

Growth 80/20 Fund.

Quarterly Commentary, Q1 2024 — Class O



A message from SEI to investors

At the end of the first quarter, the Canadian economy faced similar economic circumstances as most global economies albeit with a few unique Canadian factors such as immigration dynamics and household debt levels. Overall economic activity and sentiment held up better than consensus expectations, while inflation continued to decline.

As of February, inflation declined to just above the Bank of Canada's (BoC's) target range of 1% to 3%. However, the BoC is not yet comfortable with inflation to begin cutting interest rates. Rate markets toned down end-of-year rate-cutting expectations that SEI believed were far too dovish. The BoC took a wait-and-see approach at its March meeting and indicated it would pay close attention to supply-and-demand balance, corporate pricing behaviour, inflation expectations, and wage growth relative to productivity.

Supply-demand imbalances appear to be improving although a rebound in energy prices could slow progress. Still, inflation expectations and wage growth relative to productivity could delay quantitative easing.

Meanwhile, 2023 wage growth was above pre-COVID levels against a backdrop of declining productivity. Improved productivity growth would help the inflation outlook and give the BoC more room to cut interest rates. Nevertheless, business investment has been lackluster, and businesses are focusing investments on maintaining existing capacity.

Given this outlook, the BoC's more patient approach to cutting rates is understandable. Tepid economic data, business, and consumer sentiment could mean that the economy avoids recession in 2024. With inflation still above target, markets now expect a 0.75% decrease in the BoC's target rate this year. In this environment investors should stick to their long-term strategy, seeking to take advantage of diversification benefits and employing active management where appropriate.

In this environment investors should stick to their long-term strategy, seeking to take advantage of diversification benefits and employing active management where appropriate.

Market Commentary

Canadian financial markets navigated a complex economic landscape, influenced by both domestic factors and broader global trends. The quarter was marked by moderated growth, reflecting a cautious optimism among investors tempered by underlying economic challenges.

The Canadian economy showed signs of slowing, with growth projected at a modest pace. Consumer spending was anticipated to slow, reflecting the pressure of past interest rate hikes and a cautious outlook among Canadian households. The BoC's policy rate, after reaching peaks in 2023, was expected to stabilize, and created a more balanced risk environment for Canadian fixed income assets. With the BoC pausing its rate hikes, the pressures on bond yields eased somewhat, allowing for cautious optimism in extending bond durations within portfolios. As inflation continued to subside, real return bonds underperformed the broader Canadian fixed income asset class. U.S. high yield fixed income was the strongest performer within the fixed income sleeve as positive economic surprises in the U.S. allowed credit spreads to continue to narrow.

The equity markets entered 2024 on a positive note, buoyed by a strong performance at the end of 2023 and optimistic projections for the year. Canadian equities lagged U.S. large cap and global equities, as the majority of the strongest performers were U.S. mega-cap technology companies. Although Canadian small caps lagged their U.S. counterparts, they narrowly outperformed Canadian large cap companies over the quarter, which could be attributed to lower expected interest rates being more favourable for the balance sheets of small companies. Emerging markets equities were the laggard in global equities, posting a modestly positive performance despite the backdrop of enduring geopolitical tensions and a lackluster performance from the Chinese economy.

Portfolio Update

The Growth 80/20 Fund returned 7.2% for the quarter.

U.S. large companies continued their ascent. Selection and an underweight to consumer discretionary added value though this was offset by negative effects from selection and an underweight to communication services and information technology.

Canadian equities advanced along with most stock indexes. Selection in industrials and information technology added value. An underweight to the rebounding energy sector reduced this result.

International markets continued to rally. A tilt to value and quality stocks proved costly. An underweight to Japanese stocks and large-cap stocks also detracted from return.

Growth 80/20 Fund.

Quarterly Commentary, Q1 2024 — Class O



Performance

Cumulative Returns (%)				Annualized Returns (%)						Calendar Year Returns (%)				
1 Mo	3 Mo	6 Mo	Ytd	1 Yr	3 Yr	5 Yr	10 Yr	Since incept	Inception date	2023	2022	2021	2020	2019
2.9	7.2	14.6	7.2	14.6	6.8	8.3	7.6	7.6	21/08/02	12.1	-7.9	15.6	8.0	17.1

Questions? Comments? Please speak with your financial advisor.

Find out more about SEI at seic.com.

Performance shown is for Class O units, 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 rates of return are used only to illustrate the effects of the compound growth rate and are not intended to reflect future values of the Portfolio or Funds or returns on investment in the Portfolio or Funds.

SEI Investments Canada Company ("SEI"), 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. This sheet is a marketing document, is unaudited and should not be confused with the Fund Facts of the Funds or Underlying Funds, regulatory documents filed on SEDAR+ by SEI. There is no assurance as of the date of this material that the securities mentioned remained in or out of the Funds. You can obtain the regulatory Fund Facts documents from your financial advisor or by visiting the SEI website at <https://seic.com/en-ca/legal-documents> or SEDAR+ at sedarplus.ca. The percentage weightings of the Underlying Funds in which investment may be made under the Asset Allocation Funds or SEI Portfolios may be changed from time to time at the Manager's discretion. 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 and the use of an asset allocation service such as the SEI Portfolios. Please read the prospectus of the Fund or Underlying Funds in which investment may be made under the SEI Portfolios before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual fund securities are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer, they are not guaranteed. There can be no assurances that a money market fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the money market fund will be returned to you. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.