SEI UK Strategic Portfolios

Quarterly Investment Review

Q2 2019

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In this issue

Summary

Market overview

Markets overall delivered good positive returns for the quarter, despite witnessing strong risk-off moves during May. Within equity markets, Europe and the US led the way, while the UK, Japan and Emerging Markets provided more modest returns on the back of Brexit uncertainty, trade and manufacturing worries, a planned tax hike in Japan and slower growth in China. Boosted in part by recent sterling weakness, global developed market equities returned 6.5% in GBP terms while UK equities appreciated by 3.3% over the quarter.

Intensifying trade-war concerns, slower global economic growth and a decline in manufacturing activity caused expectations for a cut in US interest rates to grow over the second quarter. Combined with softer inflation data, global interest rates end the quarter sharply lower, providing a strong tailwind to fixed income markets. Emerging Market debt performed especially well and local currency debt in particular, benefiting from the dual tailwinds of falling local yields and Emerging Market FX strength versus GBP.

Portfolio positioning

The stability-focused funds delivered returns of between 1.1% and 2.6% for the quarter. From an absolute return perspective, the funds' exposure to low volatility equities drove performance, as the strategies captured around three quarters of the upside of broad equity markets over this quarter. The Global Managed Volatility strategy is designed to provide risk mitigation in stressful market environments, at a cost of lagging in rallying markets, making it an ideal equity building block for the stability focused Strategic Portfolios. Global Managed Volatility is typically overweight defensive sectors, such as consumer staples, utilities and health care; whilst being underweight more risky sectors, such as IT and industrials. Finally, the stability-focused Strategic Portfolios exposure to fixed income strategies was also accretive to performance over the quarter, most notably the funds' overweight to Emerging Market Debt.

The growth-focused Strategic Portfolios delivered returns of between 3.0% and 4.1% over the second quarter. At the more aggressive end of the risk profiles, equity security selection as well as a bias towards valuation-focused managers continued to detract from relative performance. In a continuation of recent trends, value lagged the momentum and stability alpha sources, as trade tensions and falling bond yields weighted heavily on this style of investing.

Economic outlook

The global economy continues to face a number of headwinds, including the evolving tariff war between the US and China, a significant slowdown in Chinese economic growth and a variety of idiosyncratic economic and political challenges facing Europe. However, we do not yet see the economic imbalances, financial stress or excessive equity market valuations that typically proceed a recession and a correction in markets.

We continue to believe that the economic expansion will continue, both in the US and globally, and that a global recession is not imminent. Our central view remains that corporate profits will continue to expand, and we anticipate that global stock markets will continue to grind higher in the months ahead.

Within global equities, we maintain our bias towards valuation-focused managers on the basis of wide valuation spreads and signs of investor capitulation. In SEI's view, on several metrics, the forward looking opportunity in value stocks is the strongest it has been in several decades.

Source: SEI, Bloomberg, as at 30 June 2019.

SEI UK Strategic Portfolios: Performance

Stability-focused funds

	3 month	1 year	2 year*	3 year*	4 year*	5 year*
SEI Defensive Fund	1.1%	1.9%	0.8%	1.0%	1.5%	1.4%
SEI Conservative Fund	1.9%	3.1%	2.0%	2.5%	3.3%	3.1%
SEI Moderate Fund	2.6%	3.9%	2.9%	3.9%	5.0%	4.7%

Source: SEI, as at 30 June 2019. Net of fees, Sterling Wealth A Distributing share class. Past performance is not a reliable indicator of future results. *Indicates annualised data.

Contribution	Positioning and Performance Drivers	Key Manager(s) / Building Blocks
+ (Absolute)	Our neutral strategic asset allocation positions in defensive lower volatility equities was our largest positive absolute contributor to performance	N/A
+ (Absolute and Relative)	Our overweight asset allocation position in Emerging Markets Debt added to absolute performance	N/A
+ (Relative)	Our UK core fixed income positions delivered excess return over the UK bond market.	PIMCO, Wellington

N/A signifies that contribution was derived from asset allocation, rather than one or more specific investment managers.

Theme	Active Position	Rationale/Adjustment
Duration rally is overdone	Underweight G3 duration and overweight inflation.	We believe the recent rally in core government bond yields is overdone and offer poor value at current levels.
Relative value in non-core markets	Preference for emerging market debt	An attractive yield differential between emerging and developed markets and a dovish US Fed result in a favourable outlook for the asset class

Growth-focused funds

	3 month	1 year	2 year*	3 year*	4 year*	5 year*
SEI Core Fund	3.0%	3.1%	3.6%	6.1%	6.2%	6.1%
SEI Balanced Fund	3.4%	2.4%	3.9%	7.5%	7.4%	7.2%
SEI Growth Fund	3.8%	1.9%	4.3%	9.0%	8.6%	8.4%
SEI Aggressive Fund	4.1%	1.1%	5.1%	10.6%	9.8%	9.8%

Source: SEI, as at 30 June 2019. Net of fees, Sterling Wealth A Distributing share class. Past performance is not a reliable indicator of future results. *Indicates annualised data.

Contribution	Positioning and Performance Drivers	Key Manager(s)
– (Relative)	Overweight to valuation-focused managers and disappointing stock selection from active equity managers overall	Global Equities: Maj Invest, Poplar
– (Relative)	Our strategic allocation to small cap equities within the US and Europe proved to be a drag on performance for the quarter	N/A
+ (Relative)	Momentum and quality bias within European Smaller Companies	Quoniam
+ (Relative)	Our strategic allocation to credit within the fixed income component, most notably Emerging Market Debt	N/A

N/A signifies that contribution was derived from asset allocation, rather than one or more specific investment managers.

Theme	Active Position	Rationale/Adjustment
Valuation orientated strategies attractive	Overweight valuation-focused managers	Overweight to value is maintained on the basis of wide valuation spreads and signs of investor capitulation. Globally we maintain underweights to momentum and stability on the basis of crowding and high valuations.
Global recession remains unlikely	Overweight emerging market equities, underweight developed market equities. Overweight commodities.	View valuations as well as a softer tone from the US as supportive for emerging markets.

Global Market Performance

Representative market indices

Equity Indices	3 month	YTD	1 year	2 year*	3 year*	4 year*	5 year*
MSCI World Index *(Net) (Hedged) (GBP)*	3.2%	15.6%	5.1%	7.4%	10.9%	7.2%	7.4%
FTSE UK Series All Share Index *(GBP)*	3.3%	13.0%	0.6%	4.7%	9.0%	7.3%	6.3%
Russell 1000 Index *(Net 30%) (USD)*	4.1%	18.5%	9.4%	11.6%	13.5%	10.6%	9.8%
MSCI Europe ex UK Index *(Net) (EUR)*	4.3%	17.3%	6.0%	3.5%	9.1%	3.8%	5.7%
MSCI Pacific ex Japan Index *(Net) (USD)*	5.2%	18.0%	8.1%	8.4%	11.9%	6.9%	4.0%
Tokyo Stock Exchange TOPIX with Dividend *(JPY)*	-2.4%	5.2%	-8.2%	0.3%	10.0%	0.9%	6.4%
MSCI Emerging Markets Index *(Net) (GBP)*	3.0%	10.7%	5.0%	5.7%	12.5%	10.2%	8.7%

Fixed Income	3 month	YTD	1 year	2 year*	3 year*	4 year*	5 year*
BofA Merrill Lynch UK Gilts All Stocks Index *(GBP)*	1.3%	4.8%	4.9%	3.4%	2.0%	4.7%	5.6%
Bloomberg Barclays Global Treasury Index *(Hedged) (GBP)*	2.4%	4.6%	5.7%	3.2%	1.2%	3.1%	3.3%
Bloomberg Barclays Global Aggregate Index, Hedged *(GBP)*	2.5%	5.1%	5.9%	3.0%	1.6%	3.1%	3.1%
Bloomberg Barclays Global Aggregate ex-Treasury Index *(Hedged) (GBP)*	2.6%	5.6%	6.2%	2.8%	2.0%	3.0%	2.9%
BofA Merrill Lynch US High Yield Constrained Index, Hedged *(GBP)*	2.0%	8.9%	5.4%	3.2%	6.0%	4.8%	3.8%
50/50 JPM EMBI Glob Div & JPM GBI-EM Glob Div *(GBP)*	5.8%	9.5%	11.7%	3.9%	5.1%	7.5%	5.1%

Cash	3 month	YTD	1 year	2 year*	3 year*	4 year*	5 year*
LIBOR 3 Month GBP *(TR) (GBP)*	0.2%	0.4%	0.8%	0.7%	0.6%	0.6%	0.6%

Commodities	3 month	YTD	1 year	2 year*	3 year*	4 year*	5 year*
Oil *(ICE Brent Crude)*	-3.0%	17.9%	-12.4%	10.9%	4.0%	-2.9%	-8.0%
Gold *($/oz)*	9.1%	9.9%	12.5%	6.5%	2.2%	4.7%	1.2%
Bloomberg Commodity Index *(USD)*	-1.2%	5.1%	-6.8%	0.0%	-2.2%	-5.1%	-9.1%

Source: Bloomberg, as at 30 June 2019. *Periods greater than 1 year are annualised.

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

Q2 Asset Allocation Changes

Increased overweight to Emerging Market Equities

- The SEI Portfolio Strategies Group (PSG) eliminated a position favoring U.S. large-cap value over U.S. large-cap growth stocks.
- An options position favoring the U.S. dollar over the euro expired.
- PSG still prefers emerging-markets equities over developed-markets equities.
- PSG maintained a total return swap in the Bloomberg Commodity Index.
- Long Japanese yen, short euro exposure was maintained.
- PSG maintained a position designed to benefit from U.S. yield curve steepening
- Long U.S. dollar (USD), short Saudi Arabian riyal (SAR) exposure was maintained.

Q2 Manager Changes

WELLINGTON'S UK GILTS STRATEGY BRINGS DEEP RESEARCH CAPABILITIES TO THE SGMF U.K. CORE FIXED INTEREST FUND

The Wellington Management Company, LLP (Wellington) UK Gilts strategy was added to the SGMF UK Core Fixed Interest Fund (the Fund) as at 7 May 2019. Wellington's global fixed-income investment teams seek to identify and capture inefficiencies within each one's respective opportunity set. Investment specialists look for outperformance across three alpha sources: macro, quantitative and credit. To generate ideas, the macro specialist takes an opportunistic, fundamental approach. The quantitative specialist follows a systematic, model-based process. The credit specialist uses bottom-up security selection. Together, the three specialists suggest 1,500 potential investment opportunities. Portfolio managers choose the best 75 to 100 companies that have improving fundamentals and attractive relative valuations.

We expect the strategy to generate positive returns across the market cycle and to complement more value-biased strategies in the Fund

PIMCO'S UK CORE STRATEGY BRINGS OPPORTUNISTIC APPROACH TO THE SGMF U.K. CORE FIXED INTEREST FUND

The PIMCO UK Core strategy was added to the SGMF U.K. Core Fixed Interest Fund (the Fund) as at 7 May 2019. PIMCO seeks to identify attractive new opportunities consistent with their long-term focus and to diversify risk through applying a variety of strategies to achieve outperformance. The investment process combines long-term macroeconomic inputs with bottom-up analysis of idiosyncratic risks at the company level. The investment team's quarterly economic forums provide an ongoing assessment of the global economy, markets, regions and sectors, whilst regular reviews of portfolios enable the team to respond dynamically in real time to changing market conditions. Traditional fundamental credit research on companies and industries that the team finds attractive is central to the security selection process. However, in order to fully assess conditions across markets, the team also monitors companies and industries that it finds unattractive based on their fundamentals or valuations.

We view PIMCO's strategy as an "all-weather" portfolio and expect it will generate excess returns from security selection and opportunistic duration trades

COPELAND CAPITAL MANAGEMENT'S SMID CAP DIVIDEND GROWTH STRATEGY BRINGS QUALITY AND DIVIDEND-FOCUSED APPROACH TO THE SGMF U.S. SMALL COMPANIES FUND

The Copeland Capital Management, LLC (Copeland) SMID Cap Dividend Growth strategy has been added to the SGMF U.S. Small Companies Fund (the Fund). Copeland's investment philosophy has a strong focus on dividend growth. Many quality-oriented strategies have a dividend element. Yet few share Copeland's strict requirements. This fundamental strategy has a quantitative screen and uses multi-factor modelling. Its primary emphasis is on quality and stability. The strategy's execution is unique. The team strives to avoid the pitfalls associated with stability investing. Its quantitative ranking model enables the team to rank existing holdings against alternatives. Its dividend-growth requirements provide a sell trigger that many quality oriented managers lack. These requirements help ease possible anchoring bias. This happens when investors tend to rely too much on one bit of information when making a decision. These also drive a more-standardised sell discipline.

Copeland's strategy aligns with the stability alpha source. We expect it to perform well during market volatility, when investors tend to favour quality and stability.

WELLINGTON MANAGEMENT®

WELLINGTON MANAGEMENT COMPANY LLP ADDED TO MULTIPLE SGMF FIXED-INTEREST FUNDS

Wellington Management Company LLP (Wellington) has replaced Schroders in the SGMF Global Fixed Income (GFI) Fund. Wellington has also replaced Schroders in the SGMF Global Opportunistic Fixed Income (GOFI) Fund; specifically, in the government related mandate. Schroders is retaining its global corporates mandate in GOFI.

Wellington's global fixed-income investment teams seek to identify and capture inefficiencies within each one's respective opportunity set.

Investment specialists look for outperformance across three alpha sources: macro, quantitative and credit. To generate ideas, the macro specialist takes an opportunistic, fundamental approach. The quantitative specialist follows a systematic, model-based process. The credit specialist uses bottom-up security selection.

Together, the three specialists suggest 1,500 potential investment opportunities. Portfolio managers choose the best 75 to 100 companies that have improving fundamentals and attractive relative valuations.

The Funds have an inherent pro-cyclical bias (overweight credit beta and underweight duration). Schroders contributed to this bias and was too correlated with other managers in the Funds. As a result, the Funds have been underrepresented in the defensive style factor. We expect Wellington's performance to give the Funds a more all-weather performance profile over the course of a market cycle; in other words, the Funds should be less vulnerable to risk-off environments.

Several Managers Removed from the SGMF U.S. Small Companies Fund

SEI has removed the following strategies from the SGMF U.S. Small Companies Fund (the Fund) as at 20 May 2019:

- ArrowMark Partners' SMID Growth
- Rice Hall James & Associates, LLC's SMID Cap Opportunities
- William Blair & Co, LLC's Relative Value Small Cap Growth

We wanted to have fewer, but more alpha-source-pure, managers in the Fund. We kept the Fund's legacy managers: LSV Asset Management (value) and Hillsdale Investment Management (momentum).

Copeland Capital Management's SMID Cap Dividend Growth strategy will replace the above strategies in the Fund. This strategy is a pure expression of the stability alpha source.

ArrowMark Partners, Rice Hall James & Associates, LLC and William Blair & Co., LLC remain managers in other SEI Funds, and we do not anticipate additional changes at this time.

Portfolio Manager's Notebook

UK and Europe

- Whilst volatility remains modest by historical standards, the fragility of the macro-economic and geopolitical environment and an anemic earnings outlook warrant some caution, although valuation levels remain reasonable.
- That said, low-risk, high-quality businesses that are the bedrock of SEI's stability alpha source are richly valued.
- Within the region, we are underweight segments of the market, such as consumer staples and health care, on valuation grounds.
- We maintain emphasis towards value via biases cyclical sectors, such as industrials and consumer discretionary.
- Within the UK, we are underweight energy. This largely reflects the sheer concentration of the UK market in the mega-cap oil companies and a desire for a well-diversified portfolio.

Global Equities

- The general perception is that low volatility stocks are expensive. However, we disagree. We contest that it is slightly overvalued, but not expensive. Therefore, we are confident that our strategic allocation to low volatility equities is the right allocation. The fair value to low volatility is not that high.
- Value is the most prevalent allocation in all of our portfolios. Nothing has changed in terms of our positioning. We are continuing to see record dispersions. It is possible according to some metrics that we have the highest value dispersions ever. Therefore, value looks like an extremely attractive opportunity set going forward. But, it is difficult to discern a catalyst within value; therefore, we are not spending too much time on forecasting what is going to change. Overall, we are overweight value to the maximum degree.
- Stability, more specifically high quality, is strongly overvalued and is trading at a substantial premium. We are underweight stability.
- Momentum is also expensive and we are underweight. Recently, it latched onto quality and defensive traits and therefore it got more expensive. Seasonally, we are entering into the good part of the year for momentum.

United States

- During the quarter, the underweight to information technology was increased as managers had concerns about valuations and sustainability of fundamentals within the sector.
- Within large cap US equities, we remain overweight financials, as the sector continues to be relatively inexpensive. We are underweight communications services, particularly several large stocks within entertainment and interactive media due to concerns about valuations.
- Within US smaller companies we remain overweight industrials and consumer discretionary as our managers have a positive view of these sectors valuations.
- Conversely, we are underweight real estate, again on valuation grounds.

Portfolio Manager's Notebook

Asia Equities

- During the quarter, the underweight to China was increased as managers trimmed slightly across several industries, including energy, industrials and financials on trade uncertainty.
- The overweight to Australia was increased as managers added selectively to industrials and information technology due to better quality of earnings.
- The overweight to Korea was also increased (consumer discretionary and information technology) based on growth potential and reasonable valuations.
- We remain underweight Consumer staples and had no exposure to personal products, household products or tobacco due to their high prices.
- Energy remained overweight on its global competitiveness and attractive valuations.
- Consumer discretionary was also overweight, particularly Hong Kong consumer stocks that have high exposure to growing Chinese domestic consumption.

Emerging Markets

- In May we witnessed a risk-off sell-off in Emerging Market (EM) equities primarily due to the deterioration in trade talks and the backdrop of slowing economic growth. EM Asia was hit the hardest as a result.
- High beta growth stocks have been lagging the benchmark. Low volatility and value stocks have led the way.
- India and Russia rallied due to idiosyncratic events.
- From a macro perspective, earnings have dipped into negative territory.
- Overall, we possess a bullish view on the asset class.
- We believe that value is attractive but want to wait a little longer before moving into it.

Global Bonds

- Yield curves: the hiking cycle is done and the Federal Reserve is now more dovish. The 3m-10yr yield curve inversion is reflecting expectations for lower short-term rates.
- The question at hand is whether the curve has inverted because the market is expecting a recession, or because it expects that inflation will continue to undershoot target. If it's the latter, then an inversion matters less for risk assets. If it's because growth is falling, and the Fed reacts late, then a sustained inversion will likely lead to a recession
- On the Euro side, data is clearly deteriorating. Italy continues to struggle; nominal GDP < cost of debt service is dangerous for Italy's debt dynamics.

High Yield

- High yield was negative in May and gave back returns gained in April.
- Demand for high yield is strong and we expect more to come through in June.

Data source: Bloomberg, as at 30 June 2019.

In Depth: Economic Outlook

- July marks the tenth anniversary of the US economic expansion. The bull market in US equities (as measured by the S&P 500 Index) reached its tenth birthday in March. The S&P 500 Index seemed to celebrate these achievements a few weeks ago by moving into new-high territory—but there now seems to be more fear than cheer on Wall Street.
- The big unknown, of course, is how the evolving tariff war between China and the US will affect US economic growth and global trade in the months ahead. US-China tariff tensions and worries about global growth have put only a modest dent in the confidence of American businesses. However, it certainly looks as if the US-China trade relationship is quickly going from bad to worse, even though US President Donald Trump and Chinese President Xi Jinpin agreed at the G-20 summit to refrain from additional protectionist actions and keep negotiating.
- It is our view at SEI that the US economy should be able to weather this storm. We believe there is still life in the economic expansion, both in the US and globally. If we're right, that means corporate profits should continue to expand and push global stock markets to higher levels in the months ahead. Overall, we think the US economy will show resiliency in the face of what is admittedly a stiff headwind.

- It has been a long, lost decade for investors in European equities—at least when juxtaposed against the performance of US stocks. Europe currently faces a variety of idiosyncratic challenges, both economic and political, that make it hard for even contrarian investors to get terribly enthusiastic about the near term. Economically, the downward trajectory is similar to that of the 2011-to-2012 period amid the region's periphery debt crisis. This time, however, Germany's industrial economy is fully participating in the European slowdown.
- It's not just the region's heavy exposure to manufacturing and international trade that makes German industrialists glum. There is also a worrisome vacuum of political leadership. Chancellor Angela Merkel is on her way out, and a politically distracted Germany is a concerning issue given the country's central importance in the eurozone and EU.
- And then, there's the looming cloud of Brexit. Although the Brexit date has been delayed until October 31, there is little sign that the breathing space will be put to good use. It appears likely, however, that Boris Johnson will win the UK Conservative Party's search for a new prime minister. It's hard to see how that improves the chances of an orderly exit.
- We can't help but think Brexit (if it indeed occurs) will prove to be a highly disruptive event for the UK and the EU. Roughly half of the UK's trade in goods, both imports and exports, is with the EU.
- Although economic growth is sluggish, the UK economy is not exactly cratering as the deadline approaches. In fact, the UK unemployment rate fell to a multi-decade low in June. The eurozone also recorded steady labour-market improvement; although the jobless rate itself remained far higher, owing to structural factors.
- We think there is still life in the economic expansion, both in the US and globally. If we're right, that means global stock markets should push to higher levels in the months ahead. This may seem like a bold statement at a time when the world seems increasingly unpredictable and the economic data point to slowing growth. Yet we simply do not see the economic imbalances or nosebleed equity-market valuations that normally bring on recessions and an associated contraction in earnings and stock prices.

Data source: SEI, as at 30 June 2019.

Accessing SEI

Platform and wrap availability

There are two clean, retail share classes of SEI's Strategic Portfolios - Sterling Wealth A Distributing and Sterling Wealth A Accumulating.

Both share classes are available on the following platforms
7IM
Aegon
AJ Bell Investcentre
Ascentric
Aviva
Elevate
Cofunds
FundsNetwork
James Hay
Novia
Nucleus
Old Mutual Wealth
Parmenion
Standard Life
Succession
Transact
Wealthtime
Zurich

SEI Strategic Portfolios

Sterling Wealth A Distributing Class

Fund Name	ISIN	Sedol
SEI Defensive Fund	IE00B6145K75	B6145K7
SEI Conservative Fund	IE00B616BM72	B616BM7
SEI Moderate Fund	IE00B61N2T25	B61N2T2
SEI Core Fund	IE00B62XK082	B62XK08
SEI Balanced Fund	IE00B60CGR62	B60CGR6
SEI Growth Fund	IE00B614TP06	B614TP0
SEI Aggressive Fund	IE00B6390G16	B6390G1

SEI Strategic Portfolios

Sterling Wealth A Accumulating Class

Fund Name	ISIN	Sedol
SEI Defensive Fund	IE00BYV1R427	BYV1R42
SEI Conservative Fund	IE00BYV1R534	BYV1R53
SEI Moderate Fund	IE00BYV1R641	BYV1R64
SEI Core Fund	IE00BYV1R757	BYV1R75
SEI Balanced Fund	IE00BYV1R864	BYV1R86
SEI Growth Fund	IE00BYV1R971	BYV1R97
SEI Aggressive Fund	IE00BYV1RB90	BYV1RB90

Data source: SEI, as at 30 June 2019.

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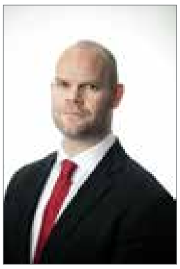

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The SEI Strategic Portfolios are a series of the SEI Funds and may invest in a combination of other SEI and Third-Party Funds as well as in additional manager pools based on asset classes. These manager pools are pools of assets from the respective Strategic Portfolio separately managed by Portfolio Managers, which are monitored by SEI. One cannot directly invest in these manager pools.

Past performance is not a reliable indicator of future results. Standardised performance is available upon request. All data is as at 30 June 2019.

***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. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down**. Investors may get back less than the original amount invested.*

Asset class performance discussed is based on the majority SEI fund underlying the asset class. This does not include analysis of the manager pools, hedged share class investments within SEI Funds, additional SEI funds or any third-party funds within the Strategic Portfolios.

As a result, performance for the total asset class allocation may vary. Not all asset classes discussed are included in all Strategic Portfolios.

All asset class comparative performance is relative to the benchmark of the specific SEI fund representing the majority of the asset class investment. SEI sources data directly from FactSet, Lipper, and BlackRock, unless otherwise stated.

No offer of any security is made hereby. Recipients of this information who intend to apply for shares in any SEI Fund are reminded that any such application may be made solely on the basis of the information contained in the Prospectus. 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 regarding the Funds or any stock in particular, nor should it be construed as a recommendation to purchase or sell a security, including futures contracts. 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.

- *The investment risks described below are not exhaustive and potential investors should carefully review the Prospectus prior to investing. The risks described below may apply to the underlying assets of the products into which the Strategic Portfolios invest.*
- *Investment in equity securities in general are subject to market risks that may cause their prices to fluctuate over time.*
- *Fixed Income securities are subject to credit risk and may also be subject to price volatility and may be sensitive to interest rate fluctuations.*
- *Absolute return investments utilise aggressive investment techniques which may increase the volatility of returns. If the correlation between absolute return investments and other asset classes within the fund increases, absolute return investments' expected diversification benefits may be decreased.*

In addition to the normal risks associated with investing, international investments may involve risk of capital loss from differences in generally accepted accounting principles or from economic or political instability in other nations. The Funds are denominated in one currency but may hold assets which are priced in other currencies. The performance of the Fund may therefore rise and fall as a result of exchange rate fluctuations. The Fund or some of its underlying assets may hold derivatives or borrow to invest. This can make the Fund more volatile and investors should expect above-average price increases or decreases.

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