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This Brochure provides information about the qualifications and business practices of SEI Huntington Steele. If you have any questions about the contents of this Brochure, please contact us at 1-800-DIAL-SEI. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

SEI Huntington Steele is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training.

Additional information about SEI Huntington Steele is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

We have not made any material changes to this Brochure since its last annual amendment filed on April 2, 2018.

Currently, our Brochure may be requested by contacting Laura Smolenski, Chief Compliance Officer at 610-676-3479 or [SIMCCompliance@seic.com](mailto:SIMCCompliance@seic.com).

Additional information about SEI Huntington Steele is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with SEI Huntington Steele who are registered, or are required to be registered, as investment advisor representatives of SEI Huntington Steele.

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#### **Item 4 – Advisory Business**

SEI Huntington Steele is an investment advisor registered under the Investment Advisers Act of 1940 (“Advisers Act”) with the SEC. It is an indirect wholly-owned subsidiary of SEI Investments Company (“SEI”), a publicly traded diversified financial services firm (NASDAQ: SEIC) headquartered in Oaks, Pennsylvania, a suburb of Philadelphia. It is a direct subsidiary of SEI Investments Management Corporation (“SIMC”), an investment advisor registered under the Investment Advisers Act of 1940. SIMC and its predecessor entities were originally incorporated in 1969.

SEI Huntington Steele is investment advisor to various types of investors, including but not limited to, trusts, corporations, ultra-high net worth individuals and retail investors (each, a “Client” and together, the “Clients”).

SEI Huntington Steele’s total assets under management as of December 31, 2017 were \$848,073,436 of which it manages on a discretionary basis.

SEI Huntington Steele offers investment advisory services to ultra-high net worth Clients. For individuals and families exceeding \$1 million in net worth, SEI Huntington Steele will help Clients to:

- set goals and priorities so Clients will discover exactly what they want to achieve;
- understand how their wealth should impact them, their family and their community; and
- free them from the everyday responsibility of wealth management.

SEI Huntington Steele’s services feature a life goals-based wealth advice process which includes investment advice and portfolio management, securities, financial management, administrative services, estate planning, philanthropy, and other related services which SIMC, its affiliates, and third parties provide to Clients. For certain Client accounts, SEI Huntington Steele, instead of acting as a Client’s investment manager, may provide non-fiduciary/non-discretionary oversight services for that particular Client.

HS/SIMC is responsible for determining the suitability of investments for its Clients. In performing its services, HS/SIMC relies on the information received from the Client or from the Client’s other professionals in order to provide its investment advice. It is each Client’s responsibility to promptly notify HS/SIMC if there is ever any change in the Client’s financial situation or investment objectives for the purpose of reviewing/evaluating/revising HS/SIMC’s previous recommendations and/or services, or if they wish to impose any reasonable restrictions upon HS/SIMC’s services.

HS/SIMC may invest Client assets in SEI’s Pooled Investment Vehicles, including SEI Funds and SEI Alternative Funds (each of which are described below), and/or Managed Account Solutions (“MAS”). For more information regarding MAS, please refer to the Managed Account Solutions: SEI Private Wealth Management wrap fee program brochure, which describes services available to SEI Huntington Steele Clients, as well as the fees associated with such services. SEI Huntington Steele (i) is the investment advisor to Clients and charges an advice fee for these services, and (ii) SIMC is the investment advisor to the Pooled Investment Vehicles and MAS in which it may invest Client assets, and where SIMC or an affiliate earns fees for services. Therefore, SIMC will earn fees from the Client through both the Huntington Steele’s advice fees and the Pooled Investment Vehicle’s/MAS fees. SIMC could be incented to recommend SEI investment products that pay SIMC higher advisory fees. To mitigate this risk, HS/SIMC has a Client review process in place to ensure that HS/SIMC recommends the appropriate investment products to each Client regardless of fees. Additionally, to the extent the account is subject to Employee Retirement Income Securities Act of 1974 (“ERISA”) or similar rules under the Internal Revenue Code, HS/SIMC will be required to off-set any advisory fees it receives from the SEI Funds pursuant to applicable regulations.

#### **SIMC’S Pooled Investment Vehicles**

As discussed above, SEI Huntington Steele may invest Client assets in several of SIMC’s Pooled Investment Vehicles, described below, to seek to achieve the Client’s investment goals.

#### **SEI Family of Funds**

SIMC serves as the investment advisor to the SEI family of mutual funds, each registered with the SEC. SIMC oversees the SEI Funds which are multi-manager, which means that SIMC: (i) hires one or more sub-advisors to manage the SEI Funds on a day-to-day basis; (ii) monitors the sub-advisors; and when necessary (iii) replaces sub-advisors (also called “managers”). Each sub-advisor makes investment decisions for the assets it manages and continuously reviews, supervises and administers its investment program. SIMC is generally responsible for establishing, monitoring, and administering the investment program of each SEI Fund. For some SEI Funds, SIMC manages all or a portion of the Fund’s assets directly. Please see Item 8 for additional information on the sub-advisor selection process.

SIMC develops various SEI Funds, each of which seeks to achieve particular investment goals. These SEI Funds are not tailored to accommodate the needs or objectives of specific individuals, but rather the program is designed to enable Clients to be matched with SEI Funds that are consistent with the Client’s investment goals and objectives. Additionally, Clients invested in the SEI Funds may not impose restrictions on investing in certain securities or types of securities within each SEI Fund.

### **SEI Alternative Funds**

SIMC also serves as investment advisor for several privately offered investment funds, referred to as the “SEI Alternative Funds.” To the extent that certain of SIMC’s individual advisory Clients qualify, they will be eligible to participate as investors in the SEI Alternative Funds. Investment in the SEI Alternative Funds involves a significant degree of risk and is an appropriate investment only for those investors who do not require a liquid investment.

With the exception of the SEI Structured Credit Fund, L.P., all of SEI’s Alternative Funds are currently “fund-of-funds,” meaning that the fund invests in underlying third-party funds. SIMC has the ultimate responsibility for the investment performance of the SEI Alternative Funds, due to its responsibility to select and oversee the underlying funds and their managers. Since certain affiliates of SIMC provide accounting and other services to third-party hedge funds, it is possible that some underlying funds in which the SEI Alternative Funds invest may use a SIMC affiliate for such services, for which that affiliate will earn fees. SIMC seeks to mitigate the risk of such conflict by conducting the same comprehensive due diligence and selection process with respect to all underlying funds, without any consideration to whether or not the underlying funds has any business relationship with a SIMC affiliate.

SIMC offers various SEI Alternative Funds, each of which seeks to achieve particular investment goals. These SEI Alternative Funds are not tailored to accommodate the needs or objectives of specific individuals, but rather the program is designed to enable Clients to be matched with an SEI Alternative Fund that is consistent with the Client’s investment goals and objectives. Additionally, Clients invested in the SEI Alternative Funds may not impose restrictions on investing in certain securities or types of securities within each SEI Alternative Fund.

### **Managed Account Solutions**

HS/SIMC may invest Client assets in MAS. In certain cases, HS/SIMC may recommend that a SEI Huntington Steele Client allocate all or a portion of its assets to MAS. MAS is a wrap fee program, which charges a bundled fee that includes advisory, brokerage and custody services. SIMC sponsors and is advisor to MAS. For additional information regarding MAS, please consult the Managed Account Solutions: SEI Private Wealth Management wrap fee program brochure.

SIMC manages certain portfolios in MAS directly, rather than through the use of sub-advisors, as noted in the applicable Client paperwork. These investment management services are not tailored to accommodate the needs or objectives of specific individuals, but rather the program is designed to enable Clients to be matched with a portfolio that is consistent with the Client’s investment goals and objectives. However, a Client may, at any time, impose reasonable restrictions on the management of Client’s account.

### **Use of Affiliates**

For each of the programs and products described in this Brochure, HS/SIMC may hire its affiliate(s) to perform various services, including transition management services when transitioning Client assets to SEI

Huntington Steele from its previous service providers, sub-advisory services, administrative services, custodial services, brokerage and/or other services and such affiliates may receive compensation for providing such services. Please refer to Item 10 for additional information.

## **Item 5 – Fees and Compensation**

### **Fees for SEI Huntington Steele Investment Advisory Services**

Fee schedules for SEI Huntington Steele services are divided into two categories based on service level:

#### **Service Level A:**

SEI Huntington Steele will charge Clients an Advice Fee based on either the value of the Client's assets held at SEI Private Trust Company ("SPTC"), or the value of the Client's assets held at SPTC and the value of the Client's assets held at third-party custodians for which SEI Huntington Steele may provide investment management services. The Advice Fee covers SEI Huntington Steele's ongoing discretionary management of the Client's assets and the provision of any additional services. SEI Huntington Steele typically charges between 70 to 100 basis points.

SEI Huntington Steele's management fee is paid quarterly, in advanced, based upon the total market value of the assets under management on the last business day of each month in previous the calendar quarter plus accrued income of assets under management, in accordance with the fee schedule above. SEI Huntington Steele's fees are negotiable, and SEI Huntington Steele, in its sole discretion, may charge a lesser management fee and/or waive or modify the annual minimum fee based upon certain criteria (e.g. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with Client, a Client who has engaged HS/SIMC to provide financial planning and/or non-investment related services).

If you terminate your relationship with us prior to the end of the calendar quarter, all unearned fees will be returned to you.  $[(\# \text{ days in quarter} - \text{days under management}) / \# \text{ days in quarter}] = \text{refund}$ . Additionally, if you make significant contributions or withdrawals between billing cycles, you may have overpaid or underpaid the previous quarter's fee. We will monitor and take into consideration any significant withdrawals or contributions made to your account(s) between billing cycles using the following formula:  $[\text{contribution or withdrawal} \times \text{quarterly fee} \times (\text{days under management} / 365)] = \text{refund or additional charge}$ .

#### **Service Level B:**

SEI Huntington Steele will charge Clients an Advice Fee based on either the value of the Client's assets held at SEI Private Trust Company ("SPTC") or the value of the Client's assets held at SPTC and the value of the Client's assets held at third-party custodians for which SIMC may provide investment management services. The Advice Fee covers SIMC's ongoing discretionary management of the Client's assets and the provision of any additional services. The maximum Advice Fee SEI Huntington Steele charges to a Client's taxable accounts is 125 bps, and the maximum Advice Fee for Client's Non-Taxable Accounts (i.e., account assets governed by ERISA or individual retirement accounts) is 260 bps. SIMC will either invoice Clients for these fees, or deduct these fees from the Client's custody account. The fee structure for Clients who engaged SIMC for services prior to March 2008 may differ from those set forth above.

In addition, SEI Huntington Steele may assess a Minimum Advice Fee if the calculated Advice Fee is less than the quarterly portion of the Minimum Advice Fee. Alternatively, SEI Huntington Steele may assess a Flat Advice Fee in lieu of the Advice Fee. The Advice Fee, the Minimum Advice Fee and the Flat Advice Fee, when applicable, are stated in the Investment Management Agreement.

SEI Huntington Steele's fee is pro-rated and paid quarterly, in arrears, based upon a percentage of the average market value of the assets under management on the last business day of each month in the calendar quarter and of the month immediately preceding the commencement of the calendar

quarter, in accordance with the fee schedule above. SEI Huntington Steele's fees are negotiable, and HS/SIMC, in its sole discretion, may charge a lesser management fee and/or waive or modify the annual minimum fee based upon certain criteria (e.g. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with Client, a Client who has engaged HS/SIMC to provide financial planning and/or non-investment related services).

Clients may also pay custody fees to SPTC when their assets are custodied at SPTC. HS/SIMC and/or its affiliates may voluntarily waive certain custody fees for its Clients.

SEI Huntington Steele may also charge Clients a flat fee to engage HS/SIMC for special projects, such as a review of a Client's estate plan. The fees that SEI Huntington Steele charge for a special project will vary based on the complexity of the project and will be individually negotiated for each Client.

#### **Fees for SEI Funds**

Each SEI Fund pays an advisory fee to SIMC that is based on a percentage of the portfolio's average daily net assets, as described in the mutual fund's prospectus. From such amount, SIMC pays the sub-advisor(s) to the SEI Fund. SIMC's fund advisory fee varies, but it typically ranges from 0.01% - 1.50% of the portfolio's average daily net assets for its advisory services. Additionally, affiliates of SIMC provide administrative, distribution and transfer agency services to all of the portfolios within the SEI Funds, as described in the SEI Funds' registration statements. These fees and expenses are paid by the SEI Funds but ultimately are borne by each shareholder of the SEI Funds. Clients may have the option to purchase certain SEI investment products, including the SEI Funds, that SIMC recommends through other brokers or agents not affiliated with SIMC.

#### **Fees for Managed Account Solutions**

For a description of the fees applicable to Clients invested through MAS, please refer to the Managed Account Solutions: SEI Private Wealth Management wrap fee program brochure.

#### **Fees for SEI Alternative Funds**

To the extent SEI Alternative Funds charge fees to the Client, such fees are disclosed in the private placement memorandum. Otherwise, SIMC will negotiate fees on a Client-by-Client basis.

### **Item 6 – Performance Based Fees and Side-By-Side Management**

For certain SEI Alternative Funds, SIMC or its affiliate is entitled to a payment in respect of a portion of the profits generated by the fund (i.e., a "carried interest" or performance based fee) which is not negotiated on a Client-by-Client basis. The carried interest payments are payable once investors have received a certain level of distributions.

Performance based fee arrangements may create an incentive for SIMC to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Performance based fee arrangements also could create an incentive for SIMC to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. As a result, SIMC may have a financial incentive to invest Client assets through the SEI Alternative Funds. SIMC has a robust Client review process designed and implemented to review the suitability of investments for Client accounts, to ensure that all Clients are treated fairly, and to prevent this conflict from influencing investment decisions made for a Client's account.

### **Item 7 – Types of Clients**

Please refer to Item 4 for a description of the types of Clients to whom SEI Huntington Steele generally provides investment advice.

There are no account minimum requirements for SEI Huntington Steele.

## Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

### **HS/SIMC's Overall Investment Philosophy**

HS/SIMC's philosophy is based on active asset management, which consists of five key components: asset allocation, portfolio design, sub-advisor selection, portfolio construction and risk management. HS/SIMC's philosophy and process offers Clients personalization, diversification, coordination and management, and represents a strategy geared toward achieving long-term investment goals in various financial climates.

*Asset Allocation.* HS/SIMC's approach to asset allocation takes Clients' goals into account, along with more traditional yardsticks like market indices and standard deviation. HS/SIMC constructs multiple model portfolios to address a wide variety of Client goals, and dedicate considerable resources to active asset allocation decisions that help our investment offerings keep pace with an evolving market environment.

*Portfolio Design.* In terms of portfolio design, HS/SIMC generally attempts to identify alpha source(s), or opportunities for returns in excess of the benchmark, across equity, fixed-income and alternative-investment portfolios. HS/SIMC looks for potential sources of excess return that have demonstrated staying power over the long term across multiple markets in a given geographic region. Alpha sources are classified into broad categories; categorizing them in this manner allows us to create portfolios that are not simply diversified between asset classes (e.g., equity and fixed-income strategies), but also diversified across the underlying drivers of alpha.

*Sub-advisor Selection.* When it comes to security selection within Client portfolios, SIMC operates primarily with a multi-manager implementation which means that SIMC typically hires sub-advisors (third-party and affiliated) to select individual securities. As a multi-manager, SIMC aims to identify, classify and validate manager skill when choosing sub-advisors. Differentiating manager skill from market-generated returns is one of SIMC's primary objectives, as it seeks to identify managers that can deliver consistent results. SIMC develops forward-looking expectations regarding how a manager will execute a given investment mandate, environments in which the strategy should outperform and environments in which the strategy might underperform.

SIMC selects portfolio managers based on SIMC's manager research process. SIMC uses proprietary databases and software, supplemented by data from various third parties, to perform a qualitative and quantitative analysis of portfolio managers. The qualitative analysis focuses on a manager's investment process, personnel, and performance. Quantitative analysis identifies the sources of a manager's return relative to a benchmark. SIMC uses proprietary performance attribution models as well as models developed by Axioma, BlackRock, and others in its manager research process. SIMC typically appoints several sub-advisors within a stated asset class. (For instance, SIMC will generally have more than one portfolio manager assigned to the large cap growth asset class.)

*Portfolio Construction.* The portfolio construction process seeks to maximize the risk-adjusted rate of return by finding a proper level of diversification between alpha sources and sub-advisors implementing them. Based on HS/SIMC's asset-class-specific analysis, as well as typical Client risk tolerances, HS/SIMC sets strategic alpha source allocation targets at the investment product level. With certain exceptions, HS/SIMC uses a multi-manager approach to construct its portfolios.

*Risk Management.* HS/SIMC relies on a risk management group to focus on common risks across and within asset classes. Daily monitoring of assigned portfolio tolerances and deviations result in an active risk mitigation program.

*Research Services.* HS/SIMC offers various research services both within SIMC's MAS program and outside of such program as a stand-alone service. We discuss these services below.

1. **Research Fundamental to SIMC's Investment Management Services (Within SIMC's MAS program).** As a pioneer in the manager-of managers investment approach, a fundamental



component of SIMC's core investment services is researching the available universe of third-party sub-advisor strategies and hiring only those managers meeting SIMC's criteria for specific asset classes as sub-advisors within SIMC's various managed account types, including as sub-advisors to our U.S. Mutual Funds and foreign pooled funds, as well as making these manager strategies available in SIMC's sponsored MAS program (both U.S. and global). For the MAS program, SIMC conducts research on the universe of available sub-advisor strategies in order to select and retain sub-advisors SIMC believes are appropriate (or terminate if inappropriate) for our program when SIMC is acting in a fiduciary capacity. And, on occasion SIMC may provide our manager research analysis to certain of our clients investing in this program when requested as part of the investment management services provided.

2. **Stand-Alone Research (Outside of SIMC's MAS program).** As an outgrowth of SIMC's competency in vetting sub-advisor strategies (as noted above), SIMC provides a service in which institutional clients (e.g., banks, large financial service providers, etc.) may hire SIMC to conduct research on third-party manager strategies as requested by the institutional client. When providing "Stand-Alone Research Services," SIMC is not hired to act as a discretionary manager to the client, but rather to conduct investment research on any sub-advisor strategy as directed by the client and in accordance with the research agreement outlining the services provided. Generally, when providing Stand-Alone Research Services:

- a. The levels of research SIMC conducts on a manager investment strategy will vary based on the contracted level of services, but generally involves either a quantitative and/or qualitative review of the sub-advisor and its associated strategy, with written documentation commensurate with the level of service providing insights and, in all cases, summarizing SIMC's point of view on the manager strategy. Service levels generally differ as to the extent (or depth) of the research SIMC will conduct initially and on-going on the sub-advisor strategies selected for research by a client as set forth in the applicable research agreement.
- b. On occasion, as part of the Stand-Alone Research Services, a client may request SIMC to provide research on a manager investment strategy that is currently used by SIMC within one or more of SIMC's managed investment programs where SIMC has hired the manager as a sub-advisor or SIMC has contracted with the manager to receive the manager's investment model for use by SIMC with its managed clients (each, a "SIMC Contracted Strategy"). While the research output provided to the client about a SIMC Contracted Strategy may be the same as the output provided on a third-party manager strategy under the Stand-Alone Research Services, SIMC has conducted its deepest level of analysis on the SIMC Contracted Strategies because of its inclusion in SIMC's MAS program and a result of SIMC's familiarity with such SIMC Contracted Strategies. This research includes in depth initial and ongoing reviews of the manager's investment strategy and methodologies, investment personnel, business structure and compliance program. Accordingly, SIMC generally charges Stand-Alone Research Service clients a different fee (generally under a basis point fee schedule) when providing research on SIMC Contracted Strategies. As a result of the pricing model, such fees may be more (or less in some cases) than what SIMC charges clients for research on third-party manager strategies, regardless of the level of research output requested. This differentiated fee schedule is intended to reflect the additional initial and on-going research and due diligence conducted on SIMC Contracted Strategies, including services not generally provided in connection with the Stand-Alone Research Services. If our view of a SIMC Contracted Strategy changes (i.e., downgraded), this change may be reflected in our

investment programs (e.g., manager termination/changes) prior to the time we notify research clients of the change in SIMC's view of the strategy.

- c. The level of research we conduct on third-party managers depends on client contracted service levels. As a result, if clients with different service levels request research on the same manager investment strategy, clients may receive different levels of analysis output, such as a more detailed manager reports versus shorter analysis summaries. However, in all cases research output includes SIMC's point of view of the strategy and changes by SIMC in this regard are communicated to all research clients at the same time.
3. **Affiliates Model Platform Services.** SIMC's affiliates provide a technology and operational service platform to deliver SIMC's institutional customers' manager strategy model data for client-selected manager strategies. While these investment models are selected by SIMC's client independently, and not by SIMC, SIMC may have provided research on the investment strategies selected by the client under a research contract. To the extent that a model platform client selects a SIMC manager strategy for model delivery, SIMC's affiliate may agree to reduce or waive its model delivery platform service fee otherwise payable, as SIMC is already receiving model delivery information in connection with its own managed investment programs and, as noted above, generally charges clients more for research on SIMC manager strategies. This fee waiver may create an incentive for SIMC's client to select a SIMC Contracted Strategy over a non-SIMC Contracted Strategy as a result of the lower model platform delivery fee. SIMC informs clients of this fee structure when contracting with the client for model delivery services.
4. **SIMC's Affiliates Service Sub-Advisors.** SIMC's affiliates providing technology, operational and administrative services to a wide variety of financial service intermediaries, including sub-advisors that may be subject to research ratings by SIMC. While this business relationship could cause a potential conflict of interest by SIMC when rating a manager strategy, to mitigate any conflicts, SIMC follows the same manager research process for all researched strategies regardless of whether the manager receive services from SIMC's affiliates.

### **Implementation Through Investment Products**

The foregoing discusses HS/SIMC's investment philosophy in designing diversified investment portfolios for SEI Huntington Steele's Clients. In most cases, implementation of a Client's investment portfolio is accomplished through investing in a range of investment products, which may include mutual funds, ETFs, hedge funds, closed-end funds, private equity funds, collective investment trusts, or managed accounts. Third-party managers selected by HS/SIMC may manage these investment products, or HS/SIMC may manage these products directly.

In order to provide Clients with sufficient diversification and flexibility, SIMC manages products across a very wide range of investment strategies. These would include, to varying degrees, large and small capitalization U.S. equities, foreign developed markets equities, foreign emerging markets equity, real estate securities, U.S. investment grade fixed income securities, U.S. high yield (below investment grade) fixed income securities, foreign developed market fixed income securities, emerging markets debt, U.S. and foreign government securities, currencies, structured or asset-backed fixed income securities (including mortgage-backed), municipal bonds and other types of asset classes. SIMC also manages Collateralized Debt Obligations ("CDOs") investments and Collateralized Loan Obligations ("CLO") investments within certain investment products. CDOs and CLOs are securities backed by an underlying portfolio of debt and loan obligations, respectively. SIMC may also seek to achieve a product's investment objectives by investing in derivative instruments, such as futures, forwards, options, swaps or other types of derivative instruments. Additionally, SIMC may also seek to achieve an investment product's objective by investing some or all of its assets in affiliated and unaffiliated mutual funds, including money market funds. Within a mutual fund product, SIMC may also seek to gain exposure to the commodity markets, in whole or in part, through investments in a wholly owned

subsidiary of the mutual fund organized under the laws of the Cayman Islands. Certain of SIMC product strategies may also attempt to utilize tax-management techniques to manage the impact of taxes.

Further, SIMC may invest SEI's alternative investment funds in third-party hedge funds or private equity funds that engage in a wide variety of investment techniques and strategies that carry varying degrees of risks. This may include long-short equity strategies, equity market neutral, merger arbitrage, credit hedging, distressed debt, sovereign debt, real estate, private equity investments, derivatives, currencies or other types of investments.

While SIMC's investment strategies are normally implemented through pooled investment products, certain Clients' assets may be invested directly in the target investments through a managed account or other means. The strategies that HS/SIMC implements in such accounts is currently more limited than the breadth of strategies contained in SIMC's funds, and generally covers U.S. large and small capitalization equity securities, international and emerging market ADRs, Master Limited Partnerships, and U.S. fixed income securities, including government securities and municipal bonds. HS/SIMC may also implement strategies involving derivative securities directly within a Client's accounts.

### **Investment Product Strategies**

Since SIMC implements such a broad range of strategies within its investment products, it would not be practical to set forth in detail each strategy that SIMC has developed for use across its products. The disclosure in this Brochure is not intended to supplant any product-specific disclosure documents. Clients should refer to the prospectus or other offering materials that it receives in conjunction with investing in a SIMC investment product for a detailed discussion of the strategy and risks associated with such product. Moreover, this Form ADV disclosure addresses strategies designed and implemented by SIMC and does not address strategies that may be implemented by third parties (e.g. unaffiliated investment advisors, banks, institutions or other intermediaries) through the use of SEI products.

A strategies' exposure to the foregoing asset classes, including the degree of exposure, is subject to change at any time due to evolving investment philosophies and market conditions. The risks associated with such strategies are also therefore subject to change at any time.

### **Material Risks**

All strategies implemented by HS/SIMC involve a risk of loss that Clients should understand, accept and be prepared to bear.

Given the very wide range of investments in which a Client's assets may be invested, either directly by investing in individual securities and/or through one or more pooled investment vehicles or funds, there is similarly a very wide range of risks to which a Client's assets may be exposed. This Brochure does not include every potential risk associated with an investment strategy, or all of the risks applicable to a particular advisory account. Rather, it is a general description of the nature and risks of the strategies and securities and other financial instruments in which advisory accounts may invest. The particular risks to which a specific Client might be exposed will depend on the specific investment strategies incorporated into that Client's portfolio. As such, for a detailed description of the material risks of investing in a particular product, the Client should, on or prior to investing, also refer to such product's prospectus or other offering materials.

Set forth below are certain material risks to which a Client might be exposed in connection with HS/SIMC's implementation of a strategy for Client accounts:

**Absolute Return** – A portfolio that seeks to achieve an absolute return with reduced correlation to stock and bond markets may not achieve positive returns over short or long term periods. Investment strategies that have historically been non-correlated or have demonstrated low correlations to one another or to stock and bond markets may become correlated at certain times and, as a result, may cease to function as anticipated over either short or long term periods.

**Asset Allocation Risk** – The risk that an investment advisor’s decisions regarding a portfolio’s allocation to asset classes or underlying funds will not anticipate market trends successfully.

**Asset-Backed Securities Risk** – Payment of principal and interest on asset-backed securities is dependent largely on the cash flows generated by the assets backing the securities. Securitization trusts generally do not have any assets or sources of funds other than the receivables and related property they own, and asset-backed securities are generally not insured or guaranteed by the related sponsor or any other entity. Asset-backed securities may be more illiquid than more conventional types of fixed-income securities that the portfolio may acquire.

**Below Investment Grade Securities (Junk Bonds) Risk** – Fixed income securities rated below investment grade (junk bonds) involve greater risks of default or downgrade and are generally more volatile than investment grade securities because the prospect for repayment of principal and interest of many of these securities is speculative. Because these securities typically offer a higher rate of return to compensate investors for these risks, they are sometimes referred to as “high yield bonds,” but there is no guarantee that an investment in these securities will result in a high rate of return. These risks may be increased in foreign and emerging markets.

**Collateralized Debt Obligations (CDOs) and Collateralized Loan Obligations (CLOs) Risk** – CDOs and CLOs are securities backed by an underlying portfolio of debt and loan obligations, respectively. CDOs and CLOs issue classes or “tranches” that vary in risk and yield and may experience substantial losses due to actual defaults, decrease of market value due to collateral defaults and removal of subordinate tranches, market anticipation of defaults and investor aversion to CDO and CLO securities as a class. The risks of investing in CDOs and CLOs depend largely on the tranche invested in and the type of the underlying debts and loans in the tranche of the CDO or CLO, respectively, in which the portfolio invests. CDOs and CLOs also carry risks including, but not limited to, interest rate risk and credit risk, which are described below. For example, a liquidity crisis in the global credit markets could cause substantial fluctuations in prices for leveraged loans and high-yield debt securities and limited liquidity for such instruments. When a portfolio invests in CDOs or CLOs, in addition to directly bearing the expenses associated with its own operations, it may bear a pro rata portion of the CDO’s or CLO’s expenses.

**Convertible and Preferred Securities Risk** – Convertible and preferred securities have many of the same characteristics as stocks, including many of the same risks. In addition, convertible securities may be more sensitive to changes in interest rates than stocks. Convertible securities may also have credit ratings below investment grade, meaning that they carry a higher risk of failure by the issuer to pay principal and/or interest when due.

**Corporate Fixed Income Securities Risk** – Corporate fixed income securities respond to economic developments, especially changes in interest rates, as well as to perceptions of the creditworthiness and business prospects of individual issuers.

**Credit Risk** – The risk that the issuer of a security, or the counterparty to a contract, will default or otherwise become unable to honor a financial obligation.

**Currency Risk** – As a result of investments in securities or other investments denominated in, and/or receiving revenues in, foreign currencies the risk that foreign currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency hedged. In either event, the dollar value of an investment in the portfolio would be adversely affected. To the extent that a portfolio takes active or passive positions in currencies it will be subject to the risk that currency exchange rates may fluctuate in response to, among other things, changes in interest rates, intervention (or failure to intervene) by U.S. or foreign governments, central banks or supranational entities, or by the imposition of currency controls or other political developments in the United States or abroad.

**Depository Receipts** – Depository receipts, such as American Depositary Receipts (ADRs), are certificates evidencing ownership of shares of a foreign issuer that are issued by depository banks and generally trade on

an established market. Depositary receipts are subject to many of the risks associated with investing directly in foreign securities, including among other things, political, social and economic developments abroad, currency movements, and different legal, regulatory and tax environments.

**Derivatives Risk** – A portfolio's use of futures contracts, forward contracts, options and swaps is subject to market risk, leverage risk, correlation risk and liquidity risk. Leverage risk, liquidity risk and market risk are described below. Many over-the-counter (OTC) derivatives instruments will not have liquidity beyond the counterparty to the instrument. Correlation risk is the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. A portfolio's use of over-the-counter forwards and swap agreements is also subject to credit risk and valuation risk. Valuation risk is the risk that the derivative may be difficult to value and/or may be valued incorrectly. Credit risk is described above. Each of these risks could cause a portfolio to lose more than the principal amount invested in a derivative instrument. Some derivatives have the potential for unlimited loss, regardless of the size of the portfolio's initial investment. The other parties to certain derivative contracts present the same types of credit risk as issuers of fixed income securities. The portfolio's use of derivatives may also increase the amount of taxes payable by investors. Both U.S. and non-U.S. regulators are in the process of adopting and implementing regulations governing derivatives markets, the ultimate impact of which remains unclear.

**Duration Risk** – Longer-term securities in which a portfolio may invest tend to be more volatile than shorter term securities. A portfolio with a longer average portfolio duration is more sensitive to changes in interest rates than a portfolio with a shorter average portfolio duration.

**Equity Market Risk** – The risk that stock prices will fall over short or extended periods of time.

**Exchange-Traded Funds (ETFs) Risk (including leveraged ETFs)** – The risks of owning shares of an ETF generally reflect the risks of owning the underlying securities the ETF is designed to track, although lack of liquidity in an ETF could result in its value being more volatile than the underlying portfolio securities. Leveraged ETFs contain all of the risks that non-leveraged ETFs present. Additionally, to the extent the portfolio invests in ETFs that achieve leveraged exposure to their underlying indexes through the use of derivative instruments, the portfolio will indirectly be subject to leverage risk, described below. Leveraged Inverse ETFs seek to provide investment results that match a negative multiple of the performance of an underlying index. To the extent that the portfolio invests in Leveraged Inverse ETFs, the portfolio will indirectly be subject to the risk that the performance of such ETF will fall as the performance of that ETF's benchmark rises. Leveraged and Leveraged Inverse ETFs often "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. These investment vehicles may be extremely volatile and can potentially expose a portfolio to significant losses.

**Extension Risk** – The risk that rising interest rates may extend the duration of a fixed income security, typically reducing the security's value.

**Fixed Income Market Risk** – The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions about the creditworthiness of individual issuers, including governments and their agencies. Generally, fixed income securities will decrease in value if interest rates rise and vice versa. In a low interest rate environment, risks associated with rising rates are heightened. Declines in dealer market-making capacity as a result of structural or regulatory changes could decrease liquidity and/or increase volatility in the fixed income markets. In the case of foreign securities, price fluctuations will reflect international economic and political events, as well as changes in currency valuations relative to the U.S. dollar. In response to these events, a portfolio's value may fluctuate and its liquidity may be impacted.

**Foreign Investment/Emerging Markets Risk** – The risk that non-U.S. securities may be subject to additional risks due to, among other things, political, social and economic developments abroad, currency movements and different legal, regulatory and tax environments. These additional risks may be heightened with respect

to emerging market countries because political turmoil and rapid changes in economic conditions are more likely to occur in these countries.

**Income Risk** – The possibility that a portfolio's yield will decline due to falling interest rates.

**Inflation Protected Securities Risk** – The value of inflation protected securities, including TIPS, will typically fluctuate in response to changes in "real" interest rates, generally decreasing when real interest rates rise and increasing when real interest rates fall. Real interest rates represent nominal (or stated) interest rates reduced by the expected impact of inflation. In addition, interest payments on inflation-indexed securities will generally vary up or down along with the rate of inflation.

**Interest Rate Risk** – The risk that a rise in interest rates will cause a fall in the value of fixed income securities, including U.S. Government securities in which the portfolio invests. Although U.S. Government securities are considered to be among the safest investments, they are not guaranteed against price movements due to changing interest rates. A low interest rate environment may present greater interest rate risk, because there may be a greater likelihood of rates increasing and rates may increase more rapidly.

**Investment Company Risk** – When a portfolio invests in an investment company, including mutual funds, closed-end funds and ETFs, in addition to directly bearing the expenses associated with its own operations, it will bear a pro rata portion of the investment company's expenses. Further, while the risks of owning shares of an investment company generally reflect the risks of owning the underlying investments of the investment company, the portfolio may be subject to additional or different risks than if the portfolio had invested directly in the underlying investments. For example, the lack of liquidity in an ETF could result in its share price being more volatile than that of the underlying portfolio securities. Closed-end investment companies issue a fixed number of shares that trade on a stock exchange or over-the-counter at a premium or a discount to their net asset value. As a result, a closed-end fund's share price fluctuates based on what another investor is willing to pay rather than on the market value of the securities in the fund.

**Investment Style Risk** – The risk that the portfolio's strategy may underperform other segments of the markets or the markets as a whole.

**Large Capitalization Risk** – The risk that larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in technology and consumer tastes. Larger companies also may not be able to attain the high growth rates of successful smaller companies.

**Leverage Risk** – A portfolio's use of derivatives may result in the portfolio's total investment exposure substantially exceeding the value of its securities and the portfolio's investment returns depending substantially on the performance of securities that the portfolio may not directly own. The use of leverage can amplify the effects of market volatility on the portfolio's value and may also cause the portfolio to liquidate portfolio positions when it would not be advantageous to do so in order to satisfy its obligations. The portfolio's use of leverage may result in a heightened risk of investment loss.

**Liquidity Risk** – The risk that certain securities may be difficult or impossible to sell at the time and the price that the portfolio would like. The portfolio may have to lower the price, sell other securities instead or forego an investment opportunity, any of which could have a negative effect on portfolio management or performance.

**Market Risk** – The risk that the market value of a security may move up and down, sometimes rapidly and unpredictably. Market risk may affect a single issuer, an industry, a sector or the equity or bond market as a whole.

**Master Limited Partnership (MLP) Risk** – Investments in units of master limited partnerships involve risks that differ from an investment in common stock. Holders of the units of master limited partnerships have more limited control and limited rights to vote on matters affecting the partnership. There are also certain tax risks associated with an investment in units of master limited partnerships. In addition, conflicts of interest

may exist between common unit holders, subordinated unit holders and the general partner of a master limited partnership, including a conflict arising as a result of incentive distribution payments. The benefit the portfolio derives from investment in MLP units is largely dependent on the MLPs being treated as partnerships and not as corporations for federal income tax purposes. If an MLP were classified as a corporation for federal income tax purposes, there would be reduction in the after-tax return to the portfolio of distributions from the MLP, likely causing a reduction in the value of the portfolio. MLP entities are typically focused in the energy, natural resources and real estate sectors of the economy. A downturn in the energy, natural resources or real estate sectors of the economy could have an adverse impact on the portfolio. At times, the performance of securities of companies in the energy, natural resources and real estate sectors of the economy may lag the performance of other sectors or the broader market as a whole.

**Money Market Funds** – With respect to an investment in money market funds, an investment in the money market fund is not a bank deposit nor is it insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market fund may seek to maintain a constant price per share of \$1.00, you may lose money by investing in the money market fund. The Fund may experience periods of heavy redemptions that could cause the Fund to liquidate its assets at inopportune times or at a loss or depressed value, particularly during periods of declining or illiquid markets. This could have a significant adverse effect on the Fund's ability to maintain a stable \$1.00 share price, and, in extreme circumstances, could cause the Fund to suspend redemptions and liquidate completely.

**Mortgage-Backed Securities Risk** – Mortgage-backed securities are affected significantly by the rate of prepayments and modifications of the mortgage loans backing those securities, as well as by other factors such as borrower defaults, delinquencies, realized or liquidation losses and other shortfalls. Mortgage-backed securities are particularly sensitive to prepayment risk, which is described below, given that the term to maturity for mortgage loans is generally substantially longer than the expected lives of those securities; however, the timing and amount of prepayments cannot be accurately predicted. The timing of changes in the rate of prepayments of the mortgage loans may significantly affect the portfolio's actual yield to maturity on any mortgage-backed securities, even if the average rate of principal payments is consistent with the portfolio's expectation. Along with prepayment risk, mortgage-backed securities are significantly affected by interest rate risk, which is described above. In a low interest rate environment, mortgage loan prepayments would generally be expected to increase due to factors such as refinancing and loan modifications at lower interest rates. In contrast, if prevailing interest rates rise, prepayments of mortgage loans would generally be expected to decline and therefore extend the weighted average lives of mortgage-backed securities held or acquired by the portfolio.

**Municipal Securities Risk** – Municipal securities, like other fixed income securities, rise and fall in value in response to economic and market factors, primarily changes in interest rates, and actual or perceived credit quality. Rising interest rates will generally cause municipal securities to decline in value. Longer-term securities generally respond more sharply to interest rate changes than do shorter-term securities. A municipal security will also lose value if, due to rating downgrades or other factors, there are concerns about the issuer's current or future ability to make principal or interest payments. State and local governments rely on taxes and, to some extent, revenues from private projects financed by municipal securities, to pay interest and principal on municipal debt. Poor statewide or local economic results or changing political sentiments may reduce tax revenues and increase the expenses of municipal issuers, making it more difficult for them to repay principal and to make interest payments on securities owned by a portfolio meet their obligations. Actual or perceived erosion of the creditworthiness of municipal issuers may reduce the value of a portfolio's holdings. As a result, the portfolio will be more susceptible to factors which that adversely affect issuers of municipal obligations than a portfolio which does not have as great a concentration in municipal obligations. Municipal obligations may be underwritten or guaranteed by a relatively small number of financial services firms, so changes in the municipal securities market that affect those firms may decrease the availability of municipal instruments in the market, thereby making it difficult to identify and obtain appropriate investments for the portfolio. Also, there may be economic or political changes that impact the ability of issuers of municipal securities to repay principal and to make interest payments on securities owned by the portfolio. Any changes in the financial condition of municipal issuers also may adversely affect the value of the portfolio's securities.

**Non-Diversified Risk** – To the extent that a portfolio is non-diversified, which means that it may invest in the securities of relatively few issuers. As a result, the portfolio may be more susceptible to a single adverse economic or political occurrence affecting one or more of these issuers, and may experience increased volatility due to its investments in those securities.

**Opportunity Risk** – The risk of missing out on an investment opportunity because the assets necessary to take advantage of it are tied up in other investments.

**Overlay Risk** – To the extent that a Client's portfolio is implemented through an Overlay Manager, it is subject to the risk that its performance may deviate from the performance of a sub-advisor's model or the performance of other proprietary or Client accounts over which the sub-advisor retains trading authority ("Other Accounts"). The Overlay Manager's variation from the sub-advisor's model portfolio may contribute to performance deviations, including under performance. In addition, a sub-advisor may implement its model portfolio for its Other Accounts prior to submitting its model to the Overlay Manager. In these circumstances, trades placed by the Overlay Manager pursuant to a model portfolio may be subject to price movements that result in the Client's portfolio receiving prices that are different from the prices obtained by the sub-advisor for its Other Accounts, including less favorable prices. The risk of such price deviations may increase for large orders or where securities are thinly traded.

**Portfolio Turnover Risk** – To the extent that a portfolio buys and sells securities frequently, such activity may result in increased brokerage or other higher transaction costs and additional capital gains tax liabilities. These costs affect the portfolio's performance. To the extent that a portfolio invests in an underlying fund the portfolio will have no control over the turnover of the underlying fund.

**Prepayment Risk** – The risk that, in a declining interest rate environment, fixed income securities with stated interest rates may have the principal paid earlier than expected, requiring a portfolio to invest the proceeds at generally lower interest rates.

**Private Placements Risk** – Investment in privately placed securities, including interests in private equity and hedge funds, may be less liquid than in publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized from these sales could be less than carrying value of such securities or less than what may be considered the fair value of such securities. Furthermore, companies whose securities are not publicly traded may not be subject to the disclosure and other Client protection requirements which might be applicable if their securities were publicly traded.

**Quantitative Investing** – A quantitative investment style generally involves the use of computers to implement a systematic or rules-based approach to selecting investments based on specific measurable factors. Due to the significant role technology plays in such strategies, they carry the risk of unintended or unrecognized issues or flaws in the design, coding, implementation or maintenance of the computer programs or technology used in the development and implementation of the quantitative strategy. These issues or flaws, which can be difficult to identify, may result in the implementation of a portfolio that is different from that which was intended, and could negatively impact investment returns. Such risks should be viewed as an inherent element of investing in an investment strategy that relies heavily upon quantitative models and computerization.

**Real Estate Industry Risk** – Securities of companies principally engaged in the real estate industry may be subject to the risks associated with direct ownership of real estate. Risks commonly associated with the direct ownership of real estate include fluctuations in the value of underlying properties, defaults by borrowers or tenants, changes in interest rates and risks related to general or local economic conditions. If a portfolio's investments are concentrated in issuers conducting business in the real estate industry, the portfolio may be subject to legislative or regulatory changes, adverse market conditions and/or increased competition affecting that industry.



**Reallocation Risk** – HS/SIMC constructs and maintains global asset allocation strategies for certain Clients, and the SEI funds are designed in part to implement those Strategies. Within the Strategies, HS/SIMC periodically adjusts the target allocations among the mutual funds to ensure that the appropriate mix of assets is in place. HS/SIMC also may create new Strategies that reflect significant changes in allocation among the mutual funds. Because a large portion of the assets in the mutual funds may be composed of investors in Strategies controlled or influenced by HS/SIMC, this reallocation activity could result in significant purchase or redemption activity in the mutual funds. While reallocations are intended to benefit investors that invest in the mutual funds through the Strategies, they could in certain cases have a detrimental effect on mutual funds that are being materially reallocated, including by increasing portfolio turnover (and related transactions costs), disrupting portfolio management strategy, and causing a mutual fund to incur taxable gains. HS/SIMC seeks to manage the impact to the mutual funds resulting from reallocations in the Strategies.

**Real Estate Investment Trusts (REITs)** – REITs are trusts that invest primarily in commercial real estate or real estate-related loans. Investments in REITs are subject to the risks associated with the direct ownership of real estate which is discussed above. Some REITs may have limited diversification and may be subject to risks inherent in financing a limited number of properties.

**Sampling Risk** – With respect to investments in index funds or a portfolio designed to track the performance of an index, a fund or portfolio may not fully replicate a benchmark index and may hold securities not included in the index. As a result, a fund or portfolio may not track the return of its benchmark index as well as it would have if the fund or portfolio purchased all of the securities in its benchmark index.

**Small and Medium Capitalization Risk** – Small and medium capitalization companies may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, small and medium capitalization companies may have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, small capitalization and medium capitalization stocks may be more volatile than those of larger companies. Small capitalization and medium capitalization stocks may be traded over the counter or listed on an exchange.

**Social Investment Criteria Risk** – If a portfolio is subject to certain social investment criteria it may avoid purchasing certain securities for social reasons when it is otherwise economically advantageous to purchase those securities, or may sell certain securities for social reasons when it is otherwise economically advantageous to hold those securities. In general, the application of portfolio's social investment criteria may affect the portfolio's exposure to certain industries, sectors and geographic areas, which may affect the financial performance of the portfolio, positively or negatively, depending on whether these industries or sectors are in or out of favor.

**Taxation Risk** – HS/SIMC does not represent in any manner that the tax consequences described as part of its tax-management techniques and strategies will be achieved or that any of HS/SIMC's tax-management techniques, or any of its products and/or services, will result in any particular tax consequence. The tax consequences of the tax-management techniques, including those intended to harvest tax losses, and other strategies that HS/SIMC may pursue are complex and uncertain and may be challenged by the IRS. A portfolio that is managed to minimize tax consequences to Clients will likely still earn taxable income and gains from time to time. In order to pay tax-exempt interest, tax-exempt securities must meet certain legal requirements. Failure to meet such requirements may cause the interest received and distributed by the portfolio to shareholders to be taxable. Changes or proposed changes in federal tax laws may cause the prices of tax-exempt securities to fall. The federal income tax treatment on payments with respect to certain derivative contracts is unclear. Consequently, a portfolio may receive payments that are treated as ordinary income for federal income tax purposes. Neither HS/SIMC nor its affiliates provide tax advice.

**Tracking Error Risk** – The risk that the performance of a portfolio designed to track an index may vary substantially from the performance of the benchmark index it tracks as a result of cash flows, portfolio expenses, imperfect correlation between the portfolio's and benchmark's investments and other factors.

**Underlying Funds Risk** – With respect to portfolios that invest in underlying funds, additional investment risk exists because the value of such investments is based primarily on the performance of the underlying funds. Specifically with respect to alternative investment funds, the entity’s sponsors will make investment and management decisions. Therefore, an underlying fund’s returns are dependent on the investment decisions made by its management and the portfolio will not participate in the management or control the investment decisions of the alternative investment fund. Further, the returns on a portfolio may be negatively impacted by liquidity restrictions imposed by the governing documents of an alternative investment fund such as “lock-up” periods, gates, redemption fees and management’s ability to suspend redemptions (in certain cases). Such lock-up periods, gates or suspensions may restrict the portfolio’s ability to exit from an alternative investment fund in accordance with the intended business plan and prevent the portfolio from liquidating its position upon favorable terms. All of these factors may limit the portfolio’s return under certain circumstances.

**U.S. Government Securities Risk** – Although U.S. Government securities are considered to be among the safest investments, they are not guaranteed against price movements due to changing interest rates. Obligations issued by some U.S. Government agencies are backed by the U.S. Treasury, while others are backed solely by the ability of the agency to borrow from the U.S. Treasury or by the agency’s own resources.

## **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SEI Huntington Steele or the integrity of SEI Huntington Steele’s management. SEI Huntington Steele has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

HS/SIMC, which are indirect, wholly owned subsidiaries of SEI Investments Company, may hire affiliates and third parties to perform services for SEI Huntington Steele and its Clients. Some of these relationships could create conflicts of interest. These relationships are described below.

### **Hiring of Sub-Advisors**

As a manager-of-managers, SIMC hires sub-advisors to provide day-to-day securities selection for many of their investment products. From time to time, SIMC may hire affiliated advisors to serve as sub-advisors to manage assets in the Funds and MAS. For example, SIMC’s parent company, SEI Investments Company, maintains a minority ownership interest (approximately 39% as of December 31, 2017) in LSV Asset Management (“LSV”), which is a sub-advisor to some of SIMC’s investment products. LSV is subject to the same evaluation and monitoring as other non-affiliated sub-advisors. Additionally, to the extent affiliated advisors are managing SEI Fund assets, such affiliated managers are subject to the same Board of Trustees approval process as non-affiliated sub-advisors and the affiliation is disclosed in the SEI Fund prospectuses.

SIMC may also hire sub-advisors for their investment products who may also be investment advisors/sub-advisors to other investment products offered by SIMC’s affiliates and partners. Therefore, SIMC may have an incentive to recommend a firm for sub-advisory services for their investment products because they are also providing services to SIMC’s affiliates and partners. To address this conflict, SIMC conducts the same due diligence on all sub-advisors regardless of whether they provide other services to SIMC’s affiliates and partners.

Additionally, some of the sub-advisors that SIMC selects for their Funds may also be customers of other SEI products (e.g., technology) for which SIMC’s affiliates may be compensated, which could influence SIMC’s decisions when recommending or retaining sub-advisors. To mitigate any conflicts, SIMC follows the same manager due diligence and selection process on all sub-advisors regardless of whether they receive services from SIMC’s affiliates. Also, any potential conflicts identified are raised to the Board of Trustees of the SEI Funds or to SIMC Compliance prior to the sub-advisor being hired by SIMC.

## **Investment Products**

SIMC not only provides investment management and advisory services to individuals and institutions, it also serves as the investment advisor to its investment products, including the SEI Funds (including subsidiaries of such Funds), SEI Alternative Funds, and collective investment funds. Additionally, SIMC is the sponsor to, and the advisor of, managed accounts, including MAS and Distribution Focused Strategies. HS/SIMC may invest its Clients into these products. Therefore, the Client may pay HS/SIMC investment advisory fees which are agreed to in the Client's investment advisory agreement, and pay SIMC investment advisory fees through the underlying investment products. However, HS/SIMC generally, and to the extent required by ERISA and other applicable law, will offset or credit any advisory fees earned by HS/SIMC with respect to a Client's investment in an underlying investment product against that Client's account level fee.

### **SEI Funds**

Other affiliates of SEI Huntington Steele provide various services to the SEI Funds (including subsidiaries of such Funds), for which they receive compensation. Specifically, SEI Investments Global Funds Services ("SGFS") serves as administrator, SEI Institutional Transfer Agent, Inc. ("SITA") serves as transfer agent, and SEI Investments Distribution Co. ("SIDCO"), serves as the distributor of the SEI Funds. SIDCO and SEI Private Trust Company ("SPTC") also provide shareholder services with respect to the Funds. SIMC, SGFS, SITA, SIDCO and SPTC receive fees from the SEI Funds determined as a percentage of the SEI Fund's total assets. Therefore, to the extent that HS/SIMC recommends that a Client invests in the SEI Funds, HS/SIMC's affiliates may benefit from the investment in the SEI Funds.

Some SEI Funds are "funds-of-funds," meaning that an SEI Fund will invest in underlying funds, which in most cases will be other SEI Funds. When an SEI Fund invests in underlying SEI Funds, SIMC is advisor to both the fund-of-funds and the underlying SEI Funds and is paid an advisory fee by both Funds. As a result, HS/SIMC could select those underlying SEI Funds that pay higher advisory fees to HS/SIMC. HS/SIMC's investment processes and governance structure mitigates this risk to ensure that it does not factor in the level of fees in its decision in the allocation of underlying SEI Funds in the fund-of-funds.

A number of SEI Funds participate in securities lending. When an SEI Fund lends a security, it receives cash or collateral from the borrower. Currently the SEI Funds reinvest that cash or collateral into a pooled vehicle managed by SIMC. This lending activity takes place within each participating SEI Fund portfolio and not in a Client's individual account. SIMC is paid fees for its management of the collateral investment pool and, consequently, may have an incentive to lend securities and/or use the collateral investment pool in order to generate more fees for SIMC. To mitigate this risk, SIMC's use of the collateral pool and the SEI Funds' lending activities are overseen by the SEI Funds' Board of Trustees.

### **SEI Alternative Funds**

Affiliates of SIMC (SEI Funds, Inc. and SEI Investment Strategies, LLC) serve as the general partner or director to several of the SEI Alternative Funds. SEI Global Services, Inc. or SEI Investments Global (Cayman) Limited also serves as administrator and transfer agent to certain SEI Alternative Funds.

### **Collective Trust Funds**

SEI Trust Company ("STC"), a Pennsylvania chartered trust company, serves as trustee and investment manager to various collective trust funds in which SEI Huntington Steele may invest certain Client's assets (to the extent they are eligible). SIMC also acts as an investment advisor to STC with respect to the various collective trust funds offered by STC.

### **Non-U.S. Investors**

SIMC serves as investment advisor to proprietary Irish-regulated UCITS Funds (and other alternative investment funds), which are sold to non-US investors. SIMC also serves as sub-advisor to several proprietary Canadian-registered mutual funds to which SIMC's affiliates serve as advisor.

### **Affiliated Custodian**

Clients typically choose to custody their accounts at HS/SIMC's affiliate, SPTC, a limited purpose federal savings association. SPTC charges the Client a fee for these services. SPTC may also provide trust, custody and/or record-keeping services to HS/SIMC's Clients, including some of the Pooled Investment Vehicles.

SPTC's services may be provided at a discount or without additional Client charge. In connection with providing shareholder services to Clients invested in the SEI Funds, SPTC also may receive a shareholder service fee from the SEI Funds for providing those services. If a Client custodies assets at SPTC, SPTC provides a cash sweep service into an SEI money market mutual fund, and if elected, HS/SIMC will earn additional fees, as an advisor to the SEI money market fund. Please see Item 5 for additional information on fees.

#### **Affiliated Broker-Dealer**

HS/SIMC may execute brokerage transactions using its affiliated broker-dealer, SIDCO. SIDCO also receives shareholder service, administration service and/or distribution fees from the SEI Funds, portions of which may then be paid by SIDCO to affiliates or third parties that provide such services. SIDCO may also receive distribution or creation unit servicer fees from certain third-party ETFs. A conflict of interest may exist because SIDCO may earn additional fees to the extent that such ETFs are purchased by an SEI Fund or as part of MAS. SEI Huntington Steele anticipates that any resultant increase in fees payable to SIDCO would be immaterial. The conflict is further managed and mitigated to the extent that such ETFs are purchased in a secondary market as opposed to the purchase or redemption of creation units directly with SIDCO. In addition, certain SIMC employees are also registered representatives of SIDCO. Such individuals do not receive additional compensation by virtue of their role with SIDCO. See Items 4 and 12 for additional information on SIMC's use of broker-dealers, including SIDCO.

#### **Commodity Pool Operator**

SIMC is registered as a Commodity Pool Operator ("CPO") with the Commodities Futures Trading Commission ("CFTC"), and certain SIMC employees are registered with the CFTC as Principals and/or Associated Persons.

### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### **Code of Ethics and Personal Trading**

SEI Huntington Steele's employees are supervised and managed by HS/SIMC's Code of Ethics, as a result they are considered HS/SIMC employees. When HS/SIMC employees have access to nonpublic information, conflicts may arise between the interests of the employee and those of a Client. For example, a HS/SIMC employee could gain information on the purchase or sale of securities by a HS/SIMC Client, or portfolio holdings information for a particular Client. The SIMC employee could use this information to take advantage of available investment opportunities, take an investment opportunity from a Client for the employee's own portfolio, or front-run (which occurs when an employee trades in his or her personal account before making Client transactions). As a fiduciary, HS/SIMC employees must always place the interests of Clients first and foremost and shall not take inappropriate advantage of his or her position.

SIMC has adopted a Code of Ethics to reinforce to its employees HS/SIMC's principles of integrity and ethics, and to enforce compliance with applicable regulations and best practices. Under the HS/SIMC Code of Ethics, SIMC employees that are characterized as Access Persons and their family members with whom they reside must disclose personal securities holdings and personal securities transactions. Access Persons are HS/SIMC employees that have access to non-public information regarding any Client's purchase or sale of securities or who are involved in making, or have non-public access to, securities recommendations to Clients. Access Persons are also subject to certain trade pre-clearance and reporting standards for their personal securities transactions. Additionally, certain Access Persons may not purchase or sell, directly or indirectly, any "Covered Security" (which is defined in the Code) within 24 hours before or after the time that the same Covered Security is being purchased or sold in any HS/SIMC Client account. Some Access Persons may not purchase or sell such securities within seven days of a transaction for a HS/SIMC Client account. Certain Access Persons also may not profit from the purchase and sale or sale and purchase of a Covered Security within 60 days of acquiring or disposing of beneficial ownership of that Covered Security. Finally, Access Persons may not acquire securities as part of an initial public offering or a private placement transaction without the prior consent of SIMC Compliance. The Code of Ethics also includes provisions relating to the confidentiality of Client information and market timing, and also incorporates SEI Investments Company's insider trading policy by reference. All supervised persons at HS/SIMC are trained on the Code of Ethics and must acknowledge the terms of the Code of Ethics annually, or as amended.

HS/SIMC anticipates that, in appropriate circumstances, consistent with Clients' investment objectives, it will cause accounts over which HS/SIMC has management authority to effect, and will recommend to investment advisory Clients or prospective Clients, the purchase or sale of securities in which HS/SIMC, its affiliates and/or Clients, directly or indirectly, have a position of interest. HS/SIMC's employees and persons associated with SIMC are required to follow SIMC's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of HS/SIMC and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for HS/SIMC Clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of HS/SIMC will not interfere with (i) making decisions in the best interest of advisory Clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as Clients, there is a possibility that employees might benefit from market activity by a Client in a security held by an employee. Employee trading is monitored under the Code of Ethics, to seek to prevent conflicts of interest between HS/SIMC and its Clients.

Clients and prospects may request a copy of HS/SIMC's Code of Ethics by e-mailing [SIMCCompliance@seic.com](mailto:SIMCCompliance@seic.com) or sending a request to: SEI Investments Management Corporation, Attn: Laura Smolenski, One Freedom Valley Drive, Oaks, PA 19456.

### **Participation or Interest in Client Transactions**

HS/SIMC may recommend to its Clients that they invest in pooled investment vehicles to which SIMC also serves as investment advisor. For example, HS/SIMC, as investment manager to a Client, may recommend that they invest in the SEI Funds, a managed account, or a private fund, where SIMC also serves as investment advisor and may receive a fee for those services. This could create a conflict of interest whereby HS/SIMC may have a financial incentive to recommend an unsuitable SEI investment product to a SEI Huntington Steele Client in order for HS/SIMC and its affiliates to receive additional fees. HS/SIMC discloses its fees in the offering documents for each Pooled Investment Vehicle. To the extent that a particular investment is suitable for a Client, if applicable, such investments will be allocated in a manner which HS/SIMC determines is fair and equitable under the circumstances in respect to all of its other Clients.

HS/SIMC and its affiliates may advise one Client or take actions for a Client, for itself, for its affiliates, or for their related persons that are different from the advice given or actions taken for other Clients. HS/SIMC, its affiliates, and their related persons are not obligated to buy or sell for a Client any investment that they may buy, sell, or recommend for any other Client or for their own accounts. Persons associated with HS/SIMC or its affiliates may themselves have investments in the SEI Funds.

It is HS/SIMC'S policy that the firm will not affect any principal securities transactions for Client accounts. Principal transactions are generally defined as transactions where HS/SIMC, acting as principal for its own account or the account of an affiliate (i.e., SIDCO), buys from or sells any security to any advisory Client. In limited circumstances, HS/SIMC may affect cross-transactions in which HS/SIMC effects transactions between two of its managed Client accounts (i.e., arranging for the Clients' securities trades by "crossing" these trades when HS/SIMC believes that such transactions are beneficial to its Clients). For all such transactions, SIDCO may act as a broker, and may receive a commission. The Client may revoke HS/SIMC's cross-transaction authority at any time upon written notice to HS/SIMC.

## **Item 12 – Brokerage Practices**

### **Broker Selection**

HS/SIMC has a duty to seek best execution of the transactions executed by HS/SIMC for its Clients' accounts. Although commission rates are an important consideration in determining whether "best execution" is being obtained, they are not determinative, as many other factors also are relevant in determining whether HS/SIMC has achieved the best result for Clients under the circumstances. As the SEC has acknowledged, there is no precise definition for "best execution," since it is a facts and circumstances determination. HS/SIMC may consider numerous factors in arranging for the purchase and sale of Clients' portfolio securities. These include any legal restrictions, such as those imposed under the securities laws and ERISA,

and any Client-imposed restrictions. Within these constraints, SIMC shall employ or deal with members of securities exchanges and other brokers and dealers or banks as SIMC approves and that will, in the portfolio manager's judgment, provide "best execution" (i.e., prompt and reliable execution at the most favorable price obtainable under the prevailing market conditions) for a particular transaction for the Client's account. SIMC periodically evaluates the quality of these brokerage services as provided by various firms.

In determining the abilities of a broker-dealer or bank to obtain best execution of portfolio transactions, SEI Huntington Steele relies on SIMC processes to evaluate Best Execution. SIMC will consider all relevant factors, including:

- The execution capabilities the transactions require;
- The ability and willingness of the broker-dealer or bank to facilitate the accounts' portfolio transactions by participating for its own account;
- The importance to the account of speed, efficiency, and confidentiality;
- The apparent familiarity of the broker-dealer or bank with sources from or to whom particular securities might be purchased or sold;
- The reputation and perceived soundness of the broker-dealer or bank; and
- Other matters relevant to the selection of a broker-dealer or bank for portfolio transactions for any account.

SIMC will not seek in advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transaction or select any broker-dealer or bank on the basis of its purported or "posted" commission rate structure. Certain types of trades, such as most fixed income securities transactions, do not involve the payment of a commission.

### **Affiliated Brokerage**

HS/SIMC uses its affiliated broker-dealer, SIDCO, for various services for its Clients, which are described below. Other than trading in the SEI Funds, MAS or other accounts where HS/SIMC has investment discretion, it is the Client's decision whether to execute a particular securities transaction using SIDCO. HS/SIMC discloses the use of its affiliated broker-dealer in the investment management agreement that the Client signs with HS/SIMC for services. By directing brokerage to SIDCO, HS/SIMC may be unable to achieve most favorable execution of Client transactions and this practice may cost Clients more money.

### **1. SEI Funds**

Generally, portfolio transactions in the SEI Funds are effected by sub-advisors pursuant to each sub-advisor's own brokerage policies and practices. However, SIMC does affect trades in the SEI Funds in certain situations. Further, SIMC has implemented a Commission Recapture Program, which is discussed below. SIMC executes trades through SIDCO for the SEI Funds, subject to the duty to obtain best execution and to applicable law. Generally, under these provisions, SIDCO is permitted to receive and retain compensation for effecting portfolio transactions if such compensation does not exceed "usual and customary" brokerage commissions. SIMC's brokerage discretion practices with respect to the SEI Funds are reviewed at least annually by the SEI Funds' Board of Trustees and in compliance with Section 17(e)(1) of the Investment Company Act of 1940, as amended. The following are examples of situations where portfolio trades in the SEI Funds may be executed through SIDCO.

#### **a. Manager Transitions**

HS/SIMC executes transactions through SIDCO in connection with portfolio transitions that accompany HS/SIMC's changes in sub-advisors in the SEI Funds. This may involve the hiring or termination of sub-advisors, or the reallocation of assets between existing sub-advisors. SIDCO serves as an introducing broker-dealer for these transactions, which means that SIDCO will introduce the transaction to one or more clearing brokers. SIDCO and the applicable clearing brokers will receive and retain compensation (i.e., commissions) for executing such transactions. Since SIDCO earns fees in connection with these transactions, HS/SIMC may have an incentive to change sub-advisors more frequently than necessary in order for its affiliate to earn additional fees. This risk is mitigated by HS/SIMC's robust manager due diligence process and oversight

structure, and the fact that manager changes require approval by the Funds' Board of Trustees. Additionally, the use of SIDCO in manager transitions is reviewed by the SEI Funds Board of Trustees.

#### **b. Commission Recapture Program**

Sub-advisors to certain SEI Funds may execute a substantial portion of an SEI Fund's portfolio transactions through a commission recapture program (the "Recapture Program") that SIMC has arranged with SIDCO. SIMC requests, but does not require that certain sub-advisors execute a portion of an SEI Fund's portfolio transactions through the Recapture Program, provided that the sub-advisor determines that such trading is consistent with its duty to seek best execution on SEI Fund portfolio transactions. Under the Recapture Program, SIDCO receives a commission, in its capacity as an introducing broker, on SEI Fund portfolio transactions. SIDCO then returns to the SEI Fund a portion of the commissions earned on the portfolio transactions, and such payments are used by the SEI Fund to pay fund operating expenses. As disclosed in the SEI Funds' prospectuses, HS/SIMC in many cases voluntarily waives fees that it is entitled to receive for providing services to an SEI Fund and/or reimburses expenses of an SEI Fund in order to maintain the SEI Fund's total operating expenses at or below a specified level. In such cases, the portion of commissions SIDCO returns to an SEI Fund under the Recapture Program will generally be used to pay SEI Fund expenses that may be voluntarily waived or reimbursed by HS/SIMC or its affiliates, thereby increasing the portion of the SEI Fund fees that HS/SIMC and its affiliates are able to receive and retain. In cases where HS/SIMC and its affiliates are not voluntarily waiving SEI Fund fees or reimbursing expenses, then a portion of commissions returned to an SEI Fund under the Recapture Program will directly decrease the overall amount of operating expenses of the SEI Fund borne by shareholders.

#### **c. Client Transitions**

When transitioning Clients, HS/SIMC may use SIDCO to liquidate the Client's securities portfolio. HS/SIMC may undertake such liquidations to make cash and/or in-kind securities investments in one or more of the SEI Funds. SIDCO serves as an introducing broker-dealer for these transactions, which means that SIDCO will introduce the transaction to one or more clearing brokers. SIDCO and the applicable clearing brokers will receive and retain compensation (i.e., commissions) for executing such transactions. Information regarding the relationship between HS/SIMC and SIDCO are disclosed to the Client in the investment management agreement. In the case of Clients subject to ERISA, HS/SIMC's use of SIDCO for transition services will be in accordance with applicable guidance from the U.S. Department of Labor. In order to comply with applicable law, the Client is permitted to withdraw its consent to the use of SIDCO for Client transactions by sending a written notice to HS/SIMC.

#### **d. Managed Account Solutions**

MAS (which is a "wrap fee program," meaning the Client pays one fee for investment advisory and brokerage services) is structured such that the equity managers in the program generally execute all trades in the Program using SIDCO. HS/SIMC and Portfolio Managers execute trades for fixed income securities through third-party broker-dealers and the spread, mark-up or markdown on such a transaction is borne by the Client. Also, a significant percentage of trades in closed-end fund strategies managed by Parametric are executed through third-party broker-dealers, on the basis that Parametric believes doing so results in the best combination of price and execution cost. HS/SIMC or Portfolio Managers may also occasionally execute other types of equity transactions through third-party broker-dealers. To the extent that transactions are executed through a third-party broker-dealer, any associated execution costs are incurred by the Client separate from the MAS or DSF ETF fees.

#### **Soft Dollar Practices**

HS/SIMC does not participate in soft dollar arrangements and does not intend to cause an account to pay more in commissions in return for research products, and/or services provided to HS/SIMC. In the normal course of business, HS/SIMC may receive proprietary research materials and technology from some full-service brokers who execute transactions for HS/SIMC, but HS/SIMC does not necessarily consider receipt of this information soft dollar arrangements. Sub-advisors to the SEI Funds may engage in soft dollar transactions pursuant to the sub-advisors' own policies and procedures.

#### **Client Referrals**

HS/SIMC does not consider, in selecting or recommending broker-dealers, whether HS/SIMC or a related person receives Client referrals from a broker-dealer or third-party and the conflicts this creates.

### **Directed Brokerage**

In limited circumstances, a Client may direct HS/SIMC to use a particular broker-dealer (subject to HS/SIMC's right to decline and/or terminate the engagement) to execute some or all transactions for the Client's account. In such event, the Client will negotiate terms and arrangements for the account with that broker-dealer, and HS/SIMC will not seek better execution services or prices from other broker-dealers or be able to "batch" the Client's transactions for execution through other broker-dealers with orders for other accounts managed by HS/SIMC. As a result, Client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

### **Trade Aggregation**

HS/SIMC is permitted to aggregate or "batch" orders placed at the same time for the accounts of two or more Clients if it is in the best interests of its Clients. By batching trade orders, HS/SIMC may obtain more favorable executions and net prices for the combined order, and ensure that no participating Client is favored over any other Client. Typically, HS/SIMC will affect block orders for the purchase and sale for the same security for Client accounts to facilitate best execution and to reduce transaction costs. When an aggregated order is filled in its entirety, each participating Client account generally will receive the block price obtained on all such purchases or sales with respect to such order. The portfolio manager for each account must determine that the purchase or sale of the particular security involved is appropriate for the Client and consistent with the Client's investment objectives and with any investment guidelines or restrictions applicable to the Client's account. The portfolio manager for each account must reasonably believe that the block trading will benefit, and will enable HS/SIMC to seek best execution for each Client participating in the block order. This requires a reasonable good faith judgment at the time the order is placed for execution.

### **Item 13 – Review of Accounts**

HS/SIMC Personal Business Managers provide Clients with quarterly performance reports (either in hard copy or electronically) for their investment accounts. Additionally, HS/SIMC provides to Clients, at least annually, a written review of their accounts and a confirmation of their objectives and the suitability of their overall portfolio in relation to those objectives. At any time when a Client's circumstances change, or if market conditions warrant, HS/SIMC will review the Client's investment portfolios and make changes where appropriate.

### **Item 14 – Client Referrals and Other Compensation**

SIMC and its affiliates receive fees from the SEI Funds, which are determined as a percentage of the SEI Funds' total assets. Therefore, to the extent that SIMC recommends that a Client invest in the SEI Funds, SIMC and its affiliates indirectly benefit from investment in the SEI Funds.

SEI Huntington Steele may enter into solicitation arrangements with third parties who will receive a solicitation fee from SEI Huntington Steele for introducing prospective Clients to SEI Huntington Steele. Additionally, SEI Huntington Steele may compensate SEI employees who will receive a fee (determined based on the fee paid to SEI Huntington Steele by the Client) for introducing prospective Clients to SEI Huntington Steele. Where required by federal or state law, each solicitation arrangement will be governed by a written agreement between SEI Huntington Steele and the third-party that complies with Rule 206(4)-3 of the Advisers Act. As required, Clients will be provided with copies of SEI Huntington Steele's Form ADV, separate disclosure of the nature of the solicitation or referral arrangement (including compensation features) applicable to the Client being referred, and any other document required to be provided under applicable state law.

### **Item 15 – Custody**



In many cases, SPTC, an affiliate of HS/SIMC, serves as custodian for SEI Huntington Steele's Clients (with the exception of the SEI Funds and some of SEI's other Pooled Investment Vehicles). As custodian, SPTC will send periodic account statements directly to Clients. Additionally, SPTC provides SEI Huntington Steele Clients with other reporting services, including quarterly performance reports, year-end tax reports and online account access. SPTC charges a fee for its services.

HS/SIMC Clients whose assets are custodied with SPTC are encouraged to carefully review the account statements they receive from SPTC. In addition, HS/SIMC Clients are urged to compare any statements received from HS/SIMC to the statements received from SPTC (or other third-party custodian). Comparing statements will allow Clients to determine whether account transactions, including deductions to pay advisory fees, are accurate.

#### **Item 16 – Investment Discretion**

HS/SIMC usually receives discretionary authority from the Client at the outset of an advisory relationship. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client account. When managing HS/SIMC Client assets, HS/SIMC observes the investment policies, known limitations and known restrictions of the Clients for which it advises. Although HS/SIMC retains investment discretion over Client's investment accounts, the Client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from SEI Huntington Steele.

SIMC maintains discretionary authority as investment advisor to the SEI Funds. SIMC maintains discretionary authority as investment advisor to the SEI Funds (1) to determine the re-balancing allocation of a Client's assets among the individual SEI Funds or other Pooled Investment Vehicles (no commissions are incurred on these transactions); (2) in certain circumstances, to dispose of a Client's securities in order to raise cash to purchase SEI Funds, liquidate the account or invest in other Pooled Investment Vehicles; and (3) for the managed account and MAS.

#### **Item 17 – Voting Client Securities**

SEI Huntington Steele through its affiliate, SIMC, has hired a third-party proxy voting service (the "Service"), which votes all proxies with respect to applicable Clients in accordance with approved guidelines (the "Guidelines"). SIMC also has a proxy voting committee (the "Committee"), comprised of SIMC employees, which approves the proxy voting guidelines or approves how SIMC should vote in certain cases.

SIMC believes that by using the third-party service to vote all proxies in accordance with pre-approved Guidelines, it significantly reduces the chance that SIMC's proxy votes will be influenced by a conflict of interest. The Service makes available to SIMC, prior to voting on a proxy, its recommendation on how to vote with respect to such proxy in light of SIMC's adopted Guidelines. SIMC retains the authority to overrule the Service's recommendation, and instruct the Service to vote in a manner at variance with the Service's recommendation. The exercise of such right could implicate a conflict of interest. As a result, SIMC may not overrule the Service's recommendation with respect to a proxy unless the following steps are taken:

- a. The Committee will meet to consider the proposal to overrule the Service's recommendation.
- b. The Committee must determine whether SIMC has a conflict of interest with respect to the issuer that is the subject of the proxy. If the Committee determines that SIMC has a conflict of interest, the Committee then determines whether the conflict is "material" to any specific proposal included within the proxy. If not, then SIMC can vote the proxy as determined by the Committee.
- c. For any proposal where the Committee determines that SIMC has a material conflict of interest, SIMC may vote a proxy regarding that proposal in any of the following manners:

1. Obtain Client Consent or Direction – If the Committee approves the proposal to overrule the recommendation of the Service, SIMC will fully disclose to each Client holding the security at issue the nature of the conflict, and obtain the Client’s consent to how SIMC will vote on the proposal (or otherwise obtain instructions from the Client as to how the proxy on the proposal should be voted).
  2. Use Recommendation of the Service – Vote in accordance with the Service’s recommendation.
- d. For any proposal where the Committee determines that SIMC does not have a material conflict of interest, the Committee may overrule the Service’s recommendation if the Committee reasonably determines that doing so is in the best interests of SEI Huntington Steele’s Clients. If the Committee decides to overrule the Service’s recommendation, the Committee will maintain a written record setting forth the basis of the Committee’s decision.

In some cases, the Committee may determine that it is in the best interests of SEI Huntington Steele’s Clients to abstain from voting certain proxies SIMC will abstain from voting in the event any of the following conditions are met with regard to a proxy proposal:

- a. Neither the Guidelines nor specific Client instructions cover an issue;
- b. The Service does not make a recommendation on the issue;
- c. In circumstances where, in SIMC’s judgment, the costs of voting the proxy exceed the expected benefits to Clients; or
- d. The Committee cannot convene on the proxy proposal at issue to make a determination as to what would be in the Client’s best interest. This could happen, for example, if the Committee found that there was a material conflict or if despite all best efforts the Committee is unable to meet the requirements necessary to make a determination.

In addition, it is SIMC’s policy not to vote proxies for securities that are on loan in connection in securities lending activities. SIMC believes that the additional income derived by Clients from such activities generally outweighs the potential economic benefit of recalling securities for the purpose of voting. Therefore, SIMC generally will not recall securities on loan for the sole purpose of voting proxies. Further, in accordance with local law or business practices, many foreign companies prevent the sales of shares that have been voted for a certain period beginning prior to the shareholder meeting and ending on the day following the meeting (“share blocking”). Depending on the country in which a company is domiciled, the blocking period may begin a stated number of days prior to the meeting (e.g., one, three or five days) or on a date established by the company. While practices vary, in many countries the block period can be continued for a longer period if the shareholder meeting is adjourned and postponed to a later date. Similarly, practices vary widely as to the ability of a shareholder to have the “block” restriction lifted early (e.g., in some countries shares generally can be “unblocked” up to two days prior to the meeting whereas in other countries the removal of the block appears to be discretionary with the issuer’s transfer agent). SIMC believes that the disadvantage of being unable to sell the stock regardless of changing conditions generally outweighs the advantages of voting at the shareholder meeting for routine items. Accordingly, SIMC generally will not vote those proxies subject to “share blocking.”

Clients retain the responsibility for receiving and voting mutual fund proxies for any and all mutual funds maintained in Client portfolios.

Client Directed Votes. SEI Huntington Steele Clients who have delegated voting responsibility to HS/SIMC with respect to their account may from time to time contact their Client representative if they would like to direct SEI Huntington Steele to vote in a particular solicitation. HS/SIMC will use its commercially reasonable efforts to vote according to the Client’s request in these circumstances, and cannot provide assurances that such voting requests will be implemented. Clients may only direct votes with respect to securities held

directly by the Client. The Client may not direct votes for securities held by an SEI Fund or Pooled Investment Vehicle. HS/SIMC has adopted policies and procedures designed to prevent conflicts of interests from influencing proxy voting decisions that it makes on behalf of advisory Clients and to help ensure that such decisions are made in accordance with SEI Huntington Steele's fiduciary obligations to its Clients. These policies and procedures include HS/SIMC's use of proxy voting guidelines, recommendations from its third-party proxy voting service, and the use of a proxy voting committee in certain circumstances. Notwithstanding such policies and procedures, actual proxy voting decisions of HS/SIMC may have the effect of favoring the interests of other Clients or businesses of HS/SIMC and/or its affiliates, provided that HS/SIMC believes such voting decisions to be in accordance with its fiduciary obligations.

Clients may obtain a copy of HS/SIMC's complete proxy voting policies and procedures upon request. Clients may also obtain information from HS/SIMC about how HS/SIMC voted any proxies on behalf of their account(s) by either referring to Form N-PX (for SEI Funds) or by contacting your SEI Huntington Steele Client representative.

Certain SEI Huntington Steele Clients have either retained the ability to vote proxies with respect to their account, or have delegated that proxy voting authority to a third-party selected by the Client. In those circumstances, HS/SIMC is not responsible for voting proxies in the account or for overseeing the voting of such proxies by the Client or its designated agent.

With respect to those Clients for which HS/SIMC does not conduct proxy voting, Clients should work with their custodians to ensure they receive their proxies and other solicitations for securities held in their account. Clients may contact their SEI Huntington Steele Client service representative if they have a question on particular proxy voting matters or solicitations.

#### **Item 18 – Financial Information**

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about SEI Huntington Steele's financial condition. SEI Huntington Steele has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.