

Lazard Asset Management LLC's EAFE 130/30 Momentum strategy brings "momentum" to the SIT International Equity Fund.

February 2023



Effective February 2, 2023, Lazard Asset Management LLC's ("Lazard") EAFE 130/30 Momentum strategy was added to the SIT International Equity Fund.

Investment philosophy and process

Lazard's EAFE 130/30 Momentum strategy is a custom strategy developed exclusively for SEI's use. Its data-driven process uses computer models to identify companies that exhibit certain characteristics (factors) that are typically associated with one of two sources of risk-adjusted excess returns (alpha sources)—either the momentum alpha source (companies with recent improvements price, earnings, or other relevant fundamentals) or quality (companies with superior and stable profitability). The resulting investment strategy combines a trend-following momentum approach with a long-term buy-and-hold quality approach.

Based on Lazard's quantitative analysis, the portfolio invests 130% of its assets in stocks that will likely increase in value—while investing 30% of its assets in short selling, the practice of borrowing a security with the intention to buy it back at a lower price for a profit. Lazard has managed a similar mandate for us since 2017, which has earned our confidence in the team and its process.

The strategy comprises 300 to 400 stocks and has a high turnover.

Role in the Fund

Lazard's strategy provides consistent exposure to the momentum alpha source. We expect it to outperform when the momentum alpha source outperforms, which is typically during periods of persistent market behavior. The strategy's performance will likely face challenges during volatile periods with fewer recognized market trends.

About Lazard

Established in 1970 and headquartered in New York, NY, Lazard Asset Management LLC is a global asset-management firm with offices in eight countries. As of December 1, 2022, the firm had \$171 billion in assets under management.

What we like

- **Seasoned portfolio managers:** We believe the team's portfolio managers are experienced and insightful.
- **Experience with the approach:** Lazard has managed a similar strategy for SEI since 2017, which has allowed it to improve the process over time.
- **Consistent momentum exposure:** The process is quantitative and, therefore, highly repeatable. It is diversified and takes advantage of the 130/30 extension part of the model, which ideally should enhance excess returns over time. This provides an advantage over managers that are limited to long-term exposures.

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. This information should not be relied upon by the reader as research or investment advice and is intended for educational purposes only.

For those SEI Funds which employ the ‘manager of managers’ structure, SEI Investments Management Corporation (SIMC) has ultimate responsibility for the investment performance of the Funds due to its responsibility to oversee the sub-advisers and recommend their hiring, termination and replacement.

SIMC is the adviser to the SEI Funds, which are distributed by SIMC’s affiliate, SEI Investments Distribution Co. (SIDCO). SIMC and SIDCO are wholly owned subsidiaries of SEI Investments Company (SEI).

There are risks involved with investing, including loss of principal. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. There is no assurance the goals of the strategy discussed will be met nor that risk can be managed successfully. Past performance is not a guarantee of future results. Diversification may not protect against market risk.

To determine if the Fund is an appropriate investment for you, carefully consider the investment objectives, risk factors and charges and expenses before investing. This and other information can be found in the Fund’s full and summary prospectuses, which can be obtained by calling 1-800-DIAL-SEI. Read them carefully before investing.

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