



SEI Secured Income Fund: Strong performance, focus on stable income.

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The SEI Secured Income Fund (The Fund) has demonstrated strong performance since its inception, delivering a 11.4% annualized return over the last three years while focusing on high income, income stability, and low interest-rate risk. We believe institutional investors seeking diversified exposure beyond traditional fixed-rate bonds can benefit by investing in securitized assets, which can offer attractive returns due to their complexity while providing inherent structural protections.

Seeking high income with low interest-rate risk

As at 30 September 2025, the SEI Secured Income Fund posted a three-year annualized return of 11.4%. We have been pleased with the Fund's results and believe it has met its primary objectives of high income, stability of income, and low interest-rate sensitivity.

We developed the strategy in 2022 to meet the needs of institutional investors seeking a consistently high level of income with relatively low default risk and low interest-rate risk. These multiple objectives can be challenging to achieve when relying solely upon traditional fixed-rate government bonds and corporate credit.

Since securitized assets typically consist of consumer or real-estate debt (whereas investment-grade corporate bonds and high-yield bonds consist of corporate debt), we determined that a portfolio could achieve greater diversification by collateral type through an allocation to securitized assets. This enhancement would have the potential to benefit a portfolio in a market where stress is concentrated in the corporate sector.

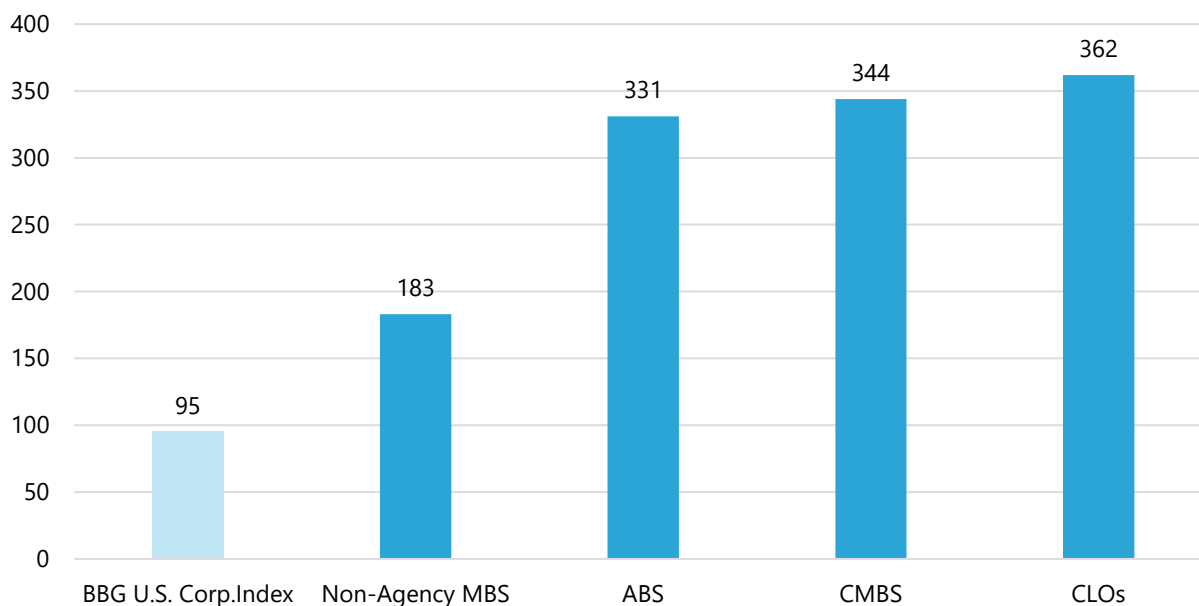
How does the Fund achieve high levels of income?

The Fund seeks to generate an attractive level of yield by investing in securitized sectors that offer high income. These sectors' higher yields are driven by the so-called complexity premium—the additional return that comes from investing in more complicated assets.

Securitized assets are by nature more complex than corporate or sovereign bonds. Given their structure, they require specialized expertise to evaluate, which may result in market inefficiencies that are less prevalent in more conventional forms of credit. Some structures may also exhibit lower levels of liquidity, especially when it comes to smaller deals. Prudent management of liquidity risk is an important part of any actively managed strategy.

Investors with underwriting expertise in this market can capture the complexity premium without taking on substantial risk. For example, Exhibit 1 shows that option-adjusted spreads (OAS) for securitized assets meaningfully exceed those for BBB rated corporate bonds, highlighting the relative attractiveness of securitized markets given their greater level of complexity.

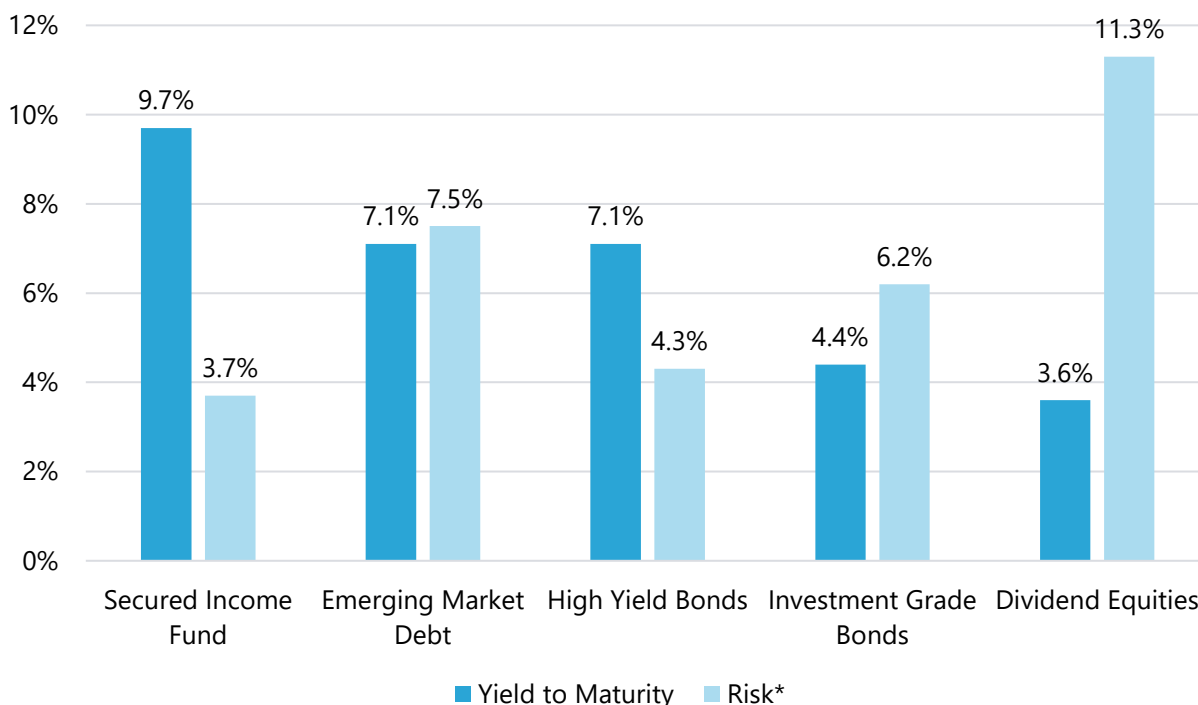
Exhibit 1: Option-adjusted spreads: BBB securitized tranches vs. BBB corporate credit



Source: SEI, Bloomberg. Exhibit depicts BBB rated tranches relative to BBB rated corporate credit. Data as at 30/9/2025.

Over the last three years, the Secured Income Fund has delivered an annual yield of over 9%, while keeping annualized risk (as measured by standard deviation) below 4%. Exhibit 2 compares the Fund's yield and risk against other major income sectors. The Fund has generated higher yield than investment-grade bonds, high-yield bonds, and emerging-market debt, while maintaining risk levels significantly below dividend equities, emerging-market debt, and investment-grade bonds.

Exhibit 2: Yield vs. risk



Source: SEI. Emerging Market Debt = JP Morgan EMBI Global Diversified Index, High Yield Bonds = Bloomberg High Yield Bond Index, Investment Grade Bonds = Bloomberg US Aggregate Index, Dividend Equities = MSCI ACWI High Dividend Index. *Risk = 3-year annualized standard deviation. Data as at 30/9/2025.

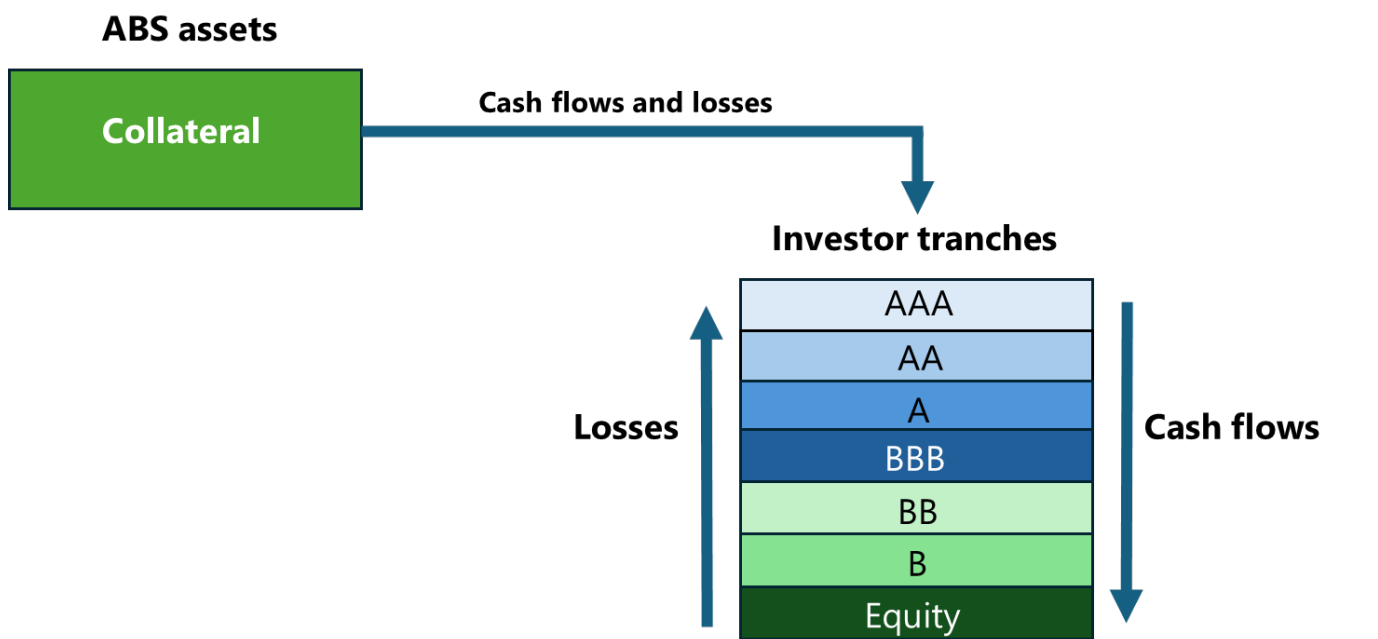
Inherent and structural protections

Allocations to securitized debt also offer inherent protections that mitigate the Fund’s risk of large drawdowns. These products are secured by direct claims on specific assets, often leading to higher recovery rates in default scenarios. Over time, the Fund’s focus on structured products has the potential to provide more stable income relative to unsecured corporate credit.

These structural protections include subordination, overcollateralization, reserve accounts, and excess spreads. Subordination, the most common feature, divides securitized assets into tranches with different payment priorities. Senior tranches receive payments first and are therefore less risky, while subordinated tranches absorb losses but provide credit support to higher-rated tranches.

Exhibit 3 illustrates the cash flow waterfall in an asset-backed security (ABS) structure, highlighting how senior tranches are prioritized and equity tranches absorb losses.

Exhibit 3: Cash flow waterfall in ABS structure



Source: SEI. For illustrative purposes only.

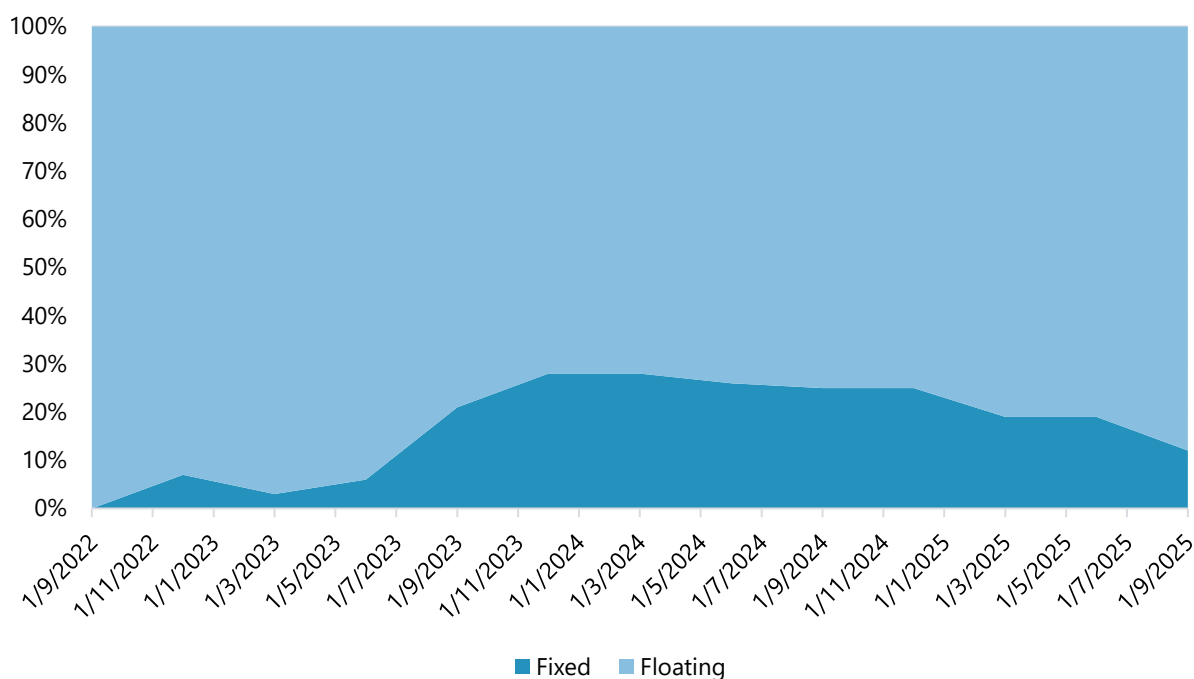
Income with low interest-rate sensitivity

In addition to attractive yields and structural protection, the Fund also seeks to minimize interest-rate sensitivity. Its focus on floating-rate assets, which reset periodically and therefore have limited exposure to interest-rate movements, helps to facilitate this objective.

For example, collateralized loan obligations (CLOs) fit this description, since they are backed by floating-rate bank loans. Similarly, other securitized sectors such as commercial mortgage-backed securities (CMBS), home-equity lines of credit, and credit-card receivables also exhibit low rate sensitivity.

Exhibit 4 shows the Fund’s allocation to floating- versus fixed-rate assets since its inception. The portfolio has maintained a strong bias toward floating-rate exposure, helping to insulate it from rate volatility.

Exhibit 4: SEI Secured Income Fund allocation to fixed-vs. floating-rate assets



Source: SEI. Data as at 30/9/2025.

Bringing it all together

Since inception, the SEI Secured Income Fund has consistently delivered on its strategic objectives: high income generation, stability of income, and disciplined risk management. With a current three-year track record of an 11.4% annualized return and under 4% volatility, the Fund has provided a compelling risk-adjusted return profile, as evidenced by a 2.3 Sharpe ratio. The Fund has demonstrated discipline at managing risk, particularly through stress events such as the 2023 regional-banking crisis and ongoing rate volatility.

As of September 2025, the Fund offers a 10.1% portfolio yield, a 619-basis-point option-adjusted spread, and effectively low duration. Its focus on floating-rate assets has insulated the portfolio from rate risk while maintaining attractive yield levels. Despite the Federal Reserve's current rate-cutting cycle, we believe that attractive spread levels will more than compensate for any lack of duration tailwind. The Fund's allocations—CLOs (52.4%), CMBS (38.6%), ABS (5.5%), and residential mortgage-backed securities (3.5%)—provide diversification and resilience across economic cycles.

This diversification has proven valuable during sector-specific stress events, allowing the Fund to maintain stability while capturing opportunities. Risk management anchored in structural protections, such as subordination and overcollateralization, has further limited drawdowns. Additionally, active management through strong credit research and issue underwriting helps avoid problem credits and structures.

Looking ahead, the Fund is well-positioned to benefit from a potentially favorable regulatory environment (i.e., deregulation), and growing institutional demand for high-income, low-duration solutions. The strategy's reliance on deep technical expertise and its ability to capture complexity premiums create a sustainable competitive edge.

The SEI Secured Income Fund offers a differentiated solution—combining yield, protection, and adaptability. Its proven performance and strategic positioning make it a valuable complement for institutional portfolios seeking consistent, high-quality income.

Exhibit 5: SEI Secured Income Fund performance and portfolio characteristics

Market indexes	3Q 2025	YTD	1-year	3-year
JP Morgan EMBI Global Diversified Index (USD)	4.8%	10.7%	8.5%	12.3%
ICE BofA US High Yield Constrained Index (USD)	2.4%	7.1%	7.2%	11.0%
Credit Suisse Leveraged Loan Index (USD)	1.7%	4.7%	7.1%	9.7%
Bloomberg US Intermediate Corporate Index (USD)	2.0%	6.6%	5.1%	7.0%
Bloomberg Global Aggregate Bond Index (USD Hedged)	1.2%	4.1%	3.1%	5.2%
Bloomberg US Aggregate Bond Index (USD)	2.0%	6.1%	2.3%	4.9%
SEI Secured Income Fund	2.5%	7.8%	10.2%	11.4%

Source: SEI. Data as at 30/9/2025.

Portfolio characteristics	
Yield	10.1%
Option-adjusted spread (OAS)	619
Duration	0.7
Average credit rating	BBB
% Fixed	12.2%
% Floating	87.8%

Source: SEI. Data as at 30/9/2025.

Sector allocation (ex cash)	
Collateralized loan obligations (CLO)	52.4%
Asset-backed securities (ABS)	5.5%
Commercial mortgage-backed securities (CMBS)	38.6%
Residential mortgage-backed securities (RMBS)	3.5%
Corporates	0.0%

Source: SEI. Data as at 30/9/2025.

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