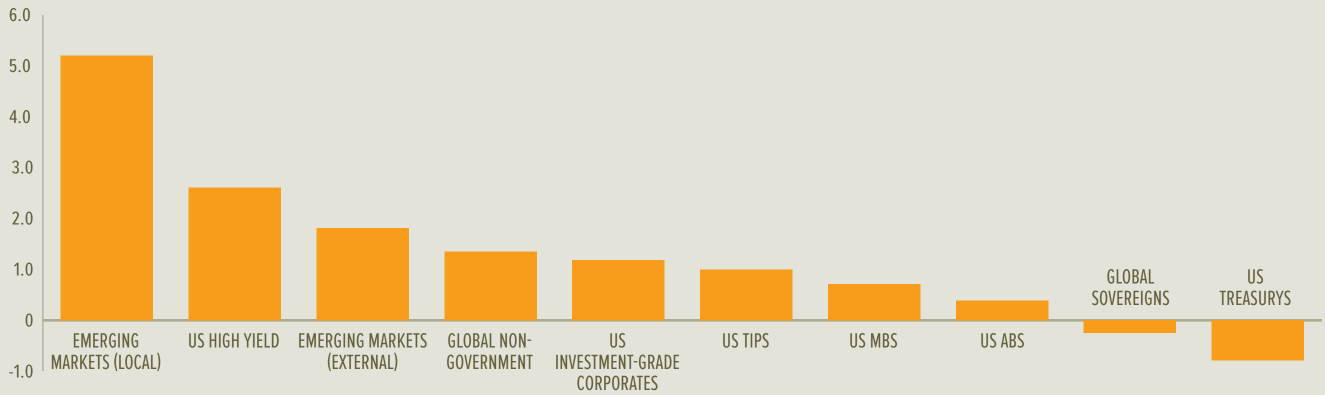
Major Index Performance in Q4 2019 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Major Index Performance Exhibit" in the Index Descriptions section for more information.

All references to performance are in US dollar terms unless otherwise noted. See Standardised Performance for more information.

Fixed-Income Performance in Q4 2019 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Fixed-Income Performance Exhibit" in the Index Descriptions section for more information.

Central Banks

- The Bank of England (BOE) announced its next Governor in late December following the Conservative election victory. Andrew Bailey, current head of the Financial Conduct Authority, whose working history with the BOE began in 1985, will lead the central bank starting in March 2020. The Monetary Policy Committee held firm through its November and December meetings—keeping its key interest rate unchanged at 0.75%. However, two out of nine committee members voted for a 0.25% rate reduction at both meetings, representing the first glimmers of a preference for a rate cut since the immediate aftermath of the Brexit vote in 2016.

- The European Central Bank (ECB) took no new actions in its final two monetary policy meetings of the decade, held in October (the last with Mario Draghi as President) and December (the first with Christine Lagarde at the helm). However, there was a shift in focus from one leader to another: As Draghi's tenure came to a close, he offered a defence of the ECB's policy move toward further accommodation; Lagarde began her watch by announcing a broad policy review that raises fundamental questions about the central bank's mandate as well as whether it can influence other areas (including disruptive technologies, cryptocurrencies, and climate change).

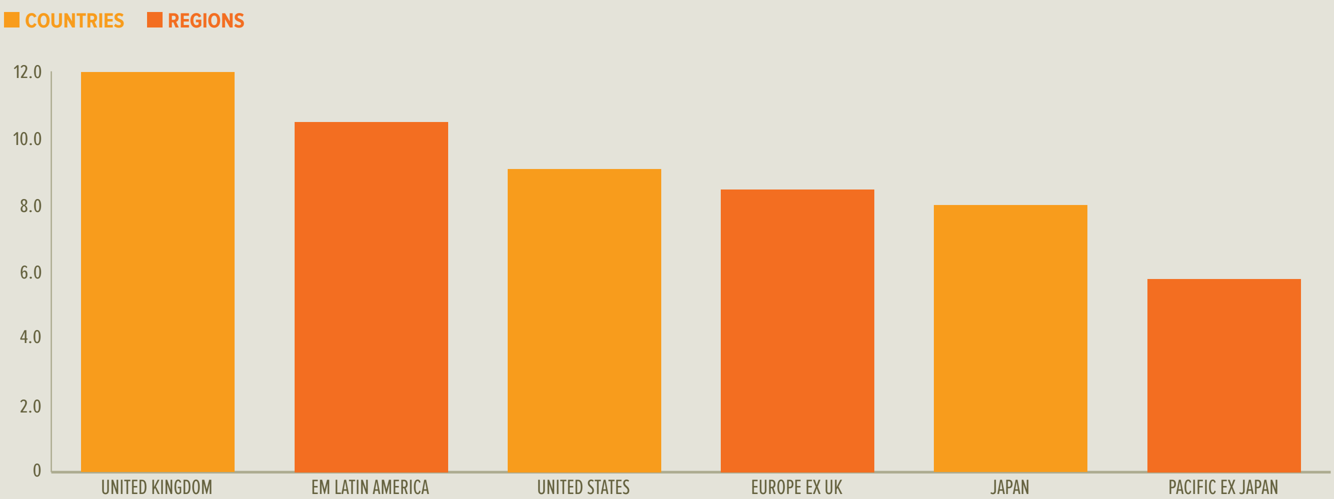
- The US Federal Open Market Committee (FOMC) cut the federal-funds rate by 0.25% in October, its third cut in as many meetings. In mid-October, the US central bank also made its first monthly purchase of $60 billion in US Treasury bills as part of a programme to increase liquidity in the financial system. The FOMC left the federal-funds rate unchanged at its December meeting and noted that "the vast majority of the committee expects to leave rates unchanged next year before very gradually raising rates toward neutral over the next three years." This quote encapsulates the expectations contained in the Federal Reserve's (Fed) final Summary of Economic Projections for 2019, which depicted slowing growth and firming inflation over the next two years.

- The Bank of Japan made no changes to its accommodative monetary policy stance at its October and December meetings, despite expectations that it would introduce additional easing measures to offset the economic pressure created by an October increase in the country's consumption tax.
- The People's Bank of China (PBOC) announced in late December that the Loan Prime Rate (LPR) will serve as the benchmark for existing floating-rate loans beginning in 2020 and that banks will no longer be allowed to sign loan contracts based on previous benchmark rates. This change was taken as an easing measure, as the PBOC trimmed the one-year LPR to 4.15% in mid-November for the third cut in recent months. On New Year's Day, the PBOC also announced its latest cut (of 0.5%) to bank reserve-requirement ratios, freeing about $115 billion (US dollars) for bank lending.

Economic Data

- The slowdown in UK manufacturing worsened in December, contracting for the eighth consecutive month. UK services sector activity also slowed further into contraction territory, although not to the same degree as manufacturing. The UK claimant-count unemployment rate continued an upward trend that persisted through most of the year, reaching 3.5% in November; meanwhile, the three-month average UK unemployment rate remained relatively steady throughout most of 2019, holding firm at 3.8% in the August-to-October period. Average year-over-year UK earnings growth for the August-to-October period continued to decline to 3.5% after peaking at 3.9% over the summer. Overall third-quarter UK economic growth measured 0.4% (and 1.1% year over year), up from earlier estimates of 0.3% for the quarter (and 1.0% year over year), and rebounding from the 0.2% contraction in the second quarter.

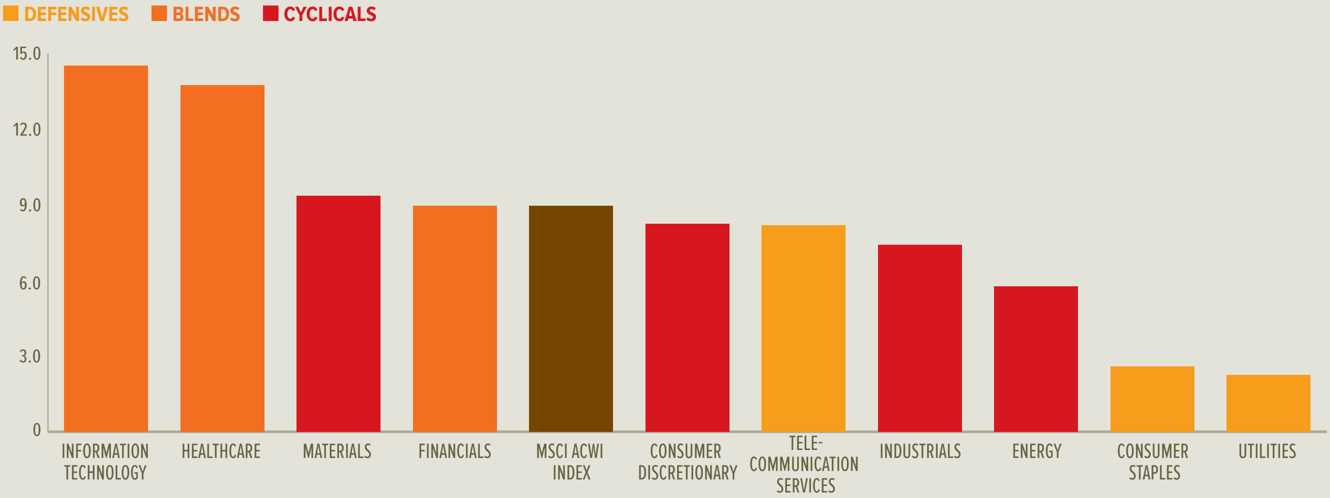
Regional Equity Performance in Q4 2019 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Regional Equity Performance Exhibit" in the Index Descriptions section for more information.

All references to performance are in US dollar terms unless otherwise noted. See Standardised Performance for more information.

Global Equity Sector Performance in Q4 2019 (Percent Return)



Sources: FactSet, Lipper. MSCI ACWI Index Sector Components (Cyclicality determined by SEI).

- The eurozone manufacturing landscape eroded further into contraction territory during December, having spent every month of 2019 besides January in contraction. On the positive side, services sector activity accelerated in the final month of the year to healthier growth levels. The eurozone unemployment rate finished October at 7.5%, in line with its pace for much of 2019 after edging lower early in the year. Overall eurozone economic growth held firm at 0.2% during the third quarter and 1.2% year over year.
- US manufacturing continued to slide further into contraction territory throughout the fourth quarter, ending 2019 at the lowest level of activity in a decade, according to one purchasing manager survey. The services sector increased its growth pace to finish the year at moderately healthy levels. The US unemployment rate fell to 3.5% in November, the lowest rate in 50 years. Overall US economic growth was measured at an annualised 2.1% rate in the third quarter, an uptick from preliminary readings of 2%.

SEI's View

A year ago, many investors were licking their wounds following a sharp global stock-market correction. Today, we are confronted with a notably different market backdrop, as share prices generally ended 2019 near their highs of the year. With regard to the US economy, our expectations turned out to be mildly optimistic. But we think it's worth pointing out that quarter-to-quarter fluctuations in the country's gross domestic product (GDP) growth have remained on a relatively narrow path compared to their far more volatile historical range. One reason for the lower volatility is steady growth in US household spending. By contrast, the contribution to US GDP growth from investment, both residential and non-residential, has been in a slowing trend; the pace of business spending in the country has eased dramatically since early 2018. On the positive side, the absence of an investment boom means there should be little to no hangover; even if a recession were to develop in the next year or so, it almost certainly will not be especially painful.

For Europe, we accurately anticipated a further slowdown in economic growth over 2019. While we were right on the economy, we were perhaps too bearish on European risk assets.

On this side of the pond, Prime Minister Johnson's decision to hold a snap election paid off. He now enjoys the largest Tory majority in Parliament since 1987, when Margaret Thatcher was re-elected Prime Minister for a third term. The victory eliminated the possibility of a dramatic remaking of the British economy as envisioned by the Labour party—or the chance of a hung Parliament, which could have prolonged the uncertainty surrounding Brexit.

Of course, uncertainty still remains. The UK now must negotiate its future trading relationship with the EU by the time fireworks once again light up the River Thames at the dawn of 2021. A no-deal Brexit would provide a substantial negative shock to merchandise trade because dealings with the EU would revert to the most-favoured-nation rules of the World Trade Organization. Trade in financial services, a category critical to the UK's economic well-being, would be saddled with increased regulations, paperwork and costs.

It continues to be our working assumption that a no-deal Brexit will be avoided, although it may take an extension of the transition period to effect a deal that minimises the disruption. Although Boris Johnson has already announced his intention to exit the transition period at the 31 December deadline.

For Europe, we accurately anticipated a further slowdown in economic growth over 2019. While we were right on the economy, we were perhaps too bearish on European risk assets. The Europe ex-UK benchmark enjoyed an exceptional return in 2019 despite a still-significant disparity in economic growth between the US and the Continent.

We think it may make sense to look past the current gloom when it comes to Europe. The lessening of trade tensions and improvement in China's economic growth should provide export-dependent Europe with a moderate boost in 2020.

Government policy also is geared toward encouraging growth. There are signs that ECB policy is having some positive impact. The banking system is slowly recuperating. Lending to households and businesses has been in a modestly accelerating trend over the past few years. There also is more serious discussion nowadays about easing fiscal policy. Even Jens Weidman, President of the Deutsche Bundesbank, member of the Governing Council of the ECB, and a long-time hawk, has recently felt comfortable backing calls for government spending. Perhaps there's hope that fiscal policy will turn into a tailwind for eurozone growth instead of a steady headwind.

Our expectation that emerging-market economies and equity markets would enjoy a decent 2019 didn't pan out. First, we thought an economic turnaround in China was just around the corner. The country had been pushing through various monetary, fiscal and structural reform measures aimed at jumpstarting economic growth, and we assumed that the Chinese government would go back to the debt well if needed. This happened only to a limited extent.

Of course, one big problem impeding the recovery in Chinese economic growth is the running trade battle with the US. We have frequently made the argument that an all-encompassing trade war between China and the US would be in neither countries' interest. The economic and political reverberations would simply be too painful. And so, the agreement on a "phase-one" deal at least helps lower the temperature and halts the tit-for-tat tariff escalations. We expect the truce will hold through the 2020 US presidential election. If we're right, China's economy should be able to build upon the tentative pick-up in growth that has begun to show up in the economic data.

Looking at the big picture for the year ahead, we expect the US and global economies to continue growing, but at a sluggish pace. This should keep inflation under control and encourage central banks to remain accommodative. Quantitative easing also should help keep fixed-income yields relatively steady even as government deficit spending picks up. Altogether, this scenario should be positive for risk assets.

We've summarised the major themes and outstanding questions that could cause markets to behave in ways that run counter to our positioning in 2020:

- The US is converging with the rest of the world as US economic and profits growth decline. Given the disparity in stock-market valuations, international markets can be expected to outperform US equities.
- China's economy should stabilise and improve. The partial US/China trade-war truce and a steady progression of fiscal and monetary stimulus measures over the past two years should pay off in 2020. Early signs of improvement are already apparent, which should boost the economic prospects of trade-dependent economies.
- The US dollar should reverse convincingly to the downside. The Fed's pivot toward an aggressive approach to supporting the overnight lending market has the potential to significantly increase the global supply of dollars. Since we believe the dollar is overvalued on a fundamental basis, its depreciation is a high-conviction call. This would be a tailwind for non-US economies and financial markets.
- The value style should prevail. Modest improvement in global economic growth, a tendency for inflation and interest rates to move higher and the record disparity in valuation between the most- and least-expensive stocks should lead to a better result for value-oriented active managers.
- We foresee less Brexit uncertainty, assuming a trade deal can be reached between the EU and UK. We expect rationality to prevail, but a no-deal Brexit remains a residual risk. As the year-end 2020 transition deadline nears, UK and European markets could experience renewed volatility if the negotiations appear to be foundering on irreconcilable differences.
- Presidential politics could roil equity markets in the US and elsewhere. A sense of which Democratic nominee will face Donald Trump in the coming US presidential election should get clearer in March, when 25 states and Puerto Rico go to the polls; California and Texas, plus 12 other states, will hold their primary elections on Super Tuesday, 3 March.
- The impact of Fed policy is a potential wildcard. While we don't see it as a likely outcome, the central bank's dovish stance at a time of full employment could cause a "melt-up" in stock prices.

Even at low interest rates, we would consider a forward-earnings multiple on the S&P 500 Index of more than 20 times as a danger sign. In our view, another stellar year for US equities in 2020 would be a source of concern rather than celebration.

Even at low interest rates, we would consider a forward-earnings multiple on the S&P 500 Index of more than 20 times as a danger sign. In our view, another stellar year for US equities in 2020 would be a source of concern rather than celebration. Equities and other risky assets are not well-correlated with the fundamentals in the short run. Investor expectations can change much more quickly and far more dramatically than the fundamentals. Indeed, as seen in the past two years, changes in investor expectations can sometimes completely negate the change in the fundamentals.

With that in mind, we will retain our emphasis on strategic investing over tactical moves. We will also continue to take stock of the economic and financial developments around the globe and provide our thoughts on where global growth and interest rates are headed. That's actually the easy part, as the experience of the last few years illustrates. Figuring out how investors might react to the shifts in macroeconomic conditions is almost always the much harder exercise.

Standardised Performance

		1 year to 31-Dec-19	1 year to 31-Dec-18	1 year to 31-Dec-17	1 year to 31-Dec-16	1 year to 31-Dec-15
KEY MEASURES						
Dow Jones Industrial Average		25.34%	-3.48%	28.11%	16.50%	0.21%
S&P 500 Index		31.49%	-4.38%	21.83%	11.96%	1.38%
NASDAQ Composite Index		36.69%	-2.84%	29.64%	8.87%	6.96%
MSCI ACWI Index (Net)		26.60%	-9.41%	23.97%	7.86%	-2.36%
Bloomberg Barclays Global Aggregate Index		6.84%	-1.20%	7.39%	2.09%	-3.15%
MAJOR INDEXPERFORMANCE						
Bloomberg Barclays Global Aggregate ex-Treasury Index		8.32%	-2.16%	7.51%	2.59%	-3.00%
Bloomberg Barclays Global Aggregate Index		6.84%	-1.20%	7.39%	2.09%	-3.15%
Bloomberg Barclays Global Treasury Index		5.59%	-0.38%	7.29%	1.65%	-3.29%
MSCI ACWI ex-USA (Net)		21.51%	-14.20%	27.19%	4.50%	-5.66%
MSCI Emerging Markets Index (Net)		18.42%	-14.57%	37.28%	11.19%	-14.92%
MSCI World Index (Net)		27.67%	-8.71%	22.40%	7.51%	-0.87%
FIXED-INCOME PERFORMANCE						
US Treasury Inflation-Protected Securities (TIPS)	Bloomberg Barclays 1-10 Year U.S. TIPS Index	6.85%	-0.25%	1.90%	4.01%	-0.52%
Global Non-Government	Bloomberg Barclays Global Aggregate ex-Treasury Index	8.32%	-2.16%	7.51%	2.59%	-3.00%
Global Sovereigns	Bloomberg Barclays Global Treasury Index	5.59%	-0.38%	7.29%	1.65%	-3.29%
US Investment-Grade Corporates	Bloomberg Barclays U.S. Corporate Investment Grade Index	14.54%	-2.51%	6.42%	6.11%	-0.68%
US Asset-Backed Securities (ABS)	Bloomberg Barclays U.S. Asset-Backed Securities Index	4.53%	1.77%	1.55%	2.03%	1.25%
US Mortgage-Backed Securities (MBS)	Bloomberg Barclays U.S. Mortgage-Backed Securities Index	6.35%	0.99%	2.47%	1.67%	1.51%
US Treasurys	Bloomberg Barclays U.S. Treasury Index	6.86%	0.86%	2.31%	1.04%	0.84%
US High Yield	ICE BofAML US High Yield Constrained Index	14.41%	-2.27%	7.48%	17.49%	-4.61%
Emerging Markets (External)	JPMorgan EMBI Global Diversified Index	15.04%	-4.26%	10.26%	10.15%	1.18%
Emerging Markets (Local)	JPMorgan GBI-EM Global Diversified Index	13.47%	-6.21%	15.21%	9.94%	-14.92%
REGIONAL EQUITY PERFORMANCE						
United Kingdom	FTSE All-Share Index	23.95%	-14.77%	23.82%	-2.12%	-4.55%
EM Latin America	MSCI Emerging Markets Latin America Index (Net)	17.46%	-6.57%	23.74%	31.04%	-31.04%
Europe ex UK	MSCI Europe ex UK Index (Net)	24.81%	-15.14%	26.82%	-0.56%	-0.65%
Pacific ex Japan	MSCI Pacific ex Japan Index (Net)	18.36%	-10.30%	25.88%	7.85%	-8.47%
United States	S&P 500 Index	31.49%	-4.38%	21.83%	11.96%	1.38%
Japan	TOPIX, also known as the Tokyo Stock Price Index	19.25%	-13.73%	26.55%	3.46%	11.69%
GLOBAL EQUITY SECTOR PERFORMANCE						
MSCI ACWI Index		26.60%	-9.42%	23.97%	7.86%	-2.36%
MSCI ACWI Consumer Discretionary Index		27.70%	-8.35%	25.16%	2.88%	4.15%
MSCI ACWI Consumer Staples Index		21.65%	-10.47%	17.73%	1.52%	4.97%
MSCI ACWI Energy Index		12.78%	-13.27%	6.77%	27.66%	-22.20%
MSCI ACWI Financials Index		23.25%	-15.66%	24.09%	12.38%	-5.59%
MSCI ACWI Healthcare Index		22.67%	1.71%	20.14%	-6.83%	6.33%
MSCI ACWI Industrials Index		26.44%	-14.40%	25.27%	11.92%	-3.14%
MSCI ACWI Information Technology Index		46.89%	-5.81%	41.77%	12.20%	3.20%
MSCI ACWI Materials Index		20.12%	-16.01%	29.63%	23.59%	-16.16%
MSCI ACWI Telecommunication Services Index		24.63%	-10.91%	7.72%	5.03%	-2.15%
MSCI ACWI Utilities Index		21.11%	1.37%	13.93%	5.68%	-8.18%

All references to performance are in US dollar terms unless otherwise noted. See Standardised Performance for more information.

Glossary of Financial Terms

Dovish: Dovish refers to the views of a policy advisor (for example, at the Bank of England) that are positive on inflation and its economic impact, and thus tends to favour lower interest rates.

Federal-funds rate: The federal-funds rate is the interest rate at which a depository institution lends immediately-available funds (balances at the US Federal Reserve) to another depository institution overnight in the US.

Index Descriptions

S&P 500 Index: The S&P 500 Index is an unmanaged market-capitalisation-weighted index comprising 500 of the largest publicly-traded US companies and is considered representative of the broad US stock market.

Corresponding Indexes for Key Measures Exhibit

Dow Jones Industrial Average	The Dow Jones Industrial Average is a widely followed market indicator based on a price-weighted average of 30 blue-chip New York Stock Exchange stocks that are selected by editors of The Wall Street Journal.
NASDAQ Composite Index	The NASDAQ Composite Index is a market-value-weighted index of all common stocks listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) system, representing a subset of the US equity market.
MSCI ACWI Index	The MSCI ACWI Index is a market-capitalisation-weighted index composed of over 2,000 companies, and is representative of the market structure of 46 developed- and emerging-market countries in North and South America, Europe, Africa and the Pacific Rim. The Index is calculated with net dividends reinvested in US dollars.
Bloomberg Barclays Global Aggregate Index	The Bloomberg Barclays Global Aggregate Index is an unmanaged market-capitalisation-weighted benchmark that tracks the performance of investment-grade fixed-income securities denominated in 13 currencies. The Index reflects reinvestment of all distributions and changes in market prices.
Chicago Board Options Exchange Volatility Index (VIX)	The Chicago Board Options Exchange Volatility Index (VIX) tracks the expected volatility in the S&P 500 Index over the next 30 days. A higher number indicates greater volatility.

Corresponding Indexes for Major Index Performance Exhibit

MSCI ACWI ex-USA Index	The MSCI ACWI ex-USA Index includes both developed- and emerging-market countries, excluding the US.
MSCI Emerging Markets Index	The MSCI Emerging Markets Index is a free float-adjusted market-capitalisation-weighted index designed to measure the performance of global emerging-market equities.
MSCI World Index	The MSCI World Index is a free float-adjusted market-capitalisation-weighted index that is designed to measure the equity market performance of developed markets.
Bloomberg Barclays Global Aggregate Index	The Bloomberg Barclays Global Aggregate Index is an unmanaged market-capitalisation-weighted benchmark that tracks the performance of investment-grade fixed-income securities denominated in 13 currencies. The Index reflects reinvestment of all distributions and changes in market prices.
Bloomberg Barclays Global Aggregate ex-Treasury Index	The Bloomberg Barclays Global Aggregate ex-Treasury Index is an unmanaged market index representative of the total return performance of ex-Treasury major world bond markets.
Bloomberg Barclays Global Treasury Index	The Bloomberg Barclays Global Treasury Index is composed of those securities included in the Bloomberg Barclays Global Aggregate Index that are Treasury securities.

Corresponding Indexes for Fixed-Income Performance Exhibit

US High Yield	BofA Merrill Lynch U.S. High Yield Master II Constrained Index
Global Sovereigns	Bloomberg Barclays Global Treasury Index
Global Non-Government	Bloomberg Barclays Global Aggregate ex-Treasury Index
Emerging Markets (Local)	JPMorgan GBI-EM Global Diversified Index
Emerging Markets (External)	JPMorgan EMBI Global Diversified Index
US Mortgage-Backed Securities (MBS)	Bloomberg Barclays U.S. Mortgage Backed Securities Index
US Asset-Backed Securities (ABS)	Bloomberg Barclays U.S. Asset-Backed Securities Index
US Treasurys	Bloomberg Barclays U.S. Treasury Index
US Treasury Inflation-Protected Securities (TIPS)	Bloomberg Barclays 1-10 Year U.S. TIPS Index
US Investment-Grade Corporates	Bloomberg Barclays U.S. Corporate Investment Grade Index

Corresponding Indexes for Regional Equity Performance Exhibit

United States	S&P 500 Index
United Kingdom	FTSE All-Share Index
Pacific ex Japan	MSCI Pacific ex Japan Index (Net)
Japan	TOPIX, also known as the Tokyo Stock Price Index
Europe ex UK	MSCI Europe ex UK Index (Net)
EM Latin America	MSCI Emerging Markets Latin America Index (Net)

Important Information

Data refers to past performance. Past performance is not a reliable indicator of future results.

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SEI sources data directly from FactSet, Lipper, and BlackRock, unless otherwise stated.

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200019.02 IMU UK (01/20)