

Manager Announcement

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SEI New ways.
New answers.®

PIMCO Canada Brings Globally-Focused, Bottom-Up Approach to SEI's Canadian Fixed Income Fund

We are pleased to announce that world-class global fixed-income leader PIMCO Canada Corp. (PIMCO Canada) has been added to SEI's Canadian Fixed Income Fund (the Fund).

The addition of PIMCO Canada not only enhances the Fund's highly-talented group of domestic managers; it broadens the depth and breadth of the team by providing additional sources of alpha generation.

Key Takeaways

The addition of PIMCO Canada means that:

- The Fund will move from a domestic volatility/duration-only focus to a broader global government and relative-value focus.
- Duration management will still play a role in the Fund, but will be less dominant within the customized mandate that PIMCO Canada will manage.
- The Fund will maintain its high-quality preference with an A minimum rating in global government and agency securities.
- The Fund will make minor allowances for sovereign emerging-markets debt (assuming it fits the rating limit) and very minor currency exposure. Overall Fund exposures to A rated or higher emerging-markets debt and foreign currencies are less than 3% in aggregate.

What They Do

PIMCO Canada takes a longer-term focus when making investment decisions. The investment team's views are formed across two key forums: secular and cyclical. The team believes that the best way to generate consistent outperformance is to use as many sources of added value as possible, both at the security and macro levels.

Aided by the sheer breadth and depth of its fixed-income platform, PIMCO Canada constantly searches for new ways to create value for its clients' portfolios.

How They Do It

One of the team's major strengths is its investment process, which involves developing long-term secular views and adjusting those views using a combination of short-term market updates and bottom-up research.

About PIMCO Canada

Founded in 2004 and headquartered in Toronto, PIMCO Canada Corp is a subsidiary of Pacific Investment Management Company, LLC, (PIMCO) which was founded in 1971 and is based in Newport Beach, California. PIMCO is owned by Allianz S.E., a leading global diversified financial services provider. The firm had a total of US\$1.7 trillion in assets under management as of March 31, 2020.

Why We Like Them

- **Global exposure:** Canadian rates are expected to remain low for an extended period. Adding value through duration management in Canada will be difficult, with limited upside. Exposure to broader, more global opportunities should benefit the Fund.
- **Time-tested:** The firm's investment process has been tested in virtually every market environment. Bringing together over 800 investment professionals from across the globe, PIMCO's investment process is designed to promote fresh ideas and differing points of view while assessing shifting risks and opportunities to build forward looking solutions for investors.
- **Above-average risk management:** The firm has a proprietary risk-management system, which it continuously seeks to improve. There is a separate risk-management team that reviews the portfolios and provides PIMCO's portfolio managers with detailed reports on exposure from a sector, industry and individual security level.

Glossary of Financial Terms

Alpha refers to returns in excess of the benchmark.

Bottom-up managers focus on individual stock selection instead of the overall economic environment.

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

Duration is a measure of risk in bond investing and indicates how price-sensitive a bond is to changes in interest rates. A long (overweight) duration stance indicates the portfolio duration is higher than that of the benchmark whereas a short (underweight) duration stance indicates a lower duration. Duration is measured in years and securities with longer durations are more sensitive to interest-rate changes.

Macro refers to the broad economy of a country or region, or the global economy.

Relative value trading involves selling one security that is currently expensive and buying another that is cheap.

Secular securities are not seasonal or cyclical; instead, they remain consistent over time regardless of current economic trends.

Important Information

SEI Investments Canada Company, a wholly owned subsidiary of SEI Investments Company, is the Manager of the SEI Funds in Canada. The information contained herein is for general and educational information purposes only and is not intended to constitute legal, tax, accounting, securities, research or investment advice regarding the Funds or any security in particular, nor an opinion regarding the appropriateness of any investment. This information should not be construed as a recommendation to purchase or sell a security, derivative or futures contract. You should not act or rely on the information contained herein without obtaining specific legal, tax, accounting and investment advice from an investment professional. 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. There is no assurance as of the date of this material that the securities mentioned remain in or out of the SEI Funds. The portfolio managers or the allocations of assets to a particular portfolio manager are subject to change from time to time at the Manager's discretion. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus or other offering documents before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.