SEI New ways. New answers.®

MONTHLY MARKET COMMENTARY | MAY 2021

Equities Climb as World Prepares to Reopen for Summer

Monthly Snapshot

- Global equity markets advanced during May for the fourth straight month. Europe generated the greatest equity gains among major markets; U.K. shares also performed well.
- 51% of the U.S. population had received at least one dose of a COVID-19 vaccine by the end of May, while its daily COVID-19 infection rate fell to 7% of its all-time peak.
- President Joe Biden's administration proposed a $6 trillion budget for the 2022 fiscal year centered on his two major economic initiatives—infrastructure (estimated $2.3 trillion) and families programs (estimated $1.8 trillion)—along with $1.5 trillion for defense.

Global equity markets advanced during May for the fourth straight month. Emerging-market stocks outpaced developed markets as a group, but performance varied widely from country to country.

Europe generated the greatest equity gains during May, driven by sharp rallies across Hungary, Poland, Austria and Czech Republic; U.K. shares also performed quite well. Japan and Hong Kong equities produced healthy returns, while mainland China and U.S. performance was positive but restrained.

Rates for U.S. Treasurys and U.K. gilts declined across most maturities during May, with the most pronounced moves centered on intermediate- to long-term rates. Eurozone government-bond rates increased across all maturities. The West Texas Intermediate crude-oil price crept up to its highest level since late 2018 as energy demand continued to rise during May. OPEC+ (the Organization of the Petroleum Exporting Countries led by Saudi Arabia, plus Russia) announced on June 1 that it will continue to loosen supply cuts that were implemented to counteract plummeting demand early on in the pandemic.

51% of the U.S. population had received at least one dose of a COVID-19 vaccine by the end of May, while its daily COVID-19 infection rate fell to 7% of its all-time peak. In the U.K., the one-dose number stood at 58% of its population and its daily infection rate was 5% of its all-time high; Germany's respective figures were 43% and 16%, while France's were 37% and 17%. India's severe COVID-19 outbreak eased somewhat, with its daily infection rate falling to 45% of its peak by the end of May; several other countries in Southeast Asia along with a number of South American and Caribbean countries remained at or near their highest infection levels.

President Joe Biden's administration proposed a $6 trillion budget for the 2022 fiscal year that would serve as a starting point from which Congress can decide how to appropriate the country's economic funding. The president incorporated his two major economic initiatives into the budget—infrastructure (estimated $2.3 trillion) and families programs (estimated $1.8 trillion)—along with $1.5 trillion for defense. Negotiations during May produced an offer from the White House to lower its infrastructure price tag to $1.7 trillion and a counter bid from Senate Republicans for a $928 billion package.

Key Measures: May 2021

EQUITY	
Dow Jones Industrial Average	2.21% ↑
S&P 500 Index	0.70% ↑
NASDAQ Composite Index	-1.44% ↓
MSCI ACWI Index (Net)	1.56% ↑
BOND	
Bloomberg Barclays Global Aggregate Index	0.94% ↑
VOLATILITY	
Chicago Board Options Exchange Volatility Index PRIOR MONTH: **18.61**	16.76 ↓
OIL	
WTI Cushing crude oil prices PRIOR MONTH: **$63.58**	$66.32 ↑
CURRENCIES	
Sterling vs. U.S. dollar	$1.42 ↑
Euro vs. U.S. dollar	$1.22 ↑
U.S. dollar vs. yen	¥109.58 ↑

Sources: Bloomberg, FactSet, Lipper

England's reopening timetable has continued according to schedule. Restaurants and pubs were allowed to provide indoor service starting on 17 May, while hotels opened up, and people from multiple households were permitted to congregate inside. Prime Minister Boris Johnson said there was no apparent reason to doubt that the final reopening stage—which would eliminate all remaining restrictions on social contact, live performances and nightclubs—would occur on 21 June as scheduled.

In a push to re-establish tourism ahead of the traditionally busy summer season, the EU approved a proposal made by the European Commission in May to ease travel restrictions within the bloc for vaccinated foreigners. Tensions between the EU and China—which have flared over the last six months as the EU condemned China's record on human rights and China imposed retaliatory economic sanctions—remained unsettled. In May, the European Parliament suspended ratification of the Comprehensive Agreement on Investment that EU and Chinese leaders had finalized in December 2020. As for U.S.-EU trade relations, friction smoothed as the European Commission delayed an increase to tariffs on the U.S. that had been planned in response to the Trump administration's tariffs on European metals; existing tariffs will remain as the two sides negotiate a long-term solution.

Economic Data

- U.S. manufacturing activity remained at red-hot growth levels in May, according to multiple PMI surveys. In the same month, IHS Markit's preliminary U.S. services PMI survey (which dates back to 2009) reported that U.S. services growth set a new high. New claims for jobless benefits continued to decline, from just below 500,000 per week at the start of May to 385,000 at the end of the period. Overall U.S. economic growth jumped to a 6.4% annualized rate during the first quarter of 2021 from 4.3% in the prior quarter.

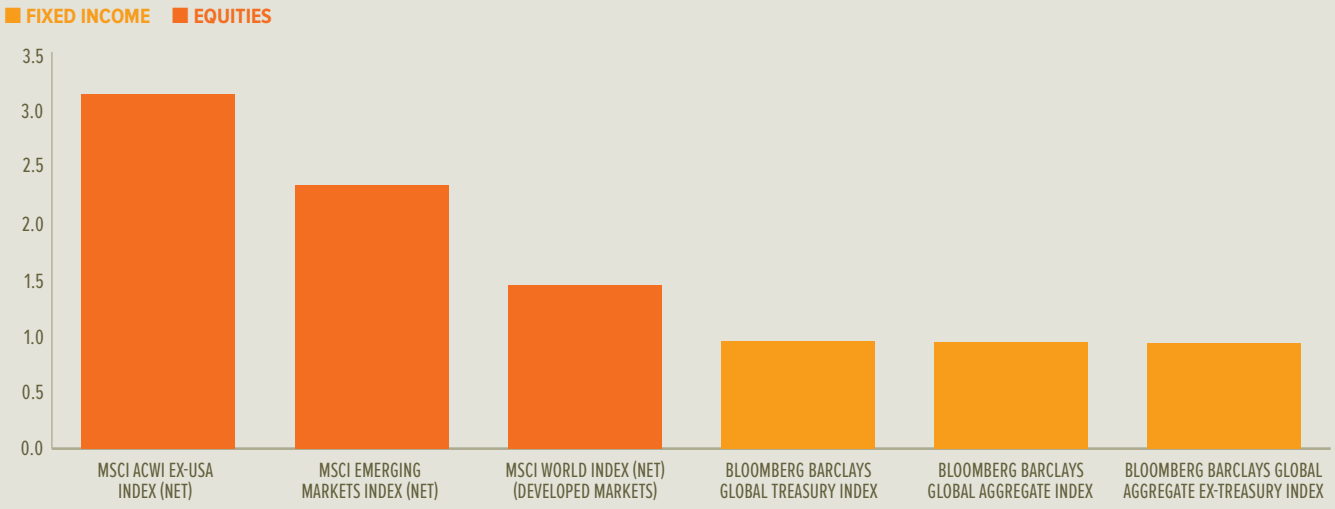
- U.K. manufacturing activity during May surpassed a growth record set in 1994, according to IHS Markit/CIPS' purchasing managers' index (PMI) surveys, while U.K. services activity expanded to the highest level in 91 months. The U.K. claimant count (which calculates the number of people claiming Jobseeker's Allowance) remained at 7.2% of the population in April as the total number of claimants decreased from 2.64 million to 2.63 million. The broad U.K. economy grew by 2.1% during March after expanding by 0.7% in February and contracting by 2.6% in January.

- Eurozone manufacturing growth moved further into record-high territory during May, according to IHS Markit's eurozone manufacturing PMI survey (which dates back to 1997). Eurozone services activity returned to a healthy pace of growth in May after emerging in April from an extended contraction. The eurozone unemployment rate edged lower, from 8.1% to 8.0%, during May. Overall eurozone economic activity contracted by 0.6% during the first quarter of 2021 and by 1.8% year over year—a modest improvement from the prior quarter-over-quarter decline of 7.2%, and a substantially improved year-over-year figure compared to the 4.9% decline recorded for the 12-month period ending December 2020.

Central Banks

- The Federal Open Market Committee (FOMC) did not hold a monetary-policy meeting in May and made no significant policy changes following its late-April meeting. The federal-funds rate remained near zero and asset purchases were set to continue at a level of $80 billion in Treasurys and $40 billion in agency mortgage-backed securities per month.
- The Bank of England's (BOE) Monetary Policy Committee (MPC) kept the bank rate at 0.1% and retained an £895 billion maximum allowance for asset purchases at its early May meeting. The BOE upgraded its forecast for 2021 U.K. economic growth to 7.5% from 5% in February, and stated that it could now begin to slow the pace of its monthly asset purchases as planned.
- The European Central Bank (ECB) did not hold a monetary-policy meeting during May; it held course at its late-April meeting, increasing the pace of asset purchases under its €1.85 trillion Pandemic Emergency Purchase Programme (PEPP). This move, previously announced in March, is intended to counter the negative economic impact of rising interest rates.
- The Bank of Japan (BOJ) had no monetary-policy meeting in May; it made no immediate changes at its late-April meeting after announcing a shift in March from programmatic market interventions to a more as-needed approach.

Major Index Performance in May 2021 (Percent Return)



Sources: FactSet, Lipper

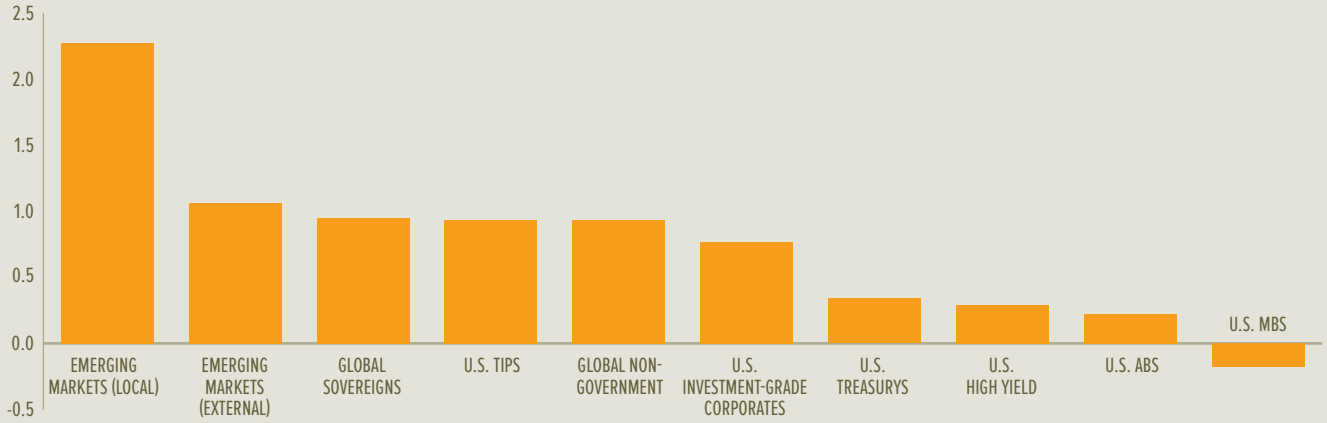
Portfolio Review

U.S. stocks advanced at a modest pace in May, with value stocks leading growth across capitalization sizes. Our U.S. large-cap strategies[1] outperformed their benchmarks for the month on overweights to the financials sector and underweights to information technology. A value tilt also resulted in favorable security selection in information technology and consumer discretionary as cheaper stocks within those sectors outperformed. Our U.S. small-cap strategies outpaced their benchmarks as a result of selection in consumer discretionary and an underweight to and selection within healthcare. International developed-market stocks outpaced both U.S. and emerging-market equities. Our international developed-market strategy performed in line with the benchmark as exposure to value and stability was favorable enough (despite mixed results) to offset losses from momentum exposures. Our emerging-market equity strategy generated positive absolute returns but underperformed the benchmark. Poor positioning in financials, materials, consumer discretionary and healthcare overcame the benefits of a value orientation.

Our core fixed-income strategy essentially matched its benchmark in May as most non-government fixed-income sectors modestly outperformed comparable U.S. Treasurys. An overweight to the long end of the yield curve benefited slightly from the decline in long-term yields. An overweight to corporate bonds with an emphasis on financials was modestly favorable. Our allocation to non-agency mortgage-backed securities (MBS) helped as they continued to outperform. An overweight to asset-backed securities (ABS) also contributed, particularly within student loans (the largest allocation) and higher-quality credit-card and automobile securitizations. A higher-quality bias in commercial MBS (CMBS) detracted, but selection within these tranches was strong. An overweight to agency MBS also detracted. Our

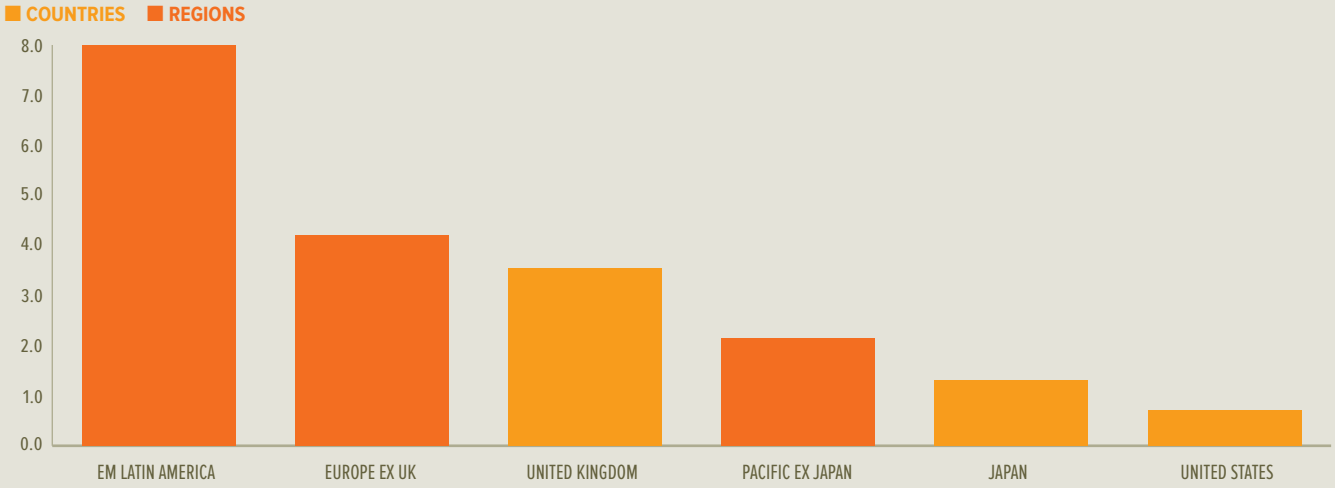
[1] Individual holdings will differ between strategies. Not representative of our passive strategies.

Fixed-Income Performance in May 2021 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Fixed-Income Performance Exhibit" in the Index Descriptions section for more information.

Regional Equity Performance in May 2021 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Regional Equity Performance Exhibit" in the Index Descriptions section for more information.

high-yield strategy outperformed its benchmark due primarily to selection in energy and an allocation to collateralized loan obligations (CLOs). Selection in consumer goods, financial services and telecommunications detracted slightly. Our emerging-market debt strategy outpaced its blended benchmark, primarily as an overweight to Ukraine benefited from the country's currency strengthening; Russia and Poland were also top contributors for the same reason. Off-benchmark exposure to the Egyptian pound contributed as well. An underweight to South Africa was the most significant detractor, followed by underweights to Hungary, China, Thailand and Indonesia.

Manager Positioning and Opportunities

The U.S. economy has begun to ramp up to full speed, with expectations pointing to faster-than-average growth in the near-term. Valuations are a bit stretched; volatility may resurface as the country learns more details about potential tax hikes, and as COVID-19 outbreaks remain a concern around the world. Our U.S. large-cap strategies continued to underweight some of the largest-capitalization stocks in favor of more attractively valued opportunities further down the capitalization spectrum. In sector terms, we were overweight healthcare, consumer staples and financials due to the combination of profitability and reasonable valuations. Our U.S. small-cap strategies still favored value (which remains attractive even after its recent outperformance) and stability. Momentum holdings have become aligned with value, so we have allowed our momentum allocation to increase in our small-cap strategies. Our international developed-market strategy retained overweights to the information technology and consumer discretionary sectors given their strong growth potential. Financials and real estate remained underweight on their weak competitive positions and limited growth opportunities, respectively. Our emerging-market equity strategy continued to overweight information technology (underappreciated growth opportunities in semiconductors and 5G) and materials (renewed demand for consumption of common and

Momentum holdings have become aligned with value, so we have allowed our momentum allocation to increase in our small-cap strategies.

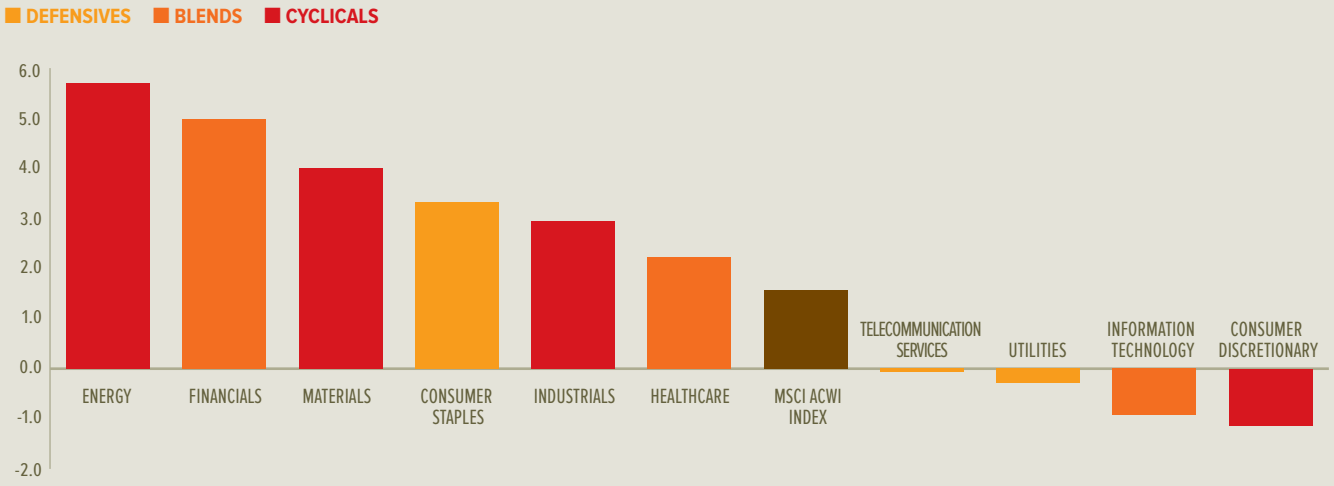
rare metals). It was underweight healthcare (company-specific reasons), communication services (elevated valuations) and consumer staples (poor growth opportunities).

With long-term yields rising but still near historically low levels, our core fixed-income strategy has been gradually adjusting its yield-curve posture—reducing an overweight to the 25-to-30 year segment of the yield curve and increasing exposure in the 5-to-7 year segment. We increased our overweight to corporate financials after recent heavy bank issuance came to market at attractive levels, while retaining overweights to industrials and energy (focused on pipelines). Overweights to ABS and CMBS were maintained given their competitive risk-adjusted yields, although there has been selective risk reduction within student loans; our holdings were centered in higher-quality tranches. We retained an overweight to agency MBS (has served as a high-quality alternative to Treasurys) and an allocation to non-agency MBS. Our U.S. high-yield strategy's largest allocation was to CLOs. Basic industry had the most significant overweight, while telecommunications, capital goods, and consumer goods were the largest underweights. Our emerging-market debt strategy remained overweight to local-currency assets. Its top country overweights were to South Korea, Mexico and Malaysia, while its top underweights were to Philippines, Thailand and China.

SEI's View

The war against COVID-19 is not over, but the path to victory has become clearer. Investors are anticipating the return to a more normal world. This was reflected in the rapid rise in bond yields during the first quarter, which we believe was one of the most important changes in the financial environment so far this year. The jump caused outsized price drops in long-term fixed-income securities and helped fuel the sharp equity-market rotation away from expensively priced growth shares and into value-oriented and cyclical sectors, both in the U.S. and internationally.

Global Equity Sector Performance in May 2021 (Percent Return)



Sources: FactSet, Lipper. MSCI ACWI Index Components (as defined by SEI).

With the passage of the latest U.S. fiscal stimulus package, the cumulative amount of U.S. fiscal support since March 2020 totals a remarkable $6 trillion—approaching 30% of U.S. gross domestic product (GDP)[2]. The Federal Reserve has gone to great lengths to protect the bond market from the rising tide of Treasury issuance with its purchases of outstanding issues. In the 12 months ended March 2021, the Fed bought $2.3 trillion of Treasury securities; the federal deficit amounted to $4.09 trillion over the same period.

Higher bond yields may cause bouts of indigestion for equities but should not derail the bull market. We expect cyclical and value-oriented shares to continue to advance relative to growth and defensively oriented sectors. In most cycles, value shares outperform growth when the yield curve is rising or is especially wide (rates on long-term Treasury bonds are well above those on short-term securities). Value's performance against growth bottomed on September 1, and has moved higher with limited interruption ever since.

While value-oriented shares have been making a comeback against growth in the U.S., other countries' equity markets are making a comeback against the U.S.

As spring arrives and lockdowns end on the back of successful vaccination efforts, we expect the U.K. to experience a strong recovery in consumer demand and business activity that outpaces the rest of Europe.

U.K. government policy remains supportive in the near-term. But the recently proposed fiscal budget appears rather restrained compared to measures taken in the U.S. by the Biden administration, adding only about 3% of U.K. GDP to the budget deficit for the 2021-to-2022 fiscal year. In the 2023-to-2024 fiscal year and beyond, policy actions are projected to begin reducing the deficit, mostly through increasing the corporation tax rate from 19% to 25% and freezing income-tax thresholds.

Although not as high as the valuation metrics found in the U.S. equity market, shares outside the U.S. still appear expensive. Currently, the MSCI World ex USA Index is priced at almost 17 times the earnings-per-share forecast for the next 12 months, the highest level since 2004[3].

To repeat, developed-country equity markets still look cheap compared to U.S. equities. The forward price-to-earnings ratio for the MSCI USA Index is above 23. Therefore, the MSCI World ex USA Index trades at an unusually wide 27% discount. Although longer-term growth differentials justify a structurally higher multiple for U.S. equities, rebounding economies and rising interest rates should lead to a narrower valuation gap.

The jump in U.S. bond yields this year has raised investor concerns that emerging markets will be the victims of a 2013-style taper tantrum. Rising rates are a headwind, but we believe emerging economies are generally in a better position to withstand the pressure now than they were eight years ago. Strong growth in the world economy over the next year should help lift most emerging markets.

While value-oriented shares have been making a comeback against growth in the U.S., other countries' equity markets are making a comeback against the U.S.

[2] "Gross Domestic Product." U.S. Bureau of Economic Analysis.
[3] Source: MSCI, SEI

Developing countries will likely take longer than developed nations to reopen fully due to vaccination-distribution challenges. Yet, even these countries will benefit economically from the upswing in developed-market consumer demand.

World trade volumes, for example, had already reached pre-pandemic levels by the end of last year. Over the course of 2021, the expansion in trade should continue. When trade volumes are strong, developing-country equity markets tend to perform well against those of economically advanced countries.

We believe the economic backdrop strongly supports cyclical and value-oriented equities in the emerging markets, just as it does in developed markets. The MSCI Emerging Markets Value Index (total return) is highly correlated with industrial commodity prices, which have already vaulted higher from their year-ago lows.

Demand for metals and other commodities will be stoked by the strengthening manufacturing and construction activity in the U.S. and China, the recovery in Europe and Latin America as vaccines become more widely available, the global push into electric vehicles and other climate projects, and the major infrastructure package that is next on the Biden administration's to-do list.

Emerging economies also look less susceptible to a 2013-style taper tantrum because their external positions are much healthier today; current account balances as a percentage of GDP are generally much smaller than they were eight years ago.

Emerging-market local-currency and U.S. dollar bond yields have moved higher in the year to date, but the increase has been modest so far. Option-adjusted spreads are still near their lows of the past three years, certainly not qualifying as a taper tantrum.

Granted, some big countries face continuing problems. Besides Turkey, debt dynamics among the larger countries appear most worrying in Brazil and South Africa. However, most of the debt in these two countries is denominated in local currency, allowing their governments to engage in some form of financial repression (like quantitative easing) in order to temper the pressure on their bond markets.

SEI's base case is an optimistic one. Developing countries will likely take longer than developed nations to reopen fully due to vaccination-distribution challenges. Yet, even these countries will benefit economically from the upswing in developed-market consumer demand.

However, having confidence is not the same as being complacent. Beyond COVID-19 concerns, we expect investors will be increasingly focused on the next multi-trillion dollar U.S. spending package, which will almost certainly include tax increases on corporations and high-income households. Compromises will be needed to keep the Democratic caucus unified.

Generally speaking, the tax and regulatory changes championed by the Biden administration are not considered business- or equity-market friendly. But the same could be said of the economic policies pursued during President Barack Obama's administration. That did not prevent one of the strongest and most enduring bull-market runs in U.S. history. We caution against making broad asset-allocation changes based on perceived shifts in the political winds.

As for monetary policy, we will be watching whether the Fed can maintain its stance of a near-zero federal-funds rate through 2023. If the acceleration in inflation proves stronger and longer-lasting than investors expect, bond yields could climb appreciably from today's levels.

If the Fed accelerates policy rate hikes, we would expect a neutral-to-negative reaction in equities and other risk assets. On the other hand, suppressing the rise in bond yields through even more aggressive policy actions could lead to a weaker U.S. dollar and a sharper investor focus on inflation-hedging. Equity valuations could get even more expensive than they are now as investors grow even more exuberant. Interesting times, indeed.

Glossary of Financial Terms

Bear market: A bear market refers to a market environment in which prices are generally falling (or are expected to fall) and investor confidence is low.

Bull market: A bull market refers to a market environment in which prices are generally rising (or are expected to rise) and investor confidence is high.

Comprehensive Agreement on Investment (CAI): The CAI is cross-border investment deal between the EU and China that was first proposed in 2013. Negotiations over the CAI were concluded in December 2020 and it was awaiting approval by the European Parliament, but it has since been withheld given diplomatic tension between the parties.

Cyclical stocks: Cyclical stocks or sectors are those whose performance is closely tied to the economic environment and business cycle. Managers with a pro-cyclical market view tend to favor stocks that are more sensitive to movements in the broad market and therefore tend to have more volatile performance.

Democratic caucus: The Democratic caucus refers to all members of the Democratic Party that serve in the U.S. Congress plus a small group of independent congresspeople.

Fiscal policy: Fiscal policy relates to decisions about government revenues and outlays, like taxation and economic stimulus.

Fiscal stimulus: Fiscal stimulus refers to government spending intended to provide economic support.

Forward price-to-earnings (PE) ratio: The forward PE ratio is equal to the market capitalization of a share or index divided by forecasted earnings over the next 12 months. The higher the PE ratio, the more the market is willing to pay for each dollar of annual earnings.

Hedging: Hedging is an investment technique designed to try to limit potential losses from swings in market value (price changes) of stocks, bonds, commodities or currencies.

Monetary policy: Monetary policy relates to decisions by central banks to influence the amount of money and credit in the economy by managing the level of benchmark interest rates and the purchase or sale of securities. Central banks typically make policy decisions based on their mandates to target specific levels or ranges for inflation and employment.

Mortgage-backed securities: Mortgage-backed securities (MBS) are pools of mortgage loans packaged together and sold to the public. They are usually structured in tranches that vary by risk and expected return. Agency means that the debt is guaranteed by a government-sponsored entity.

OPEC+: OPEC+ combines OPEC—a permanent intergovernmental organization of 13 oil-exporting developing nations that coordinates and unifies the petroleum policies of its member countries—with Russia, a major oil exporter, to make collective high-level decisions about oil production levels.

Options: Options are contracts that provide a buyer with the right, but not the obligation, to buy or sell a security at an agreed-upon price.

Pandemic Emergency Purchase Programme (PEPP): PEPP is a temporary asset-purchase programme of private and public sector securities established by the ECB to counter risks to monetary-policy transmission and the outlook for the euro area posed by the COVID-19 outbreak.

Purchasing managers' index (PMI) survey: A PMI survey is compiled from responses to questionnaires sent to a panel of purchasing managers working, for example, in the manufacturing and business services sectors.

Quantitative easing: Quantitative easing refers to expansionary efforts by central banks to help increase the supply of money in the economy.

Taper tantrum: Taper tantrum describes the 2013 surge in U.S. Treasury yields, resulting from the U.S. Federal Reserve's announcement of future tapering of its policy of quantitative easing.

Yield: Yield is a general term for the expected return, in percentage or basis points (one basis point is 0.01%), of a fixed-income investment.

Yield curve: The yield curve represents differences in yields across a range of maturities of bonds of the same issuer or credit rating (likelihood of default). A steeper yield curve represents a greater difference between the yields. A flatter curve indicates the yields are closer together.

Index and Benchmark Descriptions

All indexes are quoted in gross performance unless otherwise indicated.

The Bloomberg Barclays 1-10 Year US TIPS Index measures the performance of inflation-protected public obligations of the U.S. Treasury that have a remaining maturity of 1 to 10 years.

The Bloomberg Barclays US Asset Backed Securities (ABS) Index measures the performance of ABS with the following collateral types: credit and charge card, auto and utility loans. All securities have an average life of at least one year.

The Bloomberg Barclays Global Aggregate Index is an unmanaged market-capitalization-weighted benchmark, tracks the performance of investment-grade fixed-income securities denominated in 13 currencies. The Index reflects reinvestment of all distributions and changes in market prices.

The Bloomberg Barclays Global Aggregate ex-Treasury Index is an unmanaged market index representative of the total-return performance of ex-Treasury major world bond markets.

The Bloomberg Barclays Global Treasury Index is composed of those securities included in the Bloomberg Barclays Global Aggregate Bond Index that are Treasury securities.

The Bloomberg Barclays US Corporate Bond Index is a broad-based benchmark that measures the investment-grade, fixed-rate, taxable corporate bond market.

The Bloomberg Barclays US Mortgage Backed Securities (MBS) Index measures the performance of investment-grade, fixed-rate, mortgage-backed, pass-through securities of Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Freddie Mac (FHLMC).

The Bloomberg Barclays US Treasury Index is an unmanaged index composed of U.S. Treasurys.

The Bloomberg Commodity Index is composed of futures contracts and reflects the returns on a fully collateralized investment in the Index. This combines the returns of the Index with the returns on cash collateral invested in 13-week (3-month) U.S. Treasury bills.

The ICE BofA U.S. High Yield Constrained Index contains all securities in The ICE BofA U.S. High Yield Index but caps exposure to individual issuers at 2%.

The ICE BofA U.S. High Yield Index tracks the performance of below-investment-grade, U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

The Chicago Board Options Exchange Volatility Index (VIX) tracks the expected volatility in the S&P 500 Index over the next 30 days. A higher number indicates greater volatility.

CBOE Volatility Index (VIX Index): The VIX Index tracks the expected volatility in the S&P 500 Index over the next 30 days. A higher number indicates greater volatility.

The Dow Jones Industrial Average is a widely followed market indicator based on a price-weighted average of 30 blue-chip New York Stock Exchange stocks that are selected by editors of *The Wall Street Journal.*

The FTSE All-Share Index represents 98% to 99% of U.K. equity market capitalization. The Index aggregates the FTSE 100, FTSE 250 and FTSE Small Cap Indexes.

The JPMorgan EMBI Global Diversified Index tracks the performance of external debt instruments (including U.S. dollar-denominated and other external-currency-denominated Brady bonds, loans, eurobonds and local-market instruments) in the emerging markets.

JPMorgan GBI-EM Global Diversified Index tracks the performance of debt instruments issued in domestic currencies by emerging-market governments.

The MSCI ACWI Index is a market-capitalization-weighted index composed of over 2,000 companies, representing the market structure of 48 developed- and emerging-market countries in North and South America, Europe, Africa and the Pacific Rim. The Index is calculated with net dividends reinvested in U.S. dollars.

The MSCI ACWI ex-USA Index includes both developed- and emerging-market countries, excluding the U.S.

The MSCI Emerging Markets Index is a free float-adjusted market-capitalization-weighted index designed to measure the performance of global emerging-market equities.

The MSCI Emerging Markets Latin America Index captures large- and mid-cap representation across five emerging-market countries in Latin America.

The MSCI Emerging Markets Value Index measures the performance of large- and mid-cap stocks exhibiting overall value style characteristics across 27 emerging-market countries.

The MSCI EMU (European Economic and Monetary Union) Index is a free float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of countries within EMU. The Index consists of the following 10 developed-market country indexes: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Netherlands, Portugal and Spain.

The MSCI Europe ex-UK Index is a free float-adjusted market-capitalization-weighted index that captures large- and mid-cap representation across developed-market countries in Europe excluding the UK.

The MSCI Frontier Emerging Markets Index is a free float-adjusted market capitalization index designed to serve as a benchmark covering all countries from the MSCI Frontier Markets Index and the lower size spectrum of the MSCI Emerging Markets Index.

The MSCI Pacific ex Japan Index captures large- and mid-cap representation across four of five developed-market countries in the Pacific region (excluding Japan).

The MSCI Japan Index is designed to measure the performance of the large- and mid-capitalization stocks in Japan.

MSCI United Kingdom Index is designed to measure the performance of the large- and mid-cap segments of the U.K. market.

The MSCI USA Index measures the performance of the large- and mid-cap segments of the U.S. market. The Index covers approximately 85% of the free float-adjusted market capitalization in the US.

The MSCI World Index is a free float-adjusted market-capitalization-weighted index designed to measure the equity market performance of developed markets. The Index consists of the following 23 developed-market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the U.K. and the U.S.

The MSCI World ex-USA Index is a free float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of developed markets, excluding the U.S.

The NASDAQ Composite Index is a market-value-weighted index of all common stocks listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) system.

Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values.

The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values.

The Russell 2000 Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The Shenzhen Stock Exchange Composite Index tracks performance of A share stocks (which are denominated in renminbi, the local currency) and B share stocks (which are denominated in Hong Kong dollars, an offshore currency) on China's Shenzhen Stock Exchange.

The S&P 500 Index is a market-capitalization-weighted index that consists of 500 publicly-traded large U.S. companies that are considered representative of the broad U.S. stock market.

The TOPIX, also known as the Tokyo Stock Price Index, is a capitalization-weighted index of all companies listed on the First Section of the Tokyo Stock Exchange. The Index is supplemented by the subindexes of the 33 industry sectors. The Index calculation excludes temporary issues and preferred stocks, and has a base value of 100 as of January 4, 1968.

Corresponding Indexes for Fixed-Income Performance Exhibit

U.S. High Yield	ICE BofA U.S. High Yield Constrained Index
Global Sovereigns	Bloomberg Barclays Global Treasury Index
Global Non-Government	Bloomberg Barclays Global Aggregate ex-Treasury Index
Emerging Markets (Local)	JPMorgan GBI-EM Global Diversified Index
Emerging Markets (External)	JPMorgan EMBI Global Diversified Index
U.S. Mortgage-Backed Securities (MBS)	Bloomberg Barclays US Mortgage Backed Securities Index
U.S. Asset-Backed Securities (ABS)	Bloomberg Barclays US Asset Backed Securities Index
U.S. Treasurys	Bloomberg Barclays US Treasury Index
U.S. Treasury Inflation-Protected Securities (TIPS)	Bloomberg Barclays 1-10 Year US TIPS Index
U.S. Investment-Grade Corporates	Bloomberg Barclays US Corporate Bond Index

Corresponding Indexes for Regional Equity Performance Exhibit

United States	S&P 500 Index
United Kingdom	FTSE All-Share Index
Pacific ex Japan	MSCI Pacific ex Japan Index (Net)
Japan	TOPIX, also known as the Tokyo Stock Price Index
Europe ex U.K.	MSCI Europe ex UK Index (Net)
EM Latin America	MSCI Emerging Markets Latin America Index (Net)

Disclosures

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 SEI's portfolios or any stock in particular, nor should it be construed as a recommendation to purchase or sell a security, including futures contracts.

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. Narrowly focused investments and smaller companies typically exhibit higher volatility. Bonds and bond funds will decrease in value as interest rates rise. High-yield bonds involve greater risks of default or downgrade and are more volatile than investment-grade securities, due to the speculative nature of their investments.

Diversification may not protect against market risk. Past performance does not guarantee future results. Index returns are for illustrative purposes only and do not represent actual portfolio performance. Index returns do not reflect any management fees, transaction costs or expenses. One cannot invest directly in an index.

Information provided by SEI Investments Management Corporation, a wholly owned subsidiary of SEI Investments Company (SEI).

210172.10 IMU US (06/21)

Strategic
Financial Advisors

All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

Advisory Services offered through Investment Advisors, a division of ProEquities, Inc., a Registered Investment Advisor. Securities offered through ProEquities, Inc., a Registered Broker/Dealer; Member FINRA & SIPC. Strategic Financial Advisors is independent of ProEquities, Inc.

Neither SEI nor its subsidiaries is affiliated with your financial advisor.