

Manager Announcement

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Fred Alger Management, Inc.'s Capital Appreciation Focus Strategy Brings Differentiated Momentum Approach to SEI Canada's U.S. Large Company Equity Fund

The Fred Alger Management, Inc. (Alger) Capital Appreciation Focus strategy has been added to the SEI Canada's U.S. Large Company Equity Fund (the Fund).

Investment Philosophy and Process

Alger's investment philosophy focuses on exploiting positive dynamic change through developing a differentiated view. The investment team believes its competitive advantages are to identify change, analyze which companies will ultimately be the beneficiaries of the change, and capitalize on a differentiated view of a company's future earnings growth before the change is fully recognized by the market. Alger's philosophy diverges from most growth/momentum managers through its additional consideration of companies benefiting from a lifecycle change, such as a new business model, new management, or corporate restructuring.

The investment process is focused on idea generation and identifying the most impactful themes in the market. Alger's analysts identify companies experiencing dynamic changes in their sectors and regions. They perform in-depth analysis to develop a differentiated view, supported by detailed financial models and stress-tested for a range of potential outcomes. The analysts then present their idea to portfolio manager Patrick Kelly, who challenges their assumptions. The end portfolio contains about 46 stocks.

Role in the Fund

We expect Alger's strategy to align the growth portion of the Fund with SEI's momentum alpha source. We believe the strategy will perform best in the expansion phase of the market cycle.

About Alger

Based in New York, NY, Fred Alger Management, Inc. is a family-owned firm in the established phase of its lifecycle. As at 30 September 2018, the firm had US\$28.1 billion in assets under management.

Why We Like Them

- **Commitment to investment philosophy:** The strategy's investment philosophy and process are predicated on finding changes in the market. The investment team structure supports this goal, and the philosophy has been in practice for decades.
- **Experienced portfolio manager:** Patrick Kelly is a tenured portfolio manager who demonstrates a passion for investing and reinforces the rigor and depth of analysis undertaken at Alger.
- **Portfolio concentration:** We like the portfolio concentration and see evidence of sizing skill. We think the team is focused on putting enough capital behind the right opportunities. Much of the effort is at the security level.
- **Deep research:** Alger's research and modeling practices enable repeatability. We believe its advantage lies within its execution and utilization of its research analysts.

Glossary of Financial Terms

Alpha Source: Alpha source is a term used by SEI as part of our internal classification system to categorise and evaluate investment managers in order to build diversified fund portfolios. An alpha source is the investment approach taken by an active investment manager in an effort to generate excess returns. Another way to define an alpha source is that it is the inefficiency that an active investment manager seeks to exploit in order to add value.

Momentum: Momentum refers to stocks whose prices are expected to keep moving in the same direction (either up or down) and are not likely to change direction in the short-term.

Important Information

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