

# FAQ:

## Russian-related holdings and exposure

July 2022



This FAQ is designed to help provide an update on the current Russia/Ukraine crisis and portfolio exposure to Russian-related securities.

Q. Do I have any exposure to Russian-related securities remaining in my portfolio?

A. In order to ensure that our response is clear, we need to define several terms, including:

- Russian-related **securities**, as defined by SEI (and aligned with the definitions used by major index providers and other data providers) are:
  - i) Securities listed on an exchange domiciled in Russia or Belarus;
  - ii) Securities listed on an exchange outside of these countries but that derive an extensive portion of their business from Russian or Belorussian operations;
  - iii) Debt issued by Russian or Belorussian public or private entities
- Russian-related **holdings** are Russian-related stocks or bonds owned by an SEI Fund, regardless of value.
- Russian-related **exposure** refers to the value of the Russian-related holdings stated as a percentage of the value of the Fund as a whole.

The value of Russian-related securities steeply declined in the aftermath of the invasion as the market absorbed domestic and international sanctions against Russia, actions by index providers, and suspension of trading of certain Russian securities.

Any portfolio that had holdings in Russian-related equity securities when the Russian financial markets closed still owns those holdings. However, in terms of exposure, most of those holdings currently have little or no value. If your portfolio includes Russian-related equity securities that are all valued at \$0, you have Russian-related holdings but your current exposure is zero. This can be seen clearly in the holdings chart where columns show 0 exposure.

It is important to keep in mind that Russian-related equity securities currently valued at zero could rise in price. By regulation, security valuations are required to be based on the fair market value (FMV) of securities, and cannot be based on political views or an intention to avoid exposure to Russian-related securities. Therefore, if the FMV of Russian securities increases, then a portfolio that includes Russian holdings will also see its value rise in tandem. The portfolio's corresponding exposure to Russia will also increase. In other words, the Russian exposure in the portfolio could increase even though there have been no additional purchases of Russian-related securities.

Q. Which SEI Funds have holdings in Russia-related securities and what is the current exposure (value) of those holdings in those portfolios?

A. The chart below highlights exposure at the end of May and end of June. The Funds that had Russian-related equity holdings at the end of May still have them at the end of June. As previously noted, a portfolio holding Russian-related securities that are all valued at \$0, still has Russian-related holdings but the current exposure is zero because they have no value. This can be seen clearly in the chart where columns show 0 exposure.

Note: If exposure increased from May to June, this is due to an increase in value of existing holdings and not the purchase of additional securities.

Fund name	Exposure (value) stated as a percentage of the value of the fund as a whole, as at 31 May 2022	Exposure (value) stated as a percentage of the value of the fund as a whole, as at 30 June 2022
SGAF Euro Aggressive Fund	0.00	0.00
SGIF Global Select Equity Fund	0.00	0.00
SGMF Emerging Markets Debt Fund	0.82	1.36
SGMF Emerging Markets Equity Fund	-0.01	0.00
SGMF European Ex-UK Equity Fund	0.00	0.00
SGMF Factor Allocation Global Equity Fund	0.02	0.00
SGMF Global Fixed Income Fund	0.01	0.02
SGMF U.K. Equity Fund	0.03	0.00
SGMF U.S. Fixed Income Fund	0.05	0.06
SGMF Quantitative U.K. Equity Fund	0.08	0.00

NOTE: The negative exposures are a result of currency forwards that were included in the final calculation.

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