Developed Markets Drive Equity Advance

Monthly Snapshot

- Equities charged ahead around most of the world in October, erasing September's dip. Developed-market shares surged, while emerging-market shares mounted a subdued advance.
- Government-bond yield curves flattened during the month; inflation-indexed sovereign debt was the top performer within fixed interest, retaining its lead from the third quarter.
- While US inflation may be near a peak, Europe appears poised for further acceleration given immediate concerns about the cost of energy.

Equities charged ahead around most of the world in October, erasing September's dip. Developed-market shares surged, with the US at the helm, while emerging-market shares mounted a subdued advance. European and UK shares delivered strong performance in October, while Japan continued its countertrend pattern with a plunge that offset its sizeable September gain.

Outside of developed markets, Argentina and Indonesia sustained remarkable multi-month runs, and China offset recent drops with a healthy showing in October. Peru outpaced nearly all other markets (second only to Egypt), but Latin America's overall equity-market performance sank as Brazil and Chile clocked the worst emerging-market country-level performance.

Government-bond yield curves flattened in the UK, eurozone and US during October as short-to-medium-term rates climbed and longer-term rates declined. Inflation-indexed sovereign debt retained its third-quarter rank as the top-performing segment of fixed-interest markets in October, while local-currency emerging-market debt continued to sustain deepest losses.

The price of West Texas Intermediate crude oil increased by 11.4% to end October at $83.57 per barrel, its highest level since October 2014[1].

The number of new COVID-19 cases reported globally appeared to bottom in mid-October after hitting a recent peak in mid-August (as measured by the seven-day average, according to Reuters' global tracker). By the month's end, Eastern Europe (and, to a lesser degree, the Caribbean and Southeast Asia) had the highest concentrations of countries contending with all-time peak or near-peak outbreaks[2].

On a country-level, the US continued to report the highest average number of new infections and COVID-19-related deaths per day at the end of October; yet its infection rate declined to 29% of its all-time high. The UK averaged the second-largest number of daily infections and recorded a rising infection trajectory for most of October, but it registered a much lower death rate compared to other countries. Russia had the third-highest average number of new infections per day in late October (hitting its all-time peak at the end of the month) and averaged the second-highest daily number of COVD-19-related deaths. By the end of the month, large majorities of the UK (74%) and US (67%) populations had received at least one COVID-19 vaccine dose, while 38% of Russia's residents had received the same[3].

[1] According to market data from The Wall Street Journal
[2] "COVID-19 Global Tracker." Reuters.
[3] "COVID-19 Vaccination Tracker." Reuters.

Key Measures: October 2021

EQUITY		
Dow Jones Industrial Average	**5.93%**	↑
S&P 500 Index	**7.01%**	↑
NASDAQ Composite Index	**7.29%**	↑
MSCI ACWI Index (Net)	**5.10%**	↑
BOND		
Bloomberg Barclays Global Aggregate Index	**-0.24%**	↓
VOLATILITY		
Chicago Board Options Exchange Volatility Index PRIOR MONTH: **23.14**	**16.26**	↓
OIL		
WTI Cushing crude oil prices PRIOR MONTH: **$75.03**	**$83.57**	↑
CURRENCIES		
Sterling vs. US dollar	**$1.37**	↑
Euro vs. US dollar	**$1.16**	↓
US dollar vs. yen	**¥114.02**	↑

Sources: Bloomberg, FactSet, Lipper

The US Congress voted to increase the federal debt ceiling by $480 billion in mid-October, effectively allowing federal borrowing until early December in order to temporarily prevent a government shutdown. Competing priorities—centred on funding for a large multi-year infrastructure plan and a wide-ranging healthcare, education and child care program—have fragmented the Democrats' razor-thin majority; although there appears to be enough votes to enact the infrastructure priorities.

In early October, US Trade Representative Katherine Tai formally articulated the US-China trade policy of President Joe Biden's administration, which includes retaining existing tariffs, avoiding new ones, and committing to the Phase One trade deal. She also announced the reinstatement of an exclusion process for US companies that apply for relief from tariff-induced damages.

Beleaguered Chinese property developer Evergrande made two interest payments in October as 30-day grace periods were set to expire, narrowly averting defaults. Fantasia Holdings Group, a much smaller developer, failed to repay a $206 million bond payment early in the month.

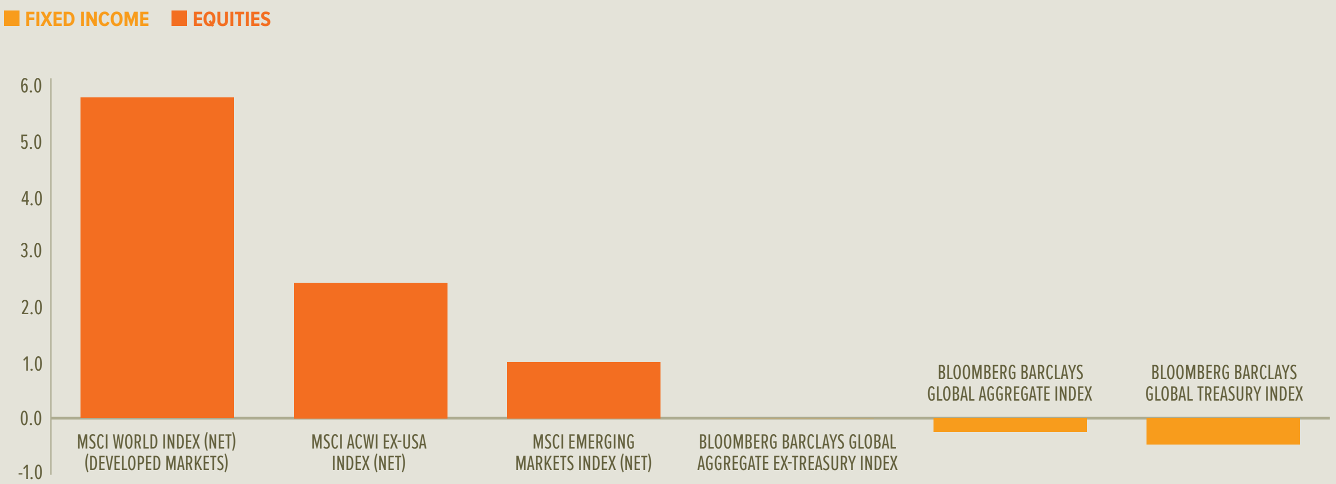
Economic Data

UK

- UK manufacturing growth picked up during October from already-strong levels[4]. Services-sector growth re-accelerated in the month after slowing from multi-decade highs during the third quarter[5].
- The UK claimant count (which calculates the number of people claiming Jobseeker's Allowance) declined further in September by roughly 50,000 claimants, lowering the claimant share of the population from 5.4% to 5.2%.
- The UK economy expanded by 0.4% in September, remaining below the monthly readings that surpassed 2% during the springtime peak in economic activity but above August's near-flat showing.

[4]IHS Markit / CIPS UK Manufacturing PMI. 1 November 2021.
[5]IHS Markit / CIPS Flash UK Composite PMI. 22 October 2021.

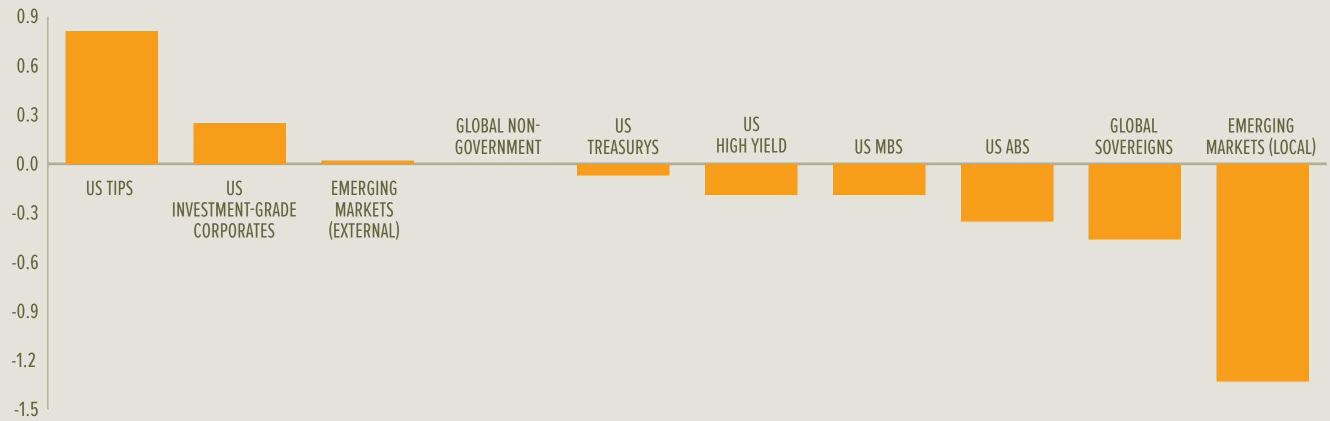
Major Index Performance in October 2021 (Percent Return)



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 October 2021 (Percent Return)



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

Eurozone

- The eurozone sustained its spirited manufacturing growth in October[6]. Services growth continued to soften in the month, albeit to still-healthy levels[7].
- The eurozone unemployment rate slipped from 7.5% in August to 7.4% in September.
- The overall eurozone economy grew by 2.2% during the third quarter, matching the second-quarter pace, and by 3.7% year over year in September. France's economy expanded by 3.0% during the third quarter, beating forecasts for 2.1% and improving on the country's second-quarter pace of 1.2%; the German economy grew by 1.8%, in line with the second quarter but below estimates.

US

- The growth of US manufacturing activity remained strong in October, cooling only slightly[8]. Services-sector growth accelerated from solid levels in September to remarkably strong levels in October[9].
- New weekly US jobless claims broke below 300,000 during October for the first time since March 2020—beginning the month at 326,000 filings per week and trending steadily lower to finish at 281,000.
- The US economy expanded at a 2.0% annual rate in the third quarter, down steeply from 6.7% during the second quarter. Meanwhile, US wages increased by 1.5% during the third quarter, the highest rate in the US Department of Labor's 20-year measurement period[10].

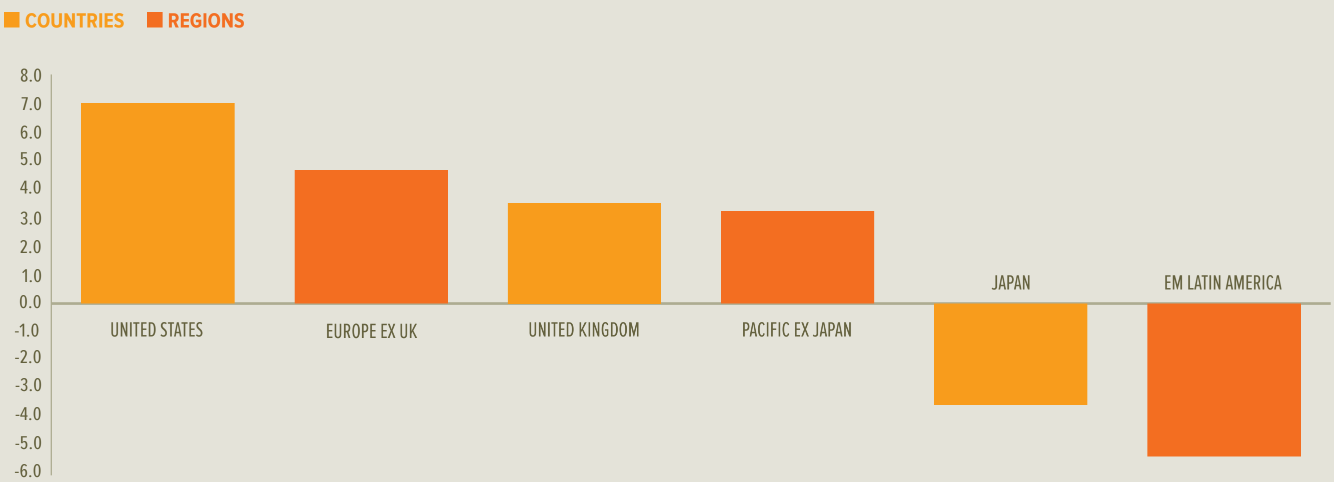
[6] IHS Markit Eurozone Manufacturing PMI. 2 November 2021.
[7] IHS Markit Flash Eurozone Composite PMI. 22 October 2021.
[8] IHS Markit US Manufacturing PMI. 1 November 2021.
[9] IHS Markit Flash US Composite PMI. 22 October 2021.
[10] "EMPLOYMENT COST INDEX – September 2021." Bureau of Labor Statistics, U.S. Department of Labor.

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

Central Banks

- The Bank of England (BOE) did not convene its Monetary Policy Committee (MPC) during October. The bank rate remained 0.1% at its last meeting. The maximum allowance for asset purchases was unchanged at £895 billion, but elevated inflation pressures provoked the BOE to acknowledge in its September Monetary Policy Summary that modest policy tightening may eventually be warranted.
- The European Central Bank (ECB) kept its monetary-policy orientation on hold at its late-October meeting, enabling a moderately lower pace of net asset purchases under the pandemic emergency purchase programme (PEPP) than the target of approximately €80 billion per month that prevailed prior to its September meeting. ECB President Christine Lagarde stated that market expectations for an ECB rate hike in 2022 seemed a bit premature based on the central bank's analysis.
- The US Federal Open Market Committee (FOMC) did not hold an October meeting, but announced in early November a long-anticipated timetable to reduce its asset purchase programme, which is currently running at purchases of $80 billion in US Treasurys and $40 billion in agency mortgage-backed securities (MBS) per month. The central bank will shrink its monthly asset purchases by $15 billion—split between a $10 billion reduction in Treasury purchases and $5 billion in MBS—in November and again in December, with the expectation that the reductions will continue until asset purchases conclude altogether in June 2022, although the pace can be adjusted "if warranted by changes in the economic outlook."
- The Bank of Japan (BOJ) maintained its monetary-policy course at its late-October meeting—holding its short-term interest rate at -0.1% and its 10-year government bond yield target near 0%, while continuing open-ended asset purchases. The central bank downgraded its near-term consumer inflation forecast in its latest quarterly economic outlook.

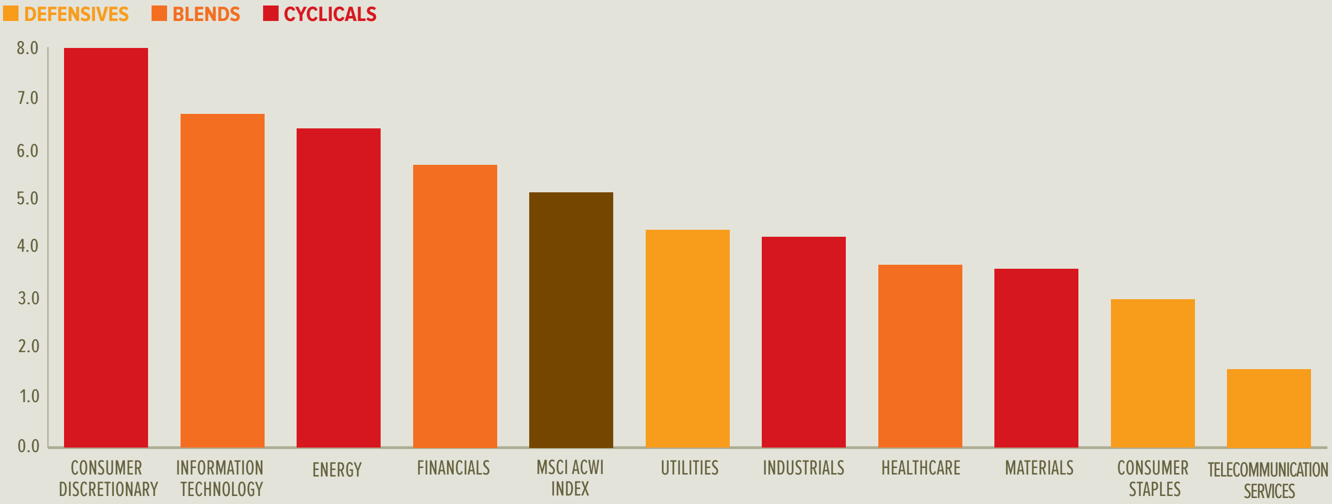
Regional Equity Performance in October 2021 (Percent Return)



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 October 2021 (Percent Return)



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

SEI's View

Recent gloom about flagging economic growth is likely a bit overdone. We expect economic growth—in the US and globally—to continue over the next year or two at a pace that meaningfully exceeds the sluggishness of the years that followed the 2007-to-2009 global financial crisis.

Household wealth is at an all-time high, owing to booming stock and home prices[11]. A big decline in the saving rate has helped cushion the blow to consumer spending; still, saving as a percentage of disposable income remains elevated compared to pre-pandemic levels. We think households generally can adjust to a decline in pandemic relief payments without necessitating a sharp contraction in their expenditures.

The impact of COVID-19 on global supply chains has been a more significant impediment. Vendor deliveries have seldom been as slow in the 74-year history of the Institute for Supply Management's (ISM) survey as they are now, even with the situation having eased slightly since May. Inventories remain exceedingly low relative to demand.

Input costs have been rising rapidly, but companies have been able to compensate by passing along their increased costs to customers. After-tax corporate margins on an economy-wide basis hit a new all-time high in the second quarter, rising to 14.9% of sales[12].

Corporate pricing power is the good news. The bad news is that inflation keeps exceeding consensus expectations. We still expect inflation to run at a higher rate for a longer period than has been commonly assumed, not just over the next one or two years, but well into the decade.

Growth in unit labour costs typically plummets when the economy emerges from recession. Now, however, unit labour costs are running at the fastest pace since the peak of the 2002-to-2007 expansion.

[11] "Financial Accounts of the United States." Board of Governors of the Federal Reserve System.
[12] "Corporate Profits." U.S. Bureau of Economic Analysis.

While commodity inflation and parts shortages may indeed prove transitory, it isn't clear whether the labour shortage and resultant pressure on compensation growth will be as quick to revert to lower levels.

While commodity inflation and parts shortages may indeed prove transitory, it isn't clear whether the labour shortage and resultant pressure on compensation growth will be as quick to revert to lower levels. The tax and regulatory initiatives of the Biden administration will likely add to the cost pressures facing businesses in the years immediately ahead.

Since US demand is expected to remain robust as economic growth normalises, it would not be surprising to see companies continue passing along their increased costs. Inflation over the long haul could thus be closer to 3% than the 2% or so currently expected by the Fed and most investors.

If that turns out to be the case, the Fed may be forced to raise interest rates higher and faster over the next three years than anticipated.

A concern that is much nearer in timeframe is the fight in Washington over infrastructure spending and the debt limit. We assume President Biden will get about half of what he is seeking, but the devil will be in the details. Investors are probably right not to react too dramatically to every development. The debt-limit drama, however, could elicit a more significant disruption as the deadline for must-pass legislation nears (again, after earning a temporary reprieve). Although the debt ceiling will be raised, the wrangling over it will almost certainly come down to the wire.

We suggest focusing on longer-term considerations: Economic growth should stay relatively strong in 2022. Households are in solid financial shape and will benefit as employment and wages continue to move higher. Companies are still able to pass along increased costs and maintain high profit margins. Fed policy is still biased toward easing credit conditions via ultra-low rates and asset purchases, allowing the economy to run hot at the risk of higher inflation. This should all create a favourable backdrop for risk assets and support a resumption in the coming months of the cyclical/financial/value trend versus growth/technology.

Other developed countries are broadly on the same path as the US, and are reacting to the same catalysts.

Purchasing managers' surveys from recent months show that US economic growth is cooling, yet still strong versus pre-pandemic levels. Activity in Europe, led by Germany, appears to be on the upswing—boosted by a decline in Delta (which has allowed for more travel and tourism in Europe) and an increase in EU fiscal support.

The major outlier is Japan, which has been rather weak so far this year versus its industrial-country peers. Inflation-adjusted GDP fell in the first quarter and posted only a tepid gain in the second quarter. Economists blame COVID-19-related restrictions. The global shortage in the supply of semiconductor chips, meanwhile, has impeded auto production. Citizens nonetheless blamed Prime Minister Yoshihide Suga. In response, he pledged to cede leadership of the Liberal Democratic Party (LDP) to former foreign minister Fumio Kishida. The LDP retained a comfortable majority in a 31 October election, so Kishida will also succeed Suga as prime minister.

US inflation may be near a peak, but a further acceleration appears in store for Europe. The immediate concern for households in the region is the cost of energy. Even without energy-production shortages, electricity prices across Europe tend to be much higher than in North America—especially for households, particularly in Germany.

Europe's energy woes probably won't cause the region's governments to deviate from the climate-change agenda they have put in place. The German election underscores this point. Although it will take a couple of months to cobble together a coalition, all political parties are committed to reducing carbon emissions.

Beyond energy, Europe's reopening should cause the price of services to rise as they have in the US, albeit to far less of an extent. The overwhelming assumption is that any pickup in inflation will be short-lived.

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China is dominating investor perceptions of emerging markets. The Xi government's push to enforce "common prosperity" has had far-reaching effects on corporate China. The country's 20-year boom has exacerbated social inequality. Crackdowns on for-profit tutoring companies, major gig employers, and individuals (notably, Jack Ma, the founder of e-commerce giant Alibaba and digital payments company Ant Group) is a brutal but effective way of addressing disparities in wealth and income.

Although some of these moves have hurt foreign equity investors, it's unclear whether the economy itself will be severely constrained. China is a huge country with tremendous internal capital upon which to draw. Foreign companies probably won't cut and run, but they will certainly be forced to play by Beijing's rules if they stay.

We expect diversification of supply chains away from China at the margin, but this has been happening anyway. It is in advanced countries' interests to be more self-sufficient in producing critical products. But China is too big, too efficient and too important a manufacturer for the world to turn its back on.

China's economic growth rate should nevertheless slow as a result of the government's actions. Property development has been the driving force behind its rapid expansion over the past 15 years. Critics of China's economic model have wondered for years if the bill would ever come due. It might be coming due now.

We are watching the trend in commodity prices for hints that pressure on China's construction activity is beginning to reverberate beyond its borders. So far, there has been little sign of that occurring. Iron ore prices have plunged, but that appears to have been caused primarily by government-mandated closures of steel plants in an effort to curb pollution.

Even within China itself, investors seem to be taking the Evergrande debacle in stride. The effective yield on the country's high-yield bonds has been rising sharply since May, but it is nowhere near the 40% yield reached in 2008. It also remains well below the high reached in 2011, when the government clamped down on excessive credit growth and rampant speculation in the property and stock markets.

In contrast to high yield, the yield on Chinese investment-grade bonds is currently at its lowest level in the past 20 years—indicating no sign of contagion[13].

One explanation for the resiliency of the MSCI Emerging Markets Index is the strength of the global economy outside China. The US has been leading the way, but other advanced countries—notably Europe—continue to post improved economic activity.

[13]According to the ICE BofA Investment Grade Emerging Markets Corporate Plus China Issuers Index

If history is any guide, however, upside inflation surprises in the G-10 countries suggest that emerging economies will follow suit over the next few months. Unlike advanced countries, where inflation expectations tend to better anchored, central banks in vulnerable emerging economies are forced to raise interest rates sooner than they would prefer in order to dampen inflation pressures and defend their currencies.

Given these concerns, investors might be tempted to avoid emerging-market equities. We believe that would be a mistake. Valuations, particularly relative to the developed world, look especially cheap.

Globally, the earnings of publicly traded companies generally remain robust; we believe that analysts are still underestimating that strength. With the exception of Japan, earnings estimates for 2021 have been raised dramatically versus just six months ago. Forecasts for 2022 earnings have been cut in half from where they were six months ago, but they still are expected to show mid-to-high single-digit gains.

This lowering of the bar for next year could allow for upward revisions in analysts' earnings estimates—assuming, as we do, that the renormalisation of global economic growth gets back on track with wider vaccine distribution and a declining COVID-19 wave.

Standardised Performance

		1 year to 31-Oct-21	1 year to 31-Oct-20	1 year to 31-Oct-19	1 year to 31-Oct-18	1 year to 31-Oct-17
KEY MEASURES						
Dow Jones Industrial Average		37.73%	0.34%	10.32%	9.87%	32.07%
S&P 500 Index		42.91%	9.71%	14.33%	7.35%	23.63%
NASDAQ Composite Index		42.99%	32.84%	14.77%	9.74%	31.13%
MSCI ACWI Index (Net)		37.28%	4.89%	12.59%	-0.52%	23.20%
Bloomberg Barclays Global Aggregate Index		1.04%	5.77%	9.47%	-2.43%	3.31%
MAJOR INDEX PERFORMANCE						
Bloomberg Barclays Global Aggregate ex-Treasury Index		1.04%	5.77%	9.47%	-2.43%	3.31%
Bloomberg Barclays Global Aggregate Index		-1.24%	5.63%	9.54%	-2.05%	1.18%
Bloomberg Barclays Global Treasury Index		-3.23%	5.48%	9.60%	-1.72%	-0.60%
MSCI ACWI ex-USA (Net)		29.66%	-2.61%	11.27%	-8.24%	23.64%
MSCI Emerging Markets Index (Net)		16.96%	8.25%	11.86%	-12.52%	26.45%
MSCI World Index (Net)		40.42%	4.36%	12.69%	1.16%	22.77%
FIXED-INCOME PERFORMANCE						
US Treasury Inflation-Protected Securities (TIPS)	Bloomberg Barclays 1-10 Year U.S. TIPS Index	7.05%	7.00%	6.87%	-0.61%	0.14%
Global Non-Government	Bloomberg Barclays Global Aggregate ex-Treasury Index	1.04%	5.77%	9.47%	-2.43%	3.31%
Global Sovereigns	Bloomberg Barclays Global Treasury Index	-3.23%	5.48%	9.60%	-1.72%	-0.60%
US Investment-Grade Corporates	Bloomberg Barclays U.S. Corporate Investment Grade Index	2.18%	7.05%	15.37%	-3.02%	3.46%
US Asset-Backed Securities (ABS)	Bloomberg Barclays U.S. Asset-Backed Securities Index	0.24%	4.28%	5.63%	0.52%	0.95%
US Mortgage-Backed Securities (MBS)	Bloomberg Barclays U.S. Mortgage-Backed Securities Index	-0.58%	3.95%	8.87%	-1.52%	0.53%
US Treasurys	Bloomberg Barclays U.S. Treasury Index	-2.45%	6.95%	11.08%	-1.97%	-0.69%
US High Yield	ICE BofAML US High Yield Constrained Index	10.75%	2.44%	8.32%	0.86%	9.14%
Emerging Markets (External)	JPMorgan EMBI Global Diversified Index	4.41%	0.98%	14.35%	-4.39%	6.32%
Emerging Markets (Local)	JPMorgan GBI-EM Global Diversified Index	0.84%	-3.81%	15.59%	-6.58%	5.18%
REGIONAL EQUITY PERFORMANCE						
United Kingdom	FTSE All-Share Index	43.54%	-18.70%	8.15%	-5.19%	23.33%
EM Latin America	MSCI Emerging Markets Latin America Index (Net)	21.93%	-33.14%	7.73%	-2.43%	10.14%
Europe ex UK	MSCI Europe ex UK Index (Net)	40.13%	-4.87%	12.33%	-9.72%	29.15%
Pacific ex Japan	MSCI Pacific ex Japan Index (Net)	30.61%	-9.39%	16.29%	-6.17%	18.53%
United States	S&P 500 Index	42.91%	9.71%	14.33%	7.35%	23.63%
Japan	TOPIX, also known as the Tokyo Stock Price Index	18.62%	0.36%	8.45%	-4.13%	19.70%
GLOBAL EQUITY SECTOR PERFORMANCE						
MSCI ACWI Index		37.28%	4.89%	12.59%	-0.52%	23.20%
MSCI ACWI Consumer Discretionary Index		28.55%	24.19%	14.49%	2.57%	21.19%
MSCI ACWI Consumer Staples Index		17.75%	-0.37%	13.07%	-0.69%	8.03%
MSCI ACWI Energy Index		85.06%	-42.43%	-6.27%	4.18%	9.59%
MSCI ACWI Financials Index		59.18%	-18.37%	9.17%	-6.16%	30.40%
MSCI ACWI Healthcare Index		28.57%	10.24%	10.00%	7.43%	18.98%
MSCI ACWI Industrials Index		36.17%	-2.29%	14.08%	-5.95%	25.92%
MSCI ACWI Information Technology Index		45.32%	32.86%	22.33%	3.91%	40.22%
MSCI ACWI Materials Index		34.25%	6.88%	7.58%	-8.14%	27.77%
MSCI ACWI Telecommunication Services Index		28.42%	16.04%	14.99%	-4.37%	4.61%
MSCI ACWI Utilities Index		12.96%	-2.52%	20.78%	-2.98%	14.27%

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

Glossary of Financial Terms

Bear market: A bear market refers to a market environment in which prices are generally falling (or are expected to fall) and investor confidence is low.

Bull market: A bull market refers to a market environment in which prices are generally rising (or are expected to rise) and investor confidence is high.

Cyclical stocks: Cyclical stocks or sectors are those whose performance is closely tied to the economic environment and business cycle. Managers with a pro-cyclical market view tend to favour stocks that are more sensitive to movements in the broad market and therefore tend to have more volatile performance.

Fiscal policy: Fiscal policy relates to decisions about government revenues and outlays, like taxation and economic stimulus.

Fiscal stimulus: Fiscal stimulus refers to government spending intended to provide economic support.

Forward price-to-earnings (PE) ratio: The forward PE ratio is equal to the market capitalisation of a share or index divided by forecasted earnings over the next 12 months. The higher the PE ratio, the more the market is willing to pay for each dollar of annual earnings.

Hawk: Hawk refers to a central-bank policy advisor who has a negative view of inflation and its economic impact, and thus tends to favour higher interest rates.

Inflation-Protected Securities: Inflation-protected securities are typically indexed to an inflationary gauge to protect investors from the decline in the purchasing power of their money. The principal value of an inflation-protected security typically rises as inflation rises, while the interest payment varies with the adjusted principal value of the bond. The principal amount is typically protected so that investors do not risk receiving less than the originally invested principal.

Monetary policy: Monetary policy relates to decisions by central banks to influence the amount of money and credit in the economy by managing the level of benchmark interest rates and the purchase or sale of securities. Central banks typically make policy decisions based on their mandates to target specific levels or ranges for inflation and employment.

Mortgage-Backed Securities: Mortgage-backed securities (MBS) are pools of mortgage loans packaged together and sold to the public. They are usually structured in tranches that vary by risk and expected return.

NextGenerationEU: NextGenerationEU is an economic recovery fund established by the EU and totalling more than €800 billion projected to be spent between 2021 and 2027. The centrepiece of the programme is a €723.8 billion facility for loans and grants to EU countries for investments.

OPEC+: OPEC+ combines OPEC—a permanent intergovernmental organisation of 13 oil-exporting developing nations that coordinates and unifies the petroleum policies of its member countries—with Russia, a major oil exporter, to make collective high-level decisions about oil production levels.

Pandemic Emergency Purchase Programme (PEPP): PEPP is a temporary asset-purchase programme of private and public sector securities established by the European Central Bank to counter the risks to monetary-policy transmission and the outlook for the euro area posed by the COVID-19 outbreak.

Quantitative easing: Quantitative easing refers to expansionary efforts by central banks to help increase the supply of money in the economy.

Sovereign: A sovereign refers to government-issued debt.

Summary of Economic Projections: The Fed's Summary of Economic Projections (SEP) is based on economic projections collected from each member of the Fed Board of Governors and each Fed Bank president on a quarterly basis.

Taper tantrum: Taper tantrum describes the 2013 surge in US Treasury yields resulting from the US Federal Reserve's announcement of future tapering of its policy of quantitative easing.

Transitory inflation: Transitory inflation refers to a temporary increase in the rate of inflation.

Yield: Yield is a general term for the expected return, in percentage or basis points (one basis point is 0.01%), of a fixed-income investment.

Yield curve: The yield curve represents differences in yields across a range of maturities of bonds of the same issuer or credit rating (likelihood of default). A steeper yield curve represents a greater difference between the yields. A flatter curve indicates the yields are closer together.

Index Descriptions

The Bloomberg Commodity Index is composed of futures contracts and reflects the returns on a fully collateralised investment in the Index. This combines the returns of the Index with the returns on cash collateral invested in 13-week (3-month) US Treasury bills.

The Employment Cost Index is a quarterly economic series published by the US Bureau of Labor Statistics that details the growth of total employee compensation. The index tracks movement in the cost of labour, as measured by wages and benefits, at all levels of a company.

The MSCI Emerging Markets Index is a free float-adjusted market-capitalisation-weighted index designed to measure the performance of global emerging-market equities.

The MSCI USA Index measures the performance of the large- and mid-cap segments of the US 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.

Important Information

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

Investments in SEI Funds are generally medium- to long-term investments. The value of an investment and any income from it can go down as well as up. Investors may get back less than the original amount invested. Returns may increase or decrease as a result of currency fluctuations. Additionally, this investment may not be suitable for everyone. If you should have any doubt whether it is suitable for you, you should obtain expert advice.

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