

Capital Market Assumptions Update: Revised to Reflect Rates Outlook

NOVEMBER 2021

Snapshot

- › Fixed-income return assumptions were reworked to reflect possible future rate paths, leading to mixed results.
- › Equity assumptions edged slightly higher given the prospect of increased short-term risk-free rates.
- › The value of these assumptions is not in accurately predicting performance, but in having a better understanding of the relationships between assets classes—which enables us to help investors make well-informed decisions.

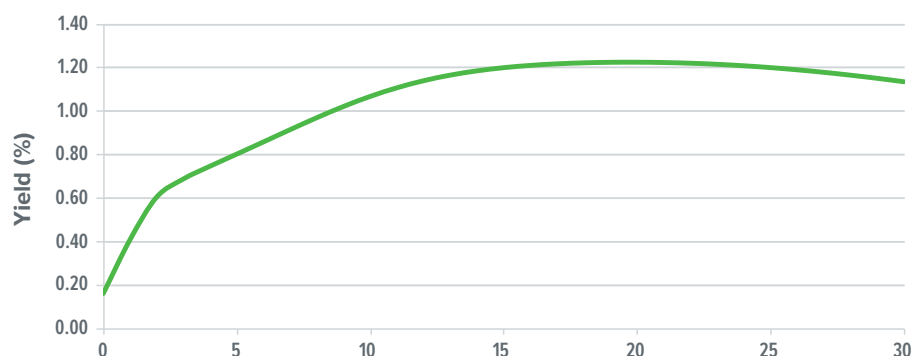
At SEI, we updated our capital market assumptions (CMAs) as part of our review and monitoring process. This brought our estimates for risk premiums over cash in line with our current expectations for capital markets (cash is used as a proxy for the theoretical return on a risk-free asset).

Fixed-income returns will depend on maturity and credit exposure

Central banks around the world reacted swiftly and significantly in their efforts to prop up the global economy in light of the COVID-19 pandemic. Several have indicated their willingness to keep rates low and allow inflation to run above target for some time. With that said, major central banks have started to signal expectations that they may begin to reduce asset purchases and/or raise rates over the next year or two.

The anticipated future path of rates reflects the belief that central banks will begin to alter the course of their respective policies and be able to hold inflation under control. This is mirrored in the somewhat flattening shape of the government yield curve, along with the slightly higher rates across maturities and the return of breakeven inflation to normal levels.

Exhibit 1: Current UK Nominal Government Yield Curve

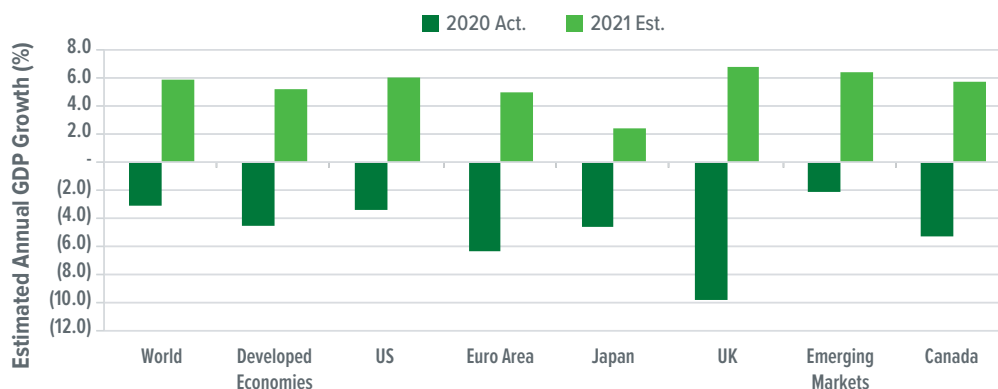


Source: SEI, Bank of England. Data as at 2/11/2021.

Global equity return expectations slightly higher

Based on current global central-bank policies implemented in light of the COVID-19 pandemic and projections of low overnight lending rates, our base-case view is a slow return of interest rates to more typical levels. Equity asset classes are still expected to deliver similar risk-premium levels as they have historically; we anticipate lower absolute returns given the lower interest-rate environment. However, with short-term interest rates expected to increase, returns on risky asset classes like equities should improve.

Exhibit 2: Estimated Global Gross Domestic Product (GDP) Growth



Source: International Monetary Fund. Data as at 31/10/2021.

About SEI's capital market assumptions

At SEI, we develop forward-looking, long-term capital market assumptions about risk, returns and correlations for a variety of global asset classes, interest rates and inflation. Our assumptions are based on quantitative analyses of historical data and current market environments along with qualitative reasoning. We believe this approach allows for greater impartiality than methods that rely on historical data alone, which are often skewed by a single time period or event.

We aggregate our asset-class assumptions into a diversified portfolio, and then run Monte-Carlo simulations to develop scenarios across a wide variety of market environments that can provide insight into the potential impact of future market variability over time.

In our view, the value of these assumptions is ultimately not in their accuracy as point estimates, but in their ability to capture relevant relationships and changes in those relationships as a function of economic and market influences—and in our ability to help investors make well-informed decisions.

Please refer to our recent publication, *Developing Capital Market Assumptions for Asset Allocation Modeling*, for more detail about how we develop CMAs at SEI. Information regarding the actual assumptions that we use in a specific portfolio can be requested from your SEI representative.

CMAs are not predictions of how asset classes will perform or reliable indicators of future performance; instead, they are expected long-term characteristics of asset classes. The below figures are SEI's mean estimates for select asset classes. They do not represent all asset classes SEI analyses nor should they be considered projections for any SEI investment products. Different tools and models can simulate various market conditions using these assumptions as inputs. CMAs are used in the strategic asset allocation process, for asset/liability studies, and in proposal-generation systems. All assumptions are pre-tax and gross of any fees or expenses related to investing.

Exhibit 3: Capital Market Assumptions (Returns in GBP)

Asset Class	Arithmetic Return (%)	Previous Arithmetic Return (%)	Difference (%)
Equities			
UK Large Cap	5.61	5.31	0.30
MSCI EAFE Large Cap	6.57	6.27	0.30
Emerging-Market Equity	8.97	8.67	0.30
US Large Cap	6.57	6.26	0.31
Fixed Income			
UK Core Fixed Income	1.85	1.25	0.60
Global Fixed Income Hedged	1.90	1.72	0.18
Emerging-Market Debt	5.71	5.40	0.31
Liquidity			
UK Cash	0.65	0.35	0.30

Based on SEI's forward-looking assumptions. Note such assumptions are not a reliable indicator of future results and are subject to change.

For Professional Client Use Only – Not for Distribution to Retail Clients

Important Information

This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events or a guarantee of future results. Positioning and holdings are subject to change. All information as of the date indicated. There are risks involved with investing, including possible loss of principal. This information should not be relied upon by the reader as research or investment advice, (unless you have otherwise separately entered into a written agreement with SEI for the provision of investment advice) nor should it be construed as a recommendation to purchase or sell a security. The reader should consult with their financial professional for more information.

Statements that are not factual in nature, including opinions, projections and estimates, assume certain economic conditions and industry developments and constitute only current opinions that are subject to change without notice. Nothing herein is intended to be a forecast of future events, or a guarantee of future results.

Certain economic and market information contained herein has been obtained from published sources prepared by other parties, which in certain cases have not been updated through the date hereof. While such sources are believed to be reliable, neither SEI nor its affiliates assumes any responsibility for the accuracy or completeness of such information and such information has not been independently verified by SEI.

There are risks involved with investing, including loss of principal. 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. Past performance is not a reliable indicator of future results. Investment may not be suitable for everyone.

This material is not directed to any persons where (by reason of that person's nationality, residence or otherwise) the publication or availability of this material is prohibited. Persons in respect of whom such prohibitions apply must not rely on this information in any respect whatsoever.

The information contained herein is for general and educational information purposes only and is not intended to constitute legal, tax, accounting, securities, research or investment advice regarding the strategies or any security in particular, nor an opinion regarding the appropriateness of any investment. This information should not be construed as a recommendation to purchase or sell a security, derivative or futures contract. You should not act or rely on the information contained herein without obtaining specific legal, tax, accounting and investment advice from an investment professional.

Information issued in the UK by SEI Investments (Europe) Limited, 1st Floor, Alphabeta, 14-18 Finsbury Square, London EC2A 1BR which is authorised and regulated by the Financial Conduct Authority. Investments in SEI Funds are generally medium- to long-term investments.

The SEI Global Assets Fund Plc, SEI Global Investments Fund Plc, and SEI Global Master Fund Plc (the "SEI UCITS Funds") are structured as open-ended collective investment schemes and are authorised in Ireland by the Central Bank as a UCITS pursuant to the UCITS Regulations. The SEI UCITS Funds are managed by SEI Investments, Global Ltd ("SIGL"). SIGL has appointed SEI Investments (Europe) Ltd ("SIEL") to provide general distribution services in relation to the SEI UCITS Funds either directly or through the appointment of other sub-distributors. The SEI UCITS Funds may not be marketed to the general public except in jurisdictions where the funds have been registered by the relevant regulator. The matrix of the SEI UCITS fund registrations can be found here seic.com/GlobalFundRegistrations.

No offer of any security is made hereby. Recipients of this information who intend to apply for shares in any SEI UCITS Fund are reminded that any such application may be made solely on the basis of the information contained in the Prospectus. Please refer to our latest Full Prospectus (which includes information in relation to the use of derivatives and the risks associated with the use of derivative instruments), Key Investor Information Documents and latest Annual or Semi-Annual Reports for more information on our funds. This information can be obtained by contacting your Financial Adviser or using the contact details shown above.

The offer or invitation to subscribe for or purchase shares of the Sub-Funds (the "Shares"), which is the subject of this Information Memorandum, is an exempt offer made only: (i) to "institutional investors" pursuant to Section 304 of the Securities and Futures Act, Chapter 289 of Singapore (the "Act"), (ii) to "relevant persons" pursuant to Section 305(1) of the Act, (iii) to persons who meet the requirements of an offer made pursuant to Section 305(2) of the Act, or (iv) pursuant to, and in accordance with the conditions of, other applicable exemption provisions of the Act.

No exempt offer of the Shares for subscription or purchase (or invitation to subscribe for or purchase the Shares) may be made, and no document or other material (including this Information Memorandum) relating to the exempt offer of Shares may be circulated or distributed, whether directly or indirectly, to any person in Singapore except in accordance with the restrictions and conditions under the Act. By subscribing for Shares pursuant to the exempt offer under this Information Memorandum, you are required to comply with restrictions and conditions under the Act in relation to your offer, holding and subsequent transfer of Shares.

SIEL has appointed SEI Investments (Asia) Limited (SEIAL) of Suite 904, The Hong Kong Club Building, 3 Jackson Road, Central, Hong Kong as the sub-distributor of the SEI UCITS funds. SEIAL is licensed for Type 4 and 9 regulated activities under the Securities and Futures Commission ("SFC")

This information is being made available in Hong Kong by SEIAL. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The SEI UCITS Funds have not been authorised by the SFC in Hong Kong and will be an unregulated collective investment scheme for the purpose of the Securities and Futures Ordinance of Hong Kong (the "SFO"). Shares of the SEI UCITS Funds may not be offered or sold by means of any document in Hong Kong other than (a) to professional investors as defined in the SFO and its subsidiary legislation or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance ("CO") or which do not constitute an offer to the public within the meaning of the CO. This document does not constitute an offer or invitation to the public in Hong Kong to acquire shares in the SEI UCITS Funds. These materials have not been delivered for registration to the Registrar of Companies in Hong Kong.

It is the responsibility of every recipient to understand and observe applicable regulations and requirements in their jurisdiction. This information is only directed at persons residing in jurisdictions where the SEI UCITS Funds are authorised for distribution or where no such authorisation is required.

The Shares may not be offered, sold or delivered directly or indirectly in the US or to or for the account or benefit of any US Person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933 and any applicable state laws.

This information is made available in Latin America FOR PROFESSIONAL (non-retail) USE ONLY by SIEL.

Any questions you may have in relation to its contents should solely be directed to your Distributor. If you do not know who your Distributor is, then you cannot rely on any part of this document in any respect whatsoever.

SEI has not considered the suitability or appropriateness of any of the SEI UCITS Funds against your individual needs and risk tolerance. SEI shall not be liable for, and accepts no liability for, the use or misuse of this document by the Distributor. For all Distributors of the SEI UCITS Funds please refer to your sub-distribution agreement with SIEL before forwarding this information to your clients. It is the responsibility of every recipient to understand and observe applicable regulations and requirements in their jurisdiction. The Distributor is, amongst other things, responsible for ensuring that the Shares are only offered, and any literature relating to the SEI UCITS Funds (including this document) are only distributed, in jurisdictions where such offer and/or distribution would be lawful.

Issued in South Africa by SEI Investments (South Africa) (Pty) Limited FSP No. 13186 which is a financial services provider authorised and regulated by the Financial Sector Conduct Authority (FSCA). Registered office: 3 Melrose Boulevard, 1st Floor, Melrose Arch 2196, Johannesburg, South Africa.

A number of sub-funds of the SEI Global Master Fund plc and the SEI Global Investment Fund plc (the "SEI UCITS Funds") have been approved for distribution in South Africa under s.65 of the Collective Investment Schemes Control Act 2002 as foreign collective investment schemes in securities. If you are unsure at any time as to whether or not a portfolio of SEI is approved by the Financial Sector Conduct Authority ("FSCA") for distribution in South Africa, please consult the FSCA's website (www.fsca.co.za).

Collective Investment Schemes (CIS) are generally medium to long term investments and investors may not get back the amount invested. The value of participatory interests or the investment may go down as well as up. SEI does not provide any guarantee either with respect to the capital or the return of an SEI UCITS Fund. The SEI UCITS Funds are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available upon request from SEI. The SEI UCITS Funds invest in foreign securities. Please note that such investments may be accompanied by additional risks such as: potential constraints on liquidity and the repatriation of funds; macroeconomic, political/emerging markets, foreign currency risks, tax and settlement risks; and limits on the availability of market information.

For full details of all the risks applicable to our funds, please refer to the fund's Prospectus. Please contact your fund adviser (South Africa contact details provided above) for this information.

This material is intended for information purposes only and the information in it does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act.