SEI New ways. New answers.®

Managed Volatility Shines In Challenging Markets

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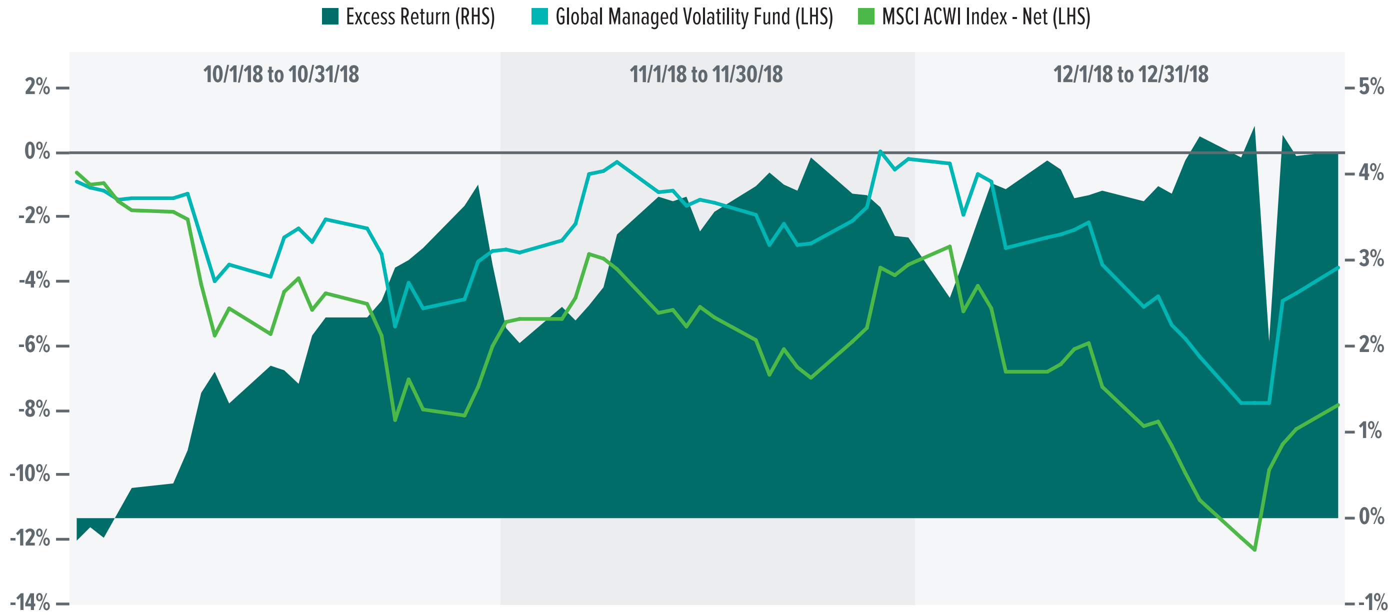
Snapshot

- Volatility picked up significantly in the final days of 2018.
- In this environment, the Global Managed Volatility Fund performed as intended.
- SEI, a leader in managed volatility investing, has historically promoted its use as part of a diversified portfolio.

While corrections and bear markets are a normal part of investing, investors do not like to lose 10%, 20% or possibly more of their assets associated with these types of declines. One way to help dampen the impact of market downturns is to invest in managed volatility strategies that focus on more-stable companies with less potential downside risk. Exhibit 1 shows cumulative performance from October 1 to December 31, 2018 for the SEI Global Managed Volatility Fund's O shares, the MSCI ACWI Index (Net), and the excess return of the Fund over the Index. Despite negative absolute performance, the Fund significantly outperformed the MSCI ACWI Index, to the tune of over 4%, during the fourth-quarter market turmoil. The Fund also reduced risk, posting a nearly 10% reduction in volatility (standard deviation) over the Index.

Exhibit 1: Global Managed Volatility Fund Cumulative Performance (O Shares)



Source: SEI Data Portal, MSCI. 10/1/18 – 12/31/18.
All performance is in CAD.
Note: The fund did not price on 12/25/18 or 12/26/18 due to federal holidays. The index however priced on these days, resulting in temporary performance dispersions.

Performance shown is net of the Fund's operating expenses. Performance does not reflect management fees payable to SEI and any advisory fees that may be payable to the dealer. The rate of return shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the Fund or returns on investment.

SEI's Strategies

When stock prices are rising, investors often question the value of diversification in general and, more specifically, of managed volatility strategies. SEI has been a steadfast supporter of both diversification and managed volatility. We have always maintained that markets can turn quickly and that, when they do, diversification—including exposure to managed volatility—can help to soften the impact.

As a pioneer in the space, SEI has a long history of investing with managed-volatility strategies that have a primary objective of realizing less volatility than the overall stock market. By doing so, we hope to experience smaller drawdowns than the market when stocks sell off. And while we don't normally expect them to outperform the broader market in the long-term, our strategies do seek equity market-like returns. When these two objectives are met, a managed-volatility approach should produce attractive risk-adjusted returns compared to the stock market as a whole. Recent weeks have provided a clear and concise illustration of how a well-designed managed-volatility strategy can benefit investors during turbulent periods.

Standardized Annualized Performance as of December 31, 2018

	1 Year (%)	3 Year (%)	5 Year (%)	10-Year (%)	Since Inception (%)*
Global Managed Volatility Fund – O Shares	2.3	6.6	10.7	N/A	13.3

Source: SEI Data Portal
*Date of inception is 3/30/2012.

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Definitions

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.

Standard deviation is a statistical measure of volatility; it is the average difference between a series of return observations and their average.

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Index returns are for illustrative purposes only, and do not represent actual performance of an SEI Fund. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

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