

Rising Rates Restrain the Rally

Monthly Snapshot

- › Shares were higher around the world until an upward spike in government-bond yields sent chills through markets during the second half of February. Even still, most equity markets finished positive for the month.
- › UK Prime Minister Boris Johnson unveiled a four-stage plan in late February to reopen England on the expectation that COVID-19 cases will continue to decline with the aid of vaccines.
- › We anticipate ongoing signs of a global economic recovery as COVID-19 abates and activity normalises. In the meantime, fiscal spending and accommodative central-bank policy should sustain gross domestic product (GDP) growth and eventually cause inflation to rise.

Risk assets continued their advance through the first half of February without any real setbacks. Shares were higher around the world until the middle of the month, when government-bond yields (which had been rising slowly since the fall) began to spike further. The spectre of a sharp increase in borrowing costs sent chills through markets during the second half of February, leading to selloffs of varying intensity. Full-month equity performance, however, was still positive around most of the world.

Developed-market equities outperformed emerging markets during the month, with mainland Chinese equities negative and Brazil among the worst performers. UK shares led among major developed markets, followed by the US, Hong Kong, eurozone and Japan. Energy and financials delivered the best sector-level performance in February. Value-oriented shares beat their growth-oriented peers, and small-cap shares outpaced large caps.

UK and eurozone government-bond rates increased across all maturities during the month, although long-term rates rose by considerably more than short-term rates. In the US, short-term Treasury rates fell by a small amount, while long-term rates pushed higher. The 10-year Treasury yield—a reference rate for everything from corporate debt to mortgages—briefly rose to its highest level in more than a year near the end of February.

The US dollar stayed near its January low (relative to a trade-weighted basket of foreign currencies) and remained confined to the range it has established since early December. The West Texas Intermediate crude-oil price climbed from \$52.20 to \$61.50 per barrel, or 17.8%, during the month.

In late February, with COVID-19 cases expected to continue declining with the aid of vaccines, UK Prime Minister Boris Johnson unveiled a four-stage plan to reopen England:

1. Reopen schools on 8 March and larger outdoor gatherings and sports on 29 March.
2. Reopen non-essential retail businesses and cease curfews for restaurants and pubs (still limited to outdoor seating) as early as 12 April, depending on the progression of the infection rate.
3. Conclude most social-contact rules (two households will be allowed to meet indoors), and reopen hospitality businesses to indoor service as soon as 17 May.
4. Retire any remaining social-contact limits and reopen all still-closed businesses as early as 21 June.

Key Measures: February 2021

EQUITY	
Dow Jones Industrial Average	3.43% ↑
S&P 500 Index	2.76% ↑
NASDAQ Composite Index	1.01% ↑
MSCI ACWI Index (Net)	2.32% ↑
BOND	
Bloomberg Barclays Global Aggregate Index	-1.72% ↓
VOLATILITY	
Chicago Board Options Exchange Volatility Index	27.95 ↓
PRIOR MONTH: 33.09	
OIL	
WTI Cushing crude oil prices	\$61.50 ↑
PRIOR MONTH: \$52.20	
CURRENCIES	
Sterling vs. US dollar	\$1.39 ↑
Euro vs. US dollar	\$1.21 ↓
US dollar vs. yen	¥106.56 ↑

Sources: Bloomberg, FactSet, Lipper

In the US, estimated daily COVID-19 case counts had fallen by the end of February toward the low point of September last year. The US Centers for Disease Control and Prevention (CDC) released updated school reopening guidelines in mid-February that spurred state health departments and local school districts to coordinate plans for more in-person learning and fewer virtual classes.

The US House of Representatives passed a \$1.9 trillion economic relief bill at the end of February. The bill will likely be modified by the Senate to exclude a minimum-wage increase that is not allowed in packages passed under the Senate's reconciliation rules (under which bills may be passed with a simple majority rather than the Senate's typical 60% majority requirement—as long as the whole bill directly addresses taxes, spending or the level of the US debt).

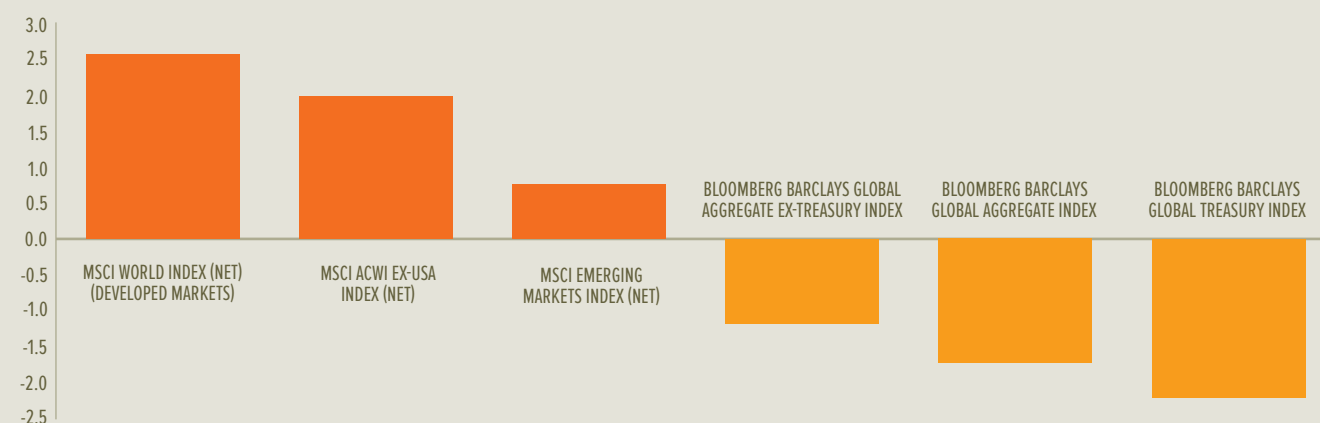
Johnson & Johnson's (J&J) COVID-19 vaccine received emergency-use authorisation from the US Food and Drug Administration at the end of February. While less effective than the Pfizer-BioNTech and Moderna vaccines that received the first two emergency approvals, the J&J vaccine only requires one dose (as opposed to the others' two-dose regimen) and can be stored at the temperature of a regular refrigerator (as opposed to the sub-zero temperatures required to sustain the others)¹. J&J announced an immediate shipment of four million doses, and plans to ship 100 million doses by June and potentially one billion doses by the end of the year.

Following the January collapse of Italy's governing coalition and subsequent resignation of Prime Minister Giuseppe Conte, Italian President Sergio Mattarella asked former European Central Bank President Mario Draghi to form a technocratic government. Draghi answered his call, and his national unity platform—which includes cabinet ministers from across and outside of the political spectrum—received support from parties in the centre, left, and right. He was sworn in as prime minister on 13 February.

¹ "How does the Johnson & Johnson vaccine compare to other coronavirus vaccines?" PBS Newshour. 1 March 2021.

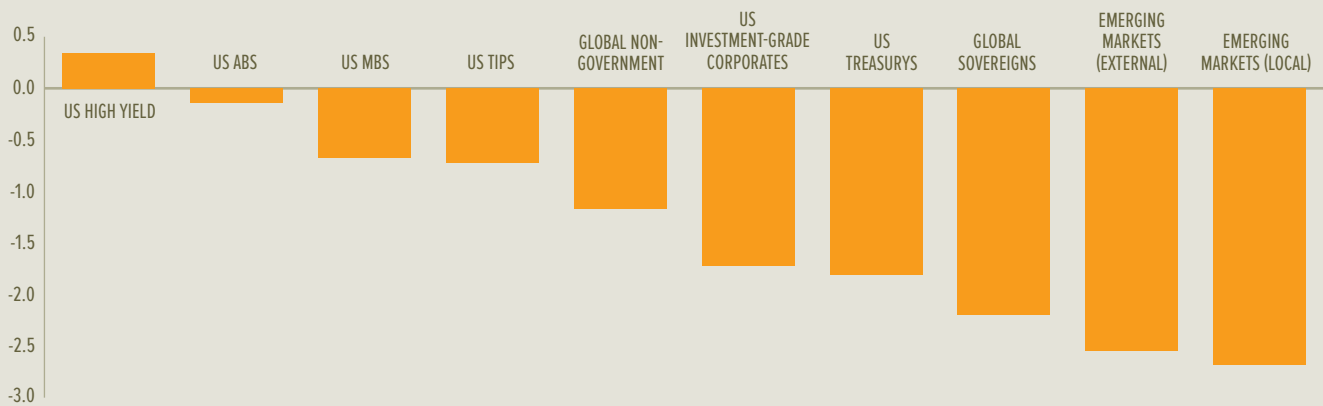
Major Index Performance in February 2021 (Percent Return)

■ FIXED INCOME ■ EQUITIES



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

Fixed-Income Performance in February 2021 (Percent Return)



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

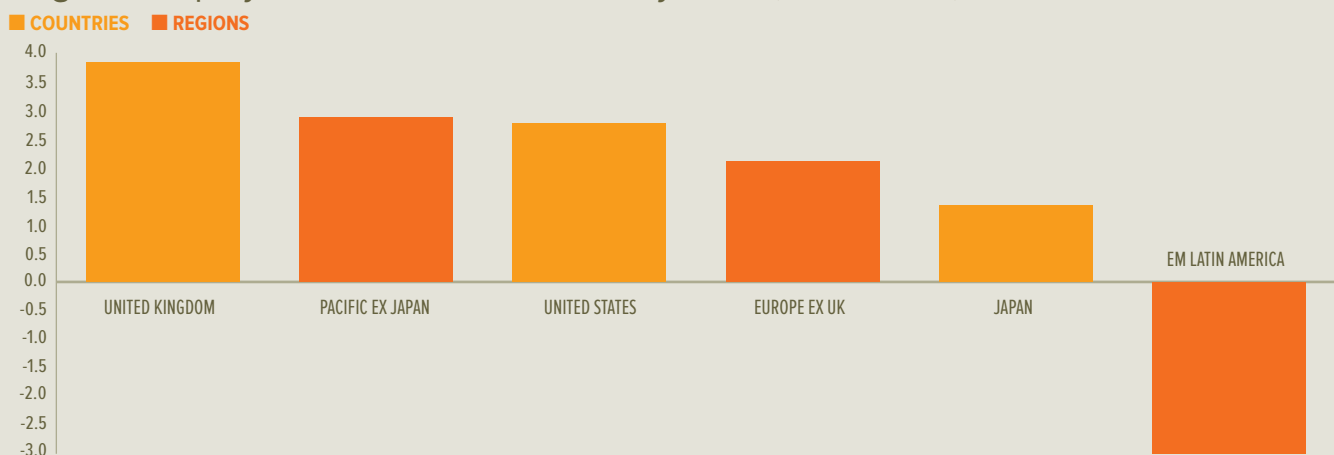
Economic Data

- UK manufacturing growth improved to healthier levels in February after slowing in January from a relatively brisk fourth quarter. The country’s services sector activity was in a holding pattern during February, neither expanding nor contracting, after plummeting in the prior month. The UK claimant count (which calculates the number of people claiming Jobseeker’s Allowance) decreased by 0.1% to 7.2% in January, representing roughly 2.6 million total claimants. The broad UK economy grew by 1.2% in December after breaking a six-month recovery trend in November with a 2.6% contraction.
- Eurozone manufacturing growth jumped in February to strong levels, interrupting a fairly slow and steady recovery that began last spring. Like the rest of the world, the eurozone manufacturing sector was temporarily crippled by the early spread of COVID-19; but it had already been suffering from varying degrees of contraction since early 2019. Eurozone services activity continued to shrink during February, having last experienced growth during a fleeting two-month period that ended in August 2020. The eurozone economy contracted by 0.6% during the fourth quarter of 2020 (after changes of -3.6%, -11.8% and +12.5% during the first, second and third quarters, respectively) and shrank by 5.0% during the 2020 calendar year.
- US manufacturing growth remained strong in February. Services sector growth continued to heat up during the month, nearing November’s highs. New weekly US claims for unemployment benefits broke below 800,000 to start February, but climbed to 861,000 by mid-month before recovering to 745,000 by the end of the period. The overall US economy expanded at an annualised 4.1% rate during the fourth quarter (after annualised changes of -5.0%, -31.4% and +33.4% during the first, second and third quarters, respectively).

Central Banks

- › The Bank of England’s (BOE) Monetary Policy Committee (MPC) held course at its early-February meeting, keeping the bank rate at 0.1% and retaining a maximum allowance for asset purchases of £895 billion. In response to a banking-system review by the BOE’s Prudential Regulatory Authority that found banks would need six months to prepare for negative benchmark rates, the MPC communicated that it has no intention of introducing a negative rate within the next six months.
- › The European Central Bank (ECB) held no monetary-policy meeting during February. In testimony to the European Parliament about the inflation landscape, ECB President Christine Lagarde said, “Underlying price pressures are likely to remain subdued owing to weak demand, low wage pressures and the appreciation of the euro exchange rate.”
- › The US Federal Open Market Committee did not hold a meeting during February. Federal Reserve (Fed) Chair Jerome Powell pledged to continue supporting the economy via monetary policy during his semi-annual congressional testimony on 23 and 24 February. He also weighed in on recent concerns about rising price pressures, stating, “I really do not expect we’ll be in a situation where inflation rises to troublesome levels.”
- › The Bank of Japan (BOJ) did not hold a meeting on monetary policy during February. The next meeting, scheduled for 18 and 19 March, is expected to coincide with a review of the BOJ’s tools—with an eye to the eventual prospect of unwinding its deep market interventions that date back as far as the global financial crisis.

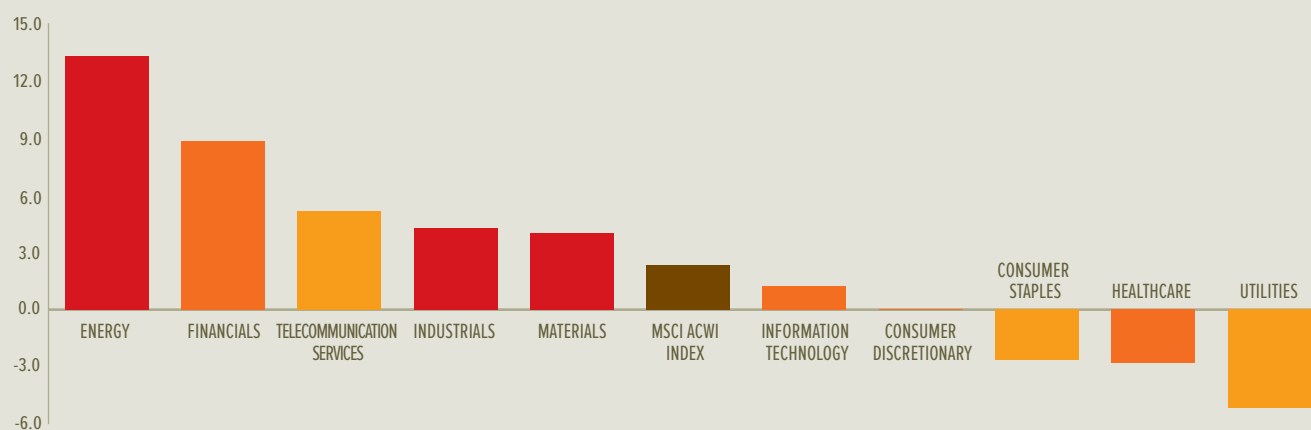
Regional Equity Performance in February 2021 (Percent Return)



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

Global Equity Sector Performance in February 2021 (Percent Return)

■ DEFENSIVES ■ BLENDS ■ CYCLICALS



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

SEI's View

We all continue to look forward to better times ahead. From the looks of it, investors have already begun to set their sights beyond the valley.

Recent market chatter has hinted at the notion of a “Great Rotation” in capital markets, suggesting that investors may have begun to favour value and cyclical sectors over growth names. While there has been some evidence of this, we believe it is still too early to tell if this is the beginning of a major secular shift in equity investment themes.

In our view, several signs of potential normalisation seem to support the prospect of a style regime change.

- US Treasury yields started to tick up last fall and we’ve seen a sustained increase in intermediate-to-long-term interest rates in the year to date.
- The development and improved distribution of highly effective COVID-19 vaccines has helped investors shake worries about the pandemic lasting indefinitely.
- Regulatory changes across multiple jurisdictions have hinted that the dominance of large technology companies may no longer be as straightforward, long-lasting or profitable as some investors have grown accustomed.

No one knows whether these changes truly signal a Great Rotation from growth leadership to cyclical and value-oriented areas of the market. Still, we expect investors will be willing to shrug off the likely prospect of more bad news in the difficult months that lay ahead—including, for example, slowdowns or pauses in the manufacturing, distribution, administration or uptake of COVID-19 vaccines.

Politics will also come into play, with potential to act as either a tailwind or a headwind. The US Congress struggled for months to provide additional income support to the people and businesses most seriously affected by the economic disruptions caused by the virus. The lawmakers finally came up with a \$900 billion compromise that is limited in scope and falls far short of

The development and distribution of vaccines can be expected to benefit the large energy, materials and industrial multinationals that make up about one-third of the MSCI United Kingdom Index.

what is needed. Most of the benefits are set to expire in March and April, and it does not address revenue shortfalls facing state and local governments. There's a high likelihood that the Biden administration's American Rescue Plan (or a variation thereof, pending congressional negotiations) will succeed in getting additional fiscal support to those who need it.

Policy depends on personnel, and the priorities of the Biden administration have already proven to be quite different from those of the Trump era. One of the most important nominations put forth by Biden is that of former Fed Chair Janet Yellen as Treasury Secretary. A close working relationship between the US Treasury and the Fed will probably be reassuring for investors in the near term since there is little doubt that the central bank will continue its extraordinary efforts to support the economic recovery in 2021.

Casting our focus across the Atlantic, the last-minute Brexit deal in December provided a Christmas gift of sorts, at least in terms of removing a degree of uncertainty. While a skinny deal is better than none, the UK's long period of intense uncertainty has continued to a degree as the deal addressed the transfer of goods but not commerce in services.

Such barriers to trade tend to introduce economic inefficiencies. Post-Brexit, therefore, UK prices will likely move a bit higher, GDP a bit lower and supply chains a bit more unreliable.

Looking at the forward price-to-earnings ratio of the MSCI United Kingdom, MSCI Europe ex-U.K. and the MSCI USA Indexes, we can see that the US market has consistently traded at a premium valuation over the past 15 years.

That premium has widened since 2017 and expanded significantly further in 2020. The other two markets have mostly traded at similar valuations to each other over time—but a major divergence began to develop in 2019 and became more pronounced in 2020.

UK equity valuations, in our opinion, reflect much of the bad news. Maybe it is time for investors to think about the things that could go right:

- › First, of course, is the development and distribution of vaccines, which are expected to drive the global economy to higher ground in 2021. This should benefit the large energy, materials and industrial multinationals that make up about one-third of the market capitalisation of the MSCI United Kingdom Index².
- › The UK also appears competitive versus other advanced countries when measured by various benchmarks, such as relative unit labour costs³.
- › The government's trade negotiators have already fanned out across the world to make sure that the UK retains the same trade agreements that it enjoyed as a member of the EU.

Like so many other relationships in the equity market, the underperformance of the eurozone benchmark has been going on for a long time. Europe is more cyclical, value-oriented and less dynamic than the US—but that does not prohibit a rebound in performance against the US stock market at a time when the US appears to be excessively tilted toward technology stocks, the US dollar is weakening, and a global economic recovery is at hand.

²According to MSCI's fact sheet for the MSCI United Kingdom Index as at 26 February 2021.

³According to the Organisation for Economic Co-operation and Development's data on unit labour costs.

The pandemic has had one good economic outcome for Europe. It finally forced Germany and other fiscal “hawks” to allow an expansion in fiscal policy. This move away from budgetary austerity should be viewed in context. Most countries have experienced a sharp rise in red ink during 2020, with the biggest deficits outside the eurozone. European economies probably can afford to run higher deficits than the International Monetary Fund appears to have pencilled in for 2021. The memory of the European periphery debt crisis is still fresh in the minds of many policymakers who realise that pushing for fiscal austerity measures prematurely would probably be a mistake.

On the other hand, we think there is a greater need for other countries outside the eurozone to regain control of their finances. If those countries fail to do so, Europe could be the beneficiary of investment flows that would further prop up the euro and equity valuations.

Emerging-market equities have been on a tear since they bottomed out last March⁴. However, the MSCI Emerging Markets Index (total return) is still just above its previous high-water mark recorded in January 2018. Frontier markets have fared even worse. The MSCI Frontier Emerging Markets Index (total return) has yet to surpass its most recent pre-pandemic high level recorded in January 2020⁵.

Fortunately, not only has the combined fire power of global central banks prevented a liquidity crisis, it has also driven borrowing costs down to near-record lows—even as total emerging-market debt exceeds 200% of GDP⁶. Only two problem debtors—Argentina and Turkey—had to increase their interest rates in recent months to stem investment outflows. As the world returns to normal, other nations may need to raise interest rates in order to attract sufficient investment inflows to sustain their fiscal and current-account positions.

A weak US dollar is an important catalyst for emerging-markets performance. Although the currency weakened meaningfully in 2020 and pushed emerging-market equities higher, the performance of emerging markets relative to developed markets has been in a narrow range. We anticipate the coming year will see emerging equities’ relative performance improve, partly because the US dollar is expected to continue to weaken.

If the world economy enjoys a durable cyclical recovery in 2021, the US dollar should indeed sink further. A recovery would also bolster the rebound in commodity prices. Commodities of all sorts have been moving sharply higher since the spring, with metals, raw industrials and foodstuffs rallying together for the first time since the 2009-to-2011 period.

As COVID-19 abates and economic activity normalises, signs of a recovery should continue to reveal themselves. In the meantime, fiscal spending and accommodative central-bank policy should sustain GDP growth and eventually cause inflation to rise. As the market prices in these developments, “long-duration” growth and expensive high-profitability stocks will likely be pressured—while momentum investors are expected to rotate into new themes, potentially adding more fuel to this nascent cyclical rally.

⁴According to the performance of the MSCI Emerging Markets Index.

⁵According to the performance of the MSCI Frontier Emerging Markets Index.

⁶According to the Bank for International Settlements’ statistics on debt securities.

Standardised Performance

		1 year to 28-Feb-21	1 year to 29-Feb-20	1 year to 28-Feb-19	1 year to 28-Feb-18	1 year to 28-Feb-17
KEY MEASURES						
Dow Jones Industrial Average		24.41%	0.44%	5.95%	23.10%	29.33%
S&P 500 Index		31.29%	8.19%	4.68%	17.10%	24.98%
NASDAQ Composite Index		55.27%	14.94%	4.71%	26.18%	29.37%
MSCI ACWI Index (Net)		30.25%	3.89%	-0.84%	18.79%	22.07%
Bloomberg Barclays Global Aggregate Index		4.33%	7.92%	-0.57%	6.01%	0.59%
MAJOR INDEX PERFORMANCE						
Bloomberg Barclays Global Aggregate ex-Treasury Index		5.24%	8.31%	0.42%	5.06%	2.38%
Bloomberg Barclays Global Aggregate Index		4.33%	7.92%	-0.57%	6.01%	0.59%
Bloomberg Barclays Global Treasury Index		3.48%	7.58%	-1.39%	6.82%	-0.89%
MSCI ACWI ex-USA (Net)		26.18%	-0.69%	-6.46%	21.63%	19.31%
MSCI Emerging Markets Index (Net)		36.05%	-1.88%	-9.89%	30.51%	29.46%
MSCI World Index (Net)		29.34%	4.63%	0.43%	17.36%	21.26%
FIXED-INCOME PERFORMANCE						
US Treasury Inflation-Protected Securities (TIPS)	Bloomberg Barclays 1-10 Year U.S. TIPS Index	5.97%	7.86%	2.20%	-0.32%	2.85%
Global Non-Government	Bloomberg Barclays Global Aggregate ex-Treasury Index	5.24%	8.31%	0.42%	5.06%	2.38%
Global Sovereigns	Bloomberg Barclays Global Treasury Index	3.48%	7.58%	-1.39%	6.82%	-0.89%
US Investment-Grade Corporates	Bloomberg Barclays U.S. Corporate Investment Grade Index	2.79%	15.81%	2.63%	2.20%	6.42%
US Asset-Backed Securities (ABS)	Bloomberg Barclays U.S. Asset-Backed Securities Index	2.58%	5.71%	3.12%	0.63%	1.14%
US Mortgage-Backed Securities (MBS)	Bloomberg Barclays U.S. Mortgage-Backed Securities Index	1.49%	7.45%	3.58%	0.16%	0.44%
US Treasuries	Bloomberg Barclays U.S. Treasury Index	-0.13%	12.15%	3.23%	-0.56%	-1.24%
US High Yield	ICE BofAML US High Yield Constrained Index	8.53%	5.91%	4.26%	4.12%	22.30%
Emerging Markets (External)	JPMorgan EMBI Global Diversified Index	0.91%	9.68%	3.05%	4.39%	12.05%
Emerging Markets (Local)	JPMorgan GBI-EM Global Diversified Index	3.70%	3.73%	-5.38%	14.43%	12.42%
REGIONAL EQUITY PERFORMANCE						
United Kingdom	FTSE All-Share Index	13.29%	-5.34%	-1.82%	15.59%	9.66%
EM Latin America	MSCI Emerging Markets Latin America Index (Net)	-6.03%	-11.89%	-5.21%	21.10%	47.53%
Europe ex UK	MSCI Europe ex UK Index (Net)	23.90%	1.87%	-6.95%	23.13%	12.72%
Pacific ex Japan	MSCI Pacific ex Japan Index (Net)	21.59%	-3.40%	-0.67%	16.07%	29.00%
United States	S&P 500 Index	31.29%	8.19%	4.68%	17.10%	24.98%
Japan	TOPIX, also known as the Tokyo Stock Price Index	27.98%	-0.56%	-10.91%	23.30%	22.01%
GLOBAL EQUITY SECTOR PERFORMANCE						
MSCI ACWI Index		30.25%	3.89%	-0.84%	18.79%	22.07%
MSCI ACWI Consumer Discretionary Index		50.38%	5.08%	-1.62%	23.52%	16.51%
MSCI ACWI Consumer Staples Index		11.08%	3.43%	0.85%	5.51%	8.94%
MSCI ACWI Energy Index		4.88%	-21.56%	2.45%	6.51%	26.23%
MSCI ACWI Financials Index		17.15%	-2.38%	-9.16%	21.30%	35.38%
MSCI ACWI Healthcare Index		22.61%	5.34%	7.85%	12.35%	10.63%
MSCI ACWI Industrials Index		26.08%	-0.67%	-3.06%	19.48%	23.20%
MSCI ACWI Information Technology Index		54.52%	22.80%	1.18%	37.38%	32.61%
MSCI ACWI Materials Index		46.03%	-7.08%	-7.48%	21.16%	37.40%
MSCI ACWI Telecommunication Services Index		39.54%	7.85%	1.10%	2.21%	5.45%
MSCI ACWI Utilities Index		0.76%	8.73%	14.50%	3.20%	10.49%

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

Glossary of Financial Terms

Austerity: Austerity refers to measures taken by a country's government to reduce its expenditures and its budget deficit.

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 ratio: The forward price-to-earnings ratio is the ratio of a company's share price to its forecasted earnings over the next 12 months, which can be used to help determine whether a stock is undervalued or overvalued.

Hawk: Hawk refers to a policy advisor, for example at the Bank of England, who has a negative view of inflation and its economic impact and thus tends to favour higher interest rates.

International Monetary Fund: The International Monetary Fund is an international financial institution, whose work focuses on global monetary cooperation, securing financial stability, facilitating international trade, promoting high employment and sustainable economic growth, and reducing poverty around the world.

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.

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.

Index Descriptions

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 Europe ex-UK Index is a free float-adjusted market-capitalization-weighted index that captures large- and mid-cap representation across developed-market countries in Europe excluding the UK.

The MSCI Frontier Emerging Markets Index is a free float-adjusted market capitalization index designed to serve as a benchmark covering all countries from the MSCI Frontier Markets Index and the lower size spectrum of the MSCI Emerging Markets Index.

The MSCI United Kingdom Index is designed to measure the performance of the large- and mid-cap segments of the UK market.

The MSCI USA Index is designed to measure the performance of the large- and mid-cap segments of the US market.

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	ICE BofA U.S. High Yield 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 Treasuries	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 Bond 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.

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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