

Independent Advisor Solutions by SEI

SEI Investments Management Corporation

One Freedom Valley Drive

Oaks, PA 19456

1-800-DIAL-SEI

[www.seic.com](http://www.seic.com)

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This Brochure provides information about the qualifications and business practices of SEI Investments Management Corporation ("SIMC"). 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.

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

Additional information about SIMC 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 March 30, 2018.

Currently, our Brochure may be requested by contacting the SIMC Compliance Team at 610-676-3482 or [SIMCCompliance@seic.com](mailto:SIMCCompliance@seic.com).

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

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#### **Item 4 – Advisory Business**

SIMC 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. SIMC and its predecessor entities were originally incorporated in 1969.

SIMC is investment advisor to various types of investors, including but not limited to, corporate and union sponsored pension plans, public plans, defined contribution plans (including 401(k) plans), endowments, charitable foundations, hospital organizations, banks, trust departments, registered investment advisors, trusts, corporations, high net worth individuals and retail investors (each, a “Client” and together, the “Clients”). SIMC also serves as the investment advisor to a number of pooled investment vehicles, including mutual funds, hedge funds, private equity funds, collective investment trusts and offshore investment funds (together, the “Pooled Investment Vehicles”). Additionally, SIMC serves as the sponsor of, and advisor to, managed accounts.

SIMC’s total assets under management as of December 31, 2018 were \$178,075,779,414, \$167,796,131,398 of which it manages on a discretionary basis and \$10,279,648,016 on a non-discretionary basis.

#### **Independent Advisor Solutions by SEI**

Independent Advisor Solutions by SEI (“IAS”) provides independent financial intermediaries, such as registered investment advisors, financial planning firms, broker-dealers and other financial institutions (“Independent Advisors”) with turnkey wealth management services through outsourced investment strategies; administration and technology platforms; trust, banking, and institutional services; and practice management programs. It is through these services that IAS helps advisors save time, grow revenues, and differentiate themselves in the market. With a history of financial strength, stability and transparency, IAS has been serving the independent financial advisor market for more than 25 years and has approximately 7,400 advisors that work with SEI. In addition to the integrated platform of services, IAS also provides Clients with access to SIMC’s investment products and Managed Account Solutions, which is described in a separate brochure.

As described below, IAS offers these services and investment products (such as mutual funds and managed account programs) to Independent Advisors and to their Clients. Independent Advisors typically serve as an investment advisor to their end-Clients who pay the Independent Advisor an asset-based management fee. In addition, SIMC may hire its affiliates to perform sub-advisory, administrative, custodial, brokerage and/or other services for its investment products and its Clients. Please refer to Item 10 for additional information. The various investment programs offered by Independent Advisors to Clients through IAS are listed below.

#### **SEI Funds**

SIMC serves as the investment advisor to the SEI family of mutual funds (“SEI Funds”), which is a family of SEC-registered mutual funds. Most of the SEI Funds are manager-of-managers funds, which means that SIMC (i) hires one or more sub-advisors to manage the Funds on a day-to-day basis; (ii) monitors the sub-advisors, and (iii) when necessary, 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. While most SEI Funds are managed by sub-advisors, SIMC directly manages all or a portion of certain Funds’ 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. The 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.

The Independent Advisor is solely responsible for determining the suitability of the SEI Funds for its end Clients.

### **SEI Asset Allocation Portfolios**

End Clients of Independent Advisors are able to purchase SEI Funds individually, or they can purchase a pre-defined portfolio of SEI Funds by investing in SEI Asset Allocation Portfolios (also referred to as “models”). Asset allocation is the central theme of the SEI investment philosophy and the dominant factor in determining total strategy return. Studies have shown that asset allocation decisions account for more than 90% of the variation of total returns, while security selection accounts for only a small residual portion of the variance of total returns. Therefore, the overwhelming determinant of the success of an investment strategy is not which securities were bought or sold, but how the assets were divided among the various asset classes.

Each SEI Asset Allocation model is intended to seek to achieve a particular investment goal or to meet particular risk and return characteristics. These models are not tailored to accommodate the needs or objectives of specific individuals, but rather the program is designed to enable an Independent Advisor to match its Clients to an Asset Allocation model that is consistent with the Client’s investment goals and objectives.

Within the Asset Allocation Program, SIMC may periodically adjust the target allocations among the SEI Funds in a model or may add or subtract SEI Funds from a model. SIMC also may create new models within the Asset Allocation Program. SIMC develops various Asset Allocation models, each of which seeks to achieve particular investment goals. An Independent Advisor is solely responsible for determining whether a particular Asset Allocation model strategy (and its underlying SEI Funds) is suitable for its end Client. Independent Advisors determine whether to follow SIMC’s adjusted model for their Clients invested in the current model (by allocating investor assets in accordance with the revised/new model’s parameters) and/or to recommend that their Clients move to a new model.

Under the Asset Allocation Program, SIMC does not have a direct investment advisory relationship with either the Independent Advisor or the Independent Advisor’s end Clients, nor does SIMC conduct an independent investigation of the Independent Advisor’s end Client or the Client’s financial condition. Instead, the Independent Advisor serves as the investment advisor to its Client, and is responsible for analyzing the Client’s current financial situation, risk tolerance, time horizon, and asset class preference. The Independent Advisor may use tools made available by SIMC, including SEI’s Proposal Tool, to develop the appropriate asset allocation strategy for the Client. Based upon the Client’s information, the Independent Advisor and the Client may select one of the SEI Asset Allocation Portfolios. As part of the services IAS provides to Independent Advisors, SIMC may provide Independent Advisors with assistance in developing end-Client investment proposals using SEI Funds or managed accounts and investment related tax observation services.

Since a large portion of the assets in the SEI Funds may be comprised of Clients following these Asset Allocation Program models or other asset allocation models for which SIMC either determines or influences the allocation, model reallocation activity could result in significant purchase or redemption activity in the SEI Funds. While reallocations are intended to benefit Clients that invest in the SEI Funds through the Asset Allocation models, they could in certain cases have a detrimental effect on the SEI Funds that are being materially reallocated, including by increasing portfolio turnover (and related transaction costs), disrupting portfolio management strategy, and causing a SEI Fund to incur taxable gains. SIMC seeks to manage the impact to the SEI Funds resulting from reallocations.

### **Managed Account Solutions**

Managed Account Solutions (“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, which is offered to Independent Advisors for investment by their end Clients, such as high net worth individuals, trusts, endowments, foundations and institutions. SIMC enters into a tri-party investment management agreement with the Independent Advisor and Client to provide MAS services. In the MAS program, the Client appoints the Independent Advisor as its investment advisor to assist the Client in selecting an appropriate asset allocation strategy comprised of portfolios of securities managed by SIMC and/or selected sub-advisors or

mutual fund models managed by SIMC. The Client appoints SIMC to manage the assets in each portfolio in accordance with the strategy selected by the Client together with the Independent Advisor. Under this program, SIMC makes available to the Independent Advisor (i) investment strategy models of investment managers appointed by SIMC ("Portfolio Managers") covering a broad spectrum of investment styles ("Investment Styles"); and (ii) investment models developed and managed by SIMC ("SIMC Models"). SIMC models include (i) "ETF Models," (ii) "Managed Account Strategies" and (ii) "DFS Strategies Portfolios," each as defined in the applicable Account Application necessary to invest in the noted model (e.g., the Distribution-Focused Strategy Account Application defines the available "DFS Strategies Portfolios"). A detailed description of MAS, including the services provided and the related fees, can be found in a separate brochure.

### **SEI Distribution-Focused Strategies**

The SEI Distribution-Focused Strategies ("DFS") is made available to Independent Advisors who may allocate their end Clients' assets for investment into the program, such as high net worth and other retail investors, are investment strategies designed for investors requiring regular distributions from their investment accounts. In this program, Independent Advisors invest Client assets in a portfolio of SEI Funds or ETFs within a strategy seeking to generate a targeted level of distributions using a broadly diversified portfolio of assets. In addition to pursuing the targeted distribution objectives, DFS seeks to provide a degree of principal preservation by seeking to leave a positive residual value at the end of each strategy's stated investment time horizon. While each DFS strategy has a targeted distribution level and residual value, there is no assurance that either target will actually be met. DFS can be implemented using SEI Funds or SEI ETF strategies. DFS is made available through a wrap fee program which charges a bundled fee that includes advisory, brokerage and custody services (but excluding certain administrative fees). A detailed description of DFS, including the services provided and the related fees, can be found in a separate brochure.

### **SIMC Sub-Advised Program**

The SIMC Sub-Advised Program ("Sub-Advised Program") is made available to Independent Advisors who may allocate their end Clients' assets for investment into the program, such as high net worth individuals, trusts, endowments, foundations and institutions. SIMC is hired by the Independent Advisor to provide certain discretionary sub-advisory services to the Independent Advisor in connection with the Independent Advisor's services provided to its Clients. Under this program, SIMC makes available to the Independent Advisor (i) investment strategy models of investment managers appointed by SIMC ("Portfolio Managers") covering a broad spectrum of Investment Styles; and (ii) investment models developed and managed by SIMC ("SIMC Models"). SIMC models include (i) "ETF Models," (ii) "Managed Account Strategies" and (ii) "DFS Strategies Portfolios," each as defined in the applicable Account Application necessary to invest in the noted model (e.g., the Distribution-Focused Strategy Account Application defines the available "DFS Strategies Portfolios"). The Independent Advisor and SIMC enter into an agreement ("SIMC Sub-Advisory Program Agreement") which provides for SIMC's management of assets allocated to the Sub-Advised Program by the Independent Advisor in accordance with the terms of that agreement.

The Independent Advisor is solely responsible for determining that the Investment Styles and SIMC Models are suitable for its Clients' assets allocated to such strategies and models. Once the Independent Advisor allocates one or more Investment Styles or SIMC Models to a Client's Account, assets allocated to the strategy or model by the Independent Advisor will be invested by SIMC in accordance with the applicable Investment Style or SIMC Model, as updated by SIMC (or the applicable Portfolio Manager) from time to time. Independent Advisor may select one or more of the Investment Styles or SIMC Models for an Account. In most cases SIMC has been provided with the equity Portfolio Managers' investment strategy model portfolios and will implement those models (e.g., execute all transactions for assets allocated to such equity Investment Style). In certain limited cases, SIMC will permit the Portfolio Manager to implement its own equity Investment Style and execute transactions.

Independent Advisor's Clients' assets allocated to an Investment Style or SIMC Model are subject to the risk that performance may deviate from the performance of an Investment Style or SIMC Model or the performance of other proprietary or client accounts over which the Portfolio Manager or SIMC retains trading authority ("Other Accounts"). In addition, a Portfolio Manager may implement its model portfolio for its Other Accounts prior to submitting its model to SIMC. In these circumstances, trades may be subject to price

movements that result in the Independent Advisor's Clients' assets receiving prices that are different from the prices obtained by the Portfolio Manager 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.

With respect to certain Investment Styles, SIMC may manage securities directly, rather than delegating to a Portfolio Manager and, in some cases, SEI Funds may be included within an Investment Style or SIMC Model (generally due to investment minimums) for which SIMC also serves as an investment manager. SIMC manages assets allocated to the Sub-Advised Program in the same manner that it manages assets allocated to its wrap fee separate account program assets. Accordingly, a portion of the SIMC Fee charged to the Independent Advisor covers equity trading costs of Sub-Advised Program asset trades executed through SIDCO (See Sections 5 and 12 below for more information on SIMC's brokerage practices.). Participation in the Sub-Advised Program may cost the Independent Advisor (and its Clients) more or less than if the Independent Advisor (or its Clients) paid separately for investment advice, brokerage, and other services. In addition, the fees may be higher or lower than that charged by other comparable programs.

SIMC discloses its investment management fees to the Independent Advisor at or prior to the time the SIMC Sub-Advised Program Agreement is signed and the Independent Advisor agrees to such fees by executing the agreement. Independent Advisors are responsible for the payment of SIMC's fees under this program. In most cases, SIMC expects that the Independent Advisor will instruct the Clients' Custodian to deduct the applicable SIMC Fee payable by the Independent Advisor from its Client Accounts invested in the Sub-advised Program and pay such amounts to SIMC.

SIMC develops various Sub-Advised Program Investment Styles, each of which seeks to achieve particular investment goals. Sub-Advised Program Investment Styles are not tailored to accommodate the needs or objectives of specific individuals, but rather the program is designed to enable the Independent Advisor to match its Clients with one or more Sub-Advised Program Investment Style that is consistent with the Client's investment goals and objectives (as determined by the Independent Advisor). The Independent Advisor may, at any time, impose reasonable restrictions on the management of its Clients' assets allocated to the Sub-Advised Program. The Independent Advisor may also authorize SIMC to provide end-of-year tax loss harvesting to its Clients' accounts invested in the Sub-Advised Program by substituting appropriate securities, generally broad based ETFs, when seeking to achieve the estimated tax benefits. SIMC will engage in tax loss harvesting transactions up to the amount authorized by the Independent Advisor for a Client to the extent the tax savings may be reasonably achieved while still maintaining the selected strategy or model. End-of-year tax loss harvesting can cause a variance in the performance of the selected strategy or model.

Additionally, the Sub-Advised Program offers Independent Advisors a feature called "tax management" pursuant to which SIMC, at the direction of the Independent Advisor, appoints (or acts as) an Overlay Manager for the equity portion of an Independent Advisor's Client's assets invested in the Sub-Advised Program. The various equity Portfolio Managers allocated to applicable Client accounts provide buy/sell lists (i.e., models) to the Overlay Manager, who is responsible for executing transactions across the models within certain performance parameters and security weighting variances from the underlying model portfolios, with the goal of increased coordination across the equity account, increased tax efficiency and minimization of wash sales. Neither the Overlay Manager nor SIMC offers tax advice.

### **Off-Platform Sub-Advisory Programs**

SIMC offers sub-advisory services to Independent Advisors through third-party custody platforms ("Off-Platform"). Under these programs, SIMC is hired by the Independent Advisor to provide certain discretionary or non-discretionary sub-advisory services to the Independent Advisor in connection with the Independent Advisor services provided to its Clients. Generally, these advisory services consist of SIMC recommending to the Independent Advisor (and periodically updating) various asset allocation portfolios or investment models ("Off-Platform Models") consisting of allocations to SEI Funds and, in some cases, other assets types including models consisting of allocations to ETFs or other securities. The Independent Advisor serves as its end Clients' contact and sole advisor to its end Clients, and is responsible for analyzing each of its end Client's current financial situation, return expectations, risk tolerance, time horizon, asset class preference and for recommending an appropriate Off-Platform Model. The Independent Advisor may use tools made available by

SIMC, including SEI's Proposal Tool, to develop the appropriate asset allocation strategy and investment recommendation for the end Client. The Independent Advisor is responsible for determining an end Client's initial and ongoing suitability to invest in the appropriate Off-Platform Model, including the suitability of the particular asset allocation strategy selected for the end Client. The Independent Advisor is also responsible for meeting with end Clients periodically to determine any material changes to the end Client's financial circumstances or investment objectives that may affect the manner in which such end Client's assets are invested. These Off-Platform Models are not tailored to accommodate the needs or objectives of specific individuals, but rather designed to enable the Independent Advisors' Clients to be matched with an Off-Platform Model that is consistent with a Client's investment goals and objectives.

In the Off-Platform Models program, SIMC will generally provide its non-discretionary Clients, including the Independent Advisors, with a proposed buy/sell list of recommended Off-Platform Model allocation changes that SIMC may also implement in part or whole for its discretionary Client accounts and/or communicate to Independent Advisors using the Asset Allocation Strategies program. SIMC will implement these buy/sell list recommendations for its discretionary Client accounts prior to submitting its buy/sell list to its non-discretionary Clients or an Independent Advisor and may provide proposed changes to one non-discretionary Client or Independent Advisor prior to another, but will seek to ensure that Off-Platform Model changes are distributed to non-discretionary Clients in a fair and equitable manner over time. In these circumstances, trades ultimately placed by a non-discretionary Client or an Independent Advisor for its Clients may be subject to price movements particularly with large orders or where securities are thinly traded, that may result in the non-discretionary Client or an Independent Advisor's Clients receiving prices that are less favorable than the prices obtained by SIMC (or another Independent Advisor) for its proprietary or discretionary Client accounts.

### **Direct Managed Accounts**

SIMC manages certain portfolios in MAS directly, rather than through the use of sub-advisors, as noted in the applicable Client paperwork. Generally, 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. In certain limited cases, SIMC may, with the Independent Advisor's review and approval, customize a fixed income portfolio for a Client based on the information provided to SIMC from the Client's Independent Advisor. In all cases, 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, SIMC may hire its affiliate(s) to perform various services, including transition management services when transitioning Client assets to SIMC 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**

Below are the fees for SIMC's investment programs offered to Independent Advisors for use with their end Clients. Independent Advisors charge Clients additional fees for their investment advisory services, and SIMC does not establish, review or approve those fees. Fees for separate accounts may be negotiable based on a variety of factors.

### **SEI Funds and SEI Asset Allocation Program**

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 fund. SIMC's fund advisory fee varies, but it typically ranges from 0.03% - 1.50% of the portfolio's average daily net assets for its advisory services. 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. If a Client invests in a model available through the Asset Allocation Program, the Client will be charged the expense ratios of each of the SEI Funds included in the applicable model. 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.

Clients may also pay custody fees to SEI Private Trust Company ("SPTC") when their assets are custodied at SPTC. These fees will vary depending on the account balance and trade activity in the account. Clients can refer to their account application for specific information on SPTC custody fees.

#### **Off-Platform Sub-advisory Program**

For sub-advisory programs consisting of advice concerning Off-Platform Models comprised of SEI Funds, SIMC does not charge the Client a separate investment management fee on these models. Since these models invest in SEI Funds, SIMC and its affiliates will earn fund-level fees on assets, as set forth in the applicable Funds' prospectuses. Clients may also be charged custody or other fees by the custodian. For customized sub-advised programs, SEI may charge a fee as negotiated with the Independent Advisor that generally will not exceed 1.25%.

#### **Distribution Focused Strategies**

For a description of the fees applicable to Clients invested through DFS, please refer to the Independent Advisor Solutions by SEI: Managed Account Solutions wrap fee program brochure.

#### **Managed Account Solutions**

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

#### **Sub-Advised Program Fees**

In the Sub-Advised Program the Independent Advisor pays a fee to SIMC for its advisory services, the equity trade execution provided by SIMC's affiliate SEI Investments Distribution Co. ("SIDCO") (see Item 12 for additional information), and the advisory services of Portfolio Managers. An Independent Advisor may instruct the Custodian to deduct this fee directly from its Clients' Accounts and pay such amounts to SIMC on the Independent Advisor's behalf. SIMC's fees are a percentage of the daily market value of the Independent Advisor's Client' assets allocated to the Investment Styles and SIMC Models. SIMC's fees are calculated and payable quarterly in arrears and net of any income, withholding or other taxes. SIMC may discount the fees, which may be higher or lower than those charged by other investment advisors for similar services.

If SEI Mutual Funds are used in an Investment Style or SIMC Model, SIMC waives the SIMC Fee with respect to assets allocated to the SEI Mutual Funds and such assets will incur the product fees for the funds as specified in the funds' prospectus.

Sub-Advised Program fees do not cover certain costs, charges or compensation associated with transactions effected in the program, including but not limited to, broker-dealer spreads, certain broker-dealer mark-ups or mark-downs on principal transactions; auction fees; fees charged by exchanges on a per transaction basis; certain odd-lot differentials; transfer taxes; electronic fund and wire transfer fees; fees on NASDAQ transactions; certain costs associated with trading in foreign securities; any other charges mandated by law. In addition, Sub-Advised Program fees do not cover execution charges (such as commissions, commission equivalents, mark-ups, mark-downs or spreads) on transactions SIMC or a Portfolio Manager places with broker-dealers other than SIDCO or its affiliates or agents (third-party broker-dealers), or mark-ups or markdowns by third-party broker-dealers. 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 Independent Advisor's Clients assets invested in the Sub-Advised Program. SIMC makes available to Independent Advisors a quarterly report listing trading activity conducted with third party broker dealers along with certain cost information associated therewith. 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 Sub-Advised Program fees.

The value of Sub-Advised Program assets invested in shares of unaffiliated investment companies (e.g., exchange traded funds, closed-end or mutual fund companies, and unit investment trusts) are included in calculating the SIMC fee to the extent permitted by law. These shares are also subject to investment advisory, administration, transfer agency, distribution, shareholder service and other fund-level expenses (some of which may be paid to SIMC or its affiliates or to Portfolio Managers) that are paid by the fund and, indirectly, by the Independent Advisors' Clients' assets invested in such funds as a fund shareholder. The SIMC fees will not be reduced by any of these unaffiliated fund-level fees, unless required by law. Please refer to Item 12 for additional information on SIDCO.

Additionally, for the DFS Strategies Portfolios, SIMC charges Independent Advisors a maximum Program Fee of 0.20% for providing administrative and recordkeeping services and other services to Independent Advisors' Client accounts invested in DFS. The fee is calculated at the account level and paid to SIMC quarterly in arrears. Independent Advisors may instruct the Custodian to deduct this fee directly from their Clients' Accounts and pay such amounts to SIMC.

**Sub-Advised Program Fees  
Investment Styles or Models:**

<b>CATEGORY 1</b>	<b>PM Model Description</b>	<b>Breakpoints</b>	<b>SIMC Fee*</b>
	All Cap Core, Alternative-Multi-Strategy SMA, Equity Income, Global Equity, International Developed Markets, Large Cap, Managed Volatility, Mid Cap, Socially Responsible Investing, Windham ETF Strategies	First \$500,000	0.90%
		Next \$500,000	0.85%
		Next \$1 million	0.80%
		Next \$3 million	0.75%
		Next \$5 million	0.70%
		Over \$10 million	0.65%
<b>CATEGORY 2</b>	<b>PM Model Description</b>	<b>Breakpoints</b>	<b>SIMC Fee*</b>
	Small Cap, Small-Mid Cap, REIT	First \$500,000	1.10%
		Next \$500,000	1.05%
		Next \$1 million	1.00%
		Next \$3 million	0.95%
		Next \$5 million	0.90%
		Over \$10 million	0.85%
<b>CATEGORY 3</b>	<b>PM Model Description</b>	<b>Breakpoints</b>	<b>SIMC Fee*</b>
	International Emerging Markets	First \$500,000	1.25%
		Next \$500,000	1.20%
		Next \$1 million	1.15%
		Next \$3 million	1.10%
		Next \$5 million	1.05%
		Over \$10 million	1.00%
<b>CATEGORY 4</b>	<b>PM Model Description</b>	<b>Breakpoints</b>	<b>SIMC Fee*</b>
	Alternative-Income, Alternative-Tax Advantage Income, Alternative-MLP, Core Aggregate, Core Aggregate Plus, Government/Corporate Bond, Government Securities, Municipal Fixed Income, Preferred Securities	First \$500,000	0.65%
		Next \$500,000	0.60%
		Next \$1 million	0.56%
		Next \$3 million	0.54%
		Next \$5 million	0.50%
		Over \$10 million	0.45%
<b>CATEGORY 5</b>	<b>PM Model Description</b>	<b>Breakpoints</b>	<b>SIMC Fee*</b>
	SEI ETF Strategies	First \$250,000	0.45%
		Next \$250,000	0.40%
		Next \$500,000	0.35%
		Next \$1 million	0.30%
		Next \$3 million	0.25%
		Next \$5 million	0.22%
		Over \$10 million	0.20%

CATEGORY 6	PM Model Description	Breakpoints	SIMC Fee*
	SEI Fixed Income Strategies	First \$500,000	0.30%
		Next \$500,000	0.27%
		Next \$1 million	0.25%
		Next \$3 million	0.20%
		Next \$5 million	0.19%
		Over \$10 million	0.18%

CATEGORY 7	PM Model Description	Breakpoints	SIMC Fee*
	SEI Factor Based Strategies	First \$500,000	0.55%
		Next \$500,000	0.35%
		Next \$1 million	0.30%
		Next \$3 million	0.25%
		Next \$5 million	0.22%
		Over \$10 million	0.20%

Tax Management	SIMC Fee*
Tax Management	0.10% in addition to the SIMC Fee described above

\*SIMC Fee breakpoint levels are determined based on an Independent Advisor's Client's total Account assets invested in Sub-Advised Models categorized within the same strategy description groupings/fee rate schedules listed above. By way of example only, if an Account is invested in two Investment Styles or Models, the first being a model classified as a Small Cap Growth strategy and a second model classified as a Small-Mid Cap Value strategy, the Account assets invested in those two Investment Styles or Models will be combined for purposes of determining the applicable breakpoint levels for purposes of calculating the fees payable to SIMC. Breakpoints are not applied across the strategy description groupings/fee rate schedules. By way of example only, if an Account is invested in a Investment Style or Model classified as a Small Cap Growth strategy as well as in second Investment Style classified as an Alternative Income strategy, those Account assets will not combined for purposes of determining the applicable breakpoint level for calculating SIMC Fees, but assets allocated to each such Investment Style or Model will be considered individually in determining fees payable to SIMC.

SIMC may, in its sole discretion, waive one or more of these fees, in whole or part based on SEI's relationship with Firm. SIMC may end any such fee waiver at any time, after which time affected accounts will be assessed the applicable fees.

### **Distribution Focused Strategies Portfolios:**

#### **DFS Program Fee**

0.20% (20 bps) paid to SIMC for providing administrative and recordkeeping services to the Independent Advisor's Clients' Accounts invested in the DFS portfolio. This fee is pro-rated for an Account invested in DFS portfolio for less than a quarter.

#### **DFS Strategies Portfolios – ETF Models**

Breakpoints	SIMC Fee*
First \$500,000	0.55%
Next \$500,000	0.35%
Next \$1 million	0.30%
Next \$3 million	0.25%
Next \$5 million	0.22%
Over \$10 million	0.20%

## **DFS Strategies Portfolios – Mutual Funds**

Please reference the product fees listed in the SEI mutual funds prospectus.

\*Fee breakpoint levels are determined based on the Independent Advisor's Client's total account assets invested in the DFS Strategies Portfolios – ETF Models. SIMC may, in its sole discretion, waive one or more of these fees, in whole or part based on SEI's relationship with the Independent Advisor. SIMC may end any such fee waiver at any time, after which time affected accounts will be assessed the applicable fees.

## **Custom High Net Worth Portfolios**

<b>Investment Style</b>	<b>Breakpoints</b>	<b>SIMC Fee*</b>
Custom HNW Portfolios	First \$500,000	1.15%
	Next \$500,000	1.10%
	Next \$1 million	1.05%
	Next \$3 million	1.00%
	Next \$5 million	0.95%
	Over \$10 million	0.90%

\*Fee breakpoint levels are determined based on the Independent Advisor's Client's total account assets invested in the Custom HNW Portfolios listed above. SIMC may, in its sole discretion, waive one or more of these fees, in whole or part based on SEI's relationship with the firm. SIMC may end any such fee waiver at any time, after which time affected accounts will be assessed the applicable fees.

## **Additional Compensation**

IAS Sales Team members are compensated based on sales goals including net cash flows into the SEI investment products during the period. Additionally, IAS members may also receive event compensation and sales awards based on SIMC's receipt of new assets through Client referrals. From time to time, these team members may also receive additional compensation based on the sale of certain SEI investment products. This could create a conflict of interest whereby the Sales Team members may be incented to recommend investment products based on the compensation received rather than on the Client's needs. However, this risk is mitigated by the fact that an Independent Advisor works directly with its Clients to agree on the investment products selected for each Client. The Independent Advisor is not incented to agree to any specific investment product recommendation made by the Sales Team member. Please see Item 14 for additional information concerning services and benefits SIMC and its affiliates provide to Independent Advisors.

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

SIMC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client) to Clients of IAS.

## **Item 7 – Types of Clients**

Please refer to Item 4 for a description of the types of Clients to whom SIMC and IAS generally provides investment advice and services.

SIMC does not require a minimum account size for the services described in this Brochure, however, third-party managers and products available through our programs may require minimum investments, which vary. Please refer to the wrap fee program brochure for additional detail on account size requirements.

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

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

SIMC's philosophy is based on five key components: asset allocation, portfolio design, sub-advisor selection, portfolio construction and risk management. 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.** SIMC's approach to asset allocation takes Clients' goals into account, along with more traditional yardsticks like market indices and standard deviation. SIMC constructs multiple model portfolios to address a wide variety of Client goals and dedicates 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, 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. 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 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 we believe can deliver superior results over time. 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 sub-advisors 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 philosophy, process, personnel, portfolio construction 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 sub-advisor assigned to the large cap growth asset class.) This same manager research process is also the basis for the manager research services provided by SIMC.

**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 the sub-advisors implementing them. Based on SIMC's asset-class-specific analysis, as well as typical Client risk tolerances, SIMC sets strategic alpha source allocation targets at the investment product level. With certain exceptions, SIMC uses a multi-manager approach to construct its portfolios.

**Risk Management.** 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.

### **Manager Research Services.**

SIMC offers various manager 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 investment 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 third party investment manager 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 and the manager's investment strategy will vary based on the contracted level of services, but generally involves either a quantitative and/or qualitative review of the manager 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 manager 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 (e.g., the manager is a sub-advisor to an SEI Fund or available in MAS)(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 (or as sub-advisor to an SEI Fund) 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.
  - d. As part of the Stand-Alone Research Services a client may request SIMC to recommend investment strategies for specified asset classes when the client is adding an additional asset class to its investment program or the client is replacing a current manager's investment strategy (each, a "Recommended Strategy"). In many cases a Recommend Strategy may be available through several delivery methods, such as through separately managed accounts or through pooled vehicles, such as mutual funds sponsored or managed by the applicable investment manager. While SIMC does not normally consider an investment strategy's various delivery methods as part of the Research Services, if a client has informed SIMC that it prefers a pooled fund implementation, SIMC will limit its research universe to investment strategies available through a fund implementation. And, SIMC will also provide limited research on the available pooled vehicles. In some cases SIMC may not recommend an investment strategy that it would have otherwise recommended as a result of this product-level review, and will instead recommend a different investment manager's strategy available through a fund implementation.
  - e. When recommending investment strategies as part of the Stand-Alone Research Services, to the extent an investment strategy meeting the client's requested asset class/investment style criteria is available, SIMC will first recommend a SIMC Contracted Strategy since SIMC has conducted its deepest level of analysis on the SIMC Contracted Strategies. If a Contracted Strategy does not meet the client's requested criteria, SIMC will then recommend a third party investment strategy based on SIMC's research of available investment strategies. In certain situations that vary based on how the customer chooses to implement a recommended Contracted Strategy, SIMC will earn compensation that it would not earn by recommending an investment strategy not available within SIMC's current investment programs. For instance, if the customer uses MAS or an SEI Fund to gain access the recommended Contracted Strategy, SIMC, and in some cases, SIMC's affiliates, would earn fees in addition to the Stand-Alone Research Service fees. Any additional compensation SIMC (or its affiliates) would earn as a result of any such recommendation is disclosed to the Client at the time of the recommendation and any use such recommend investment strategy remains solely with the client.
3. **Affiliates Model Platform Services.** SIMC's affiliates provide a technology and operational service platform to deliver to these institutional customers' manager strategy model data for manager strategies selected by such customers. While these investment models are selected by client independently, and not by SIMC, in many cases SIMC may have provided research on the investment strategies selected by the client under a research contract. In certain cases, SIMC and its affiliate may jointly contract with an institutional client to provide both Stand Alone Research and model delivery services. To the extent that a model platform client selects a SIMC Contracted Strategy for model, SIMC's affiliate providing model delivery services 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, which are typically sophisticated financial intermediaries, 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 SIMC's investment philosophy in designing diversified investment portfolios for SIMC'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 SIMC may manage these investment products, or 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's 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 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. 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 strategy's 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 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 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. The impact of expenses is especially relevant when a portfolio invests in the lowest tranche (the “equity tranche”) of a CDO or CLO. At the equity tranche level, expenses of a CDO or CLO may reduce distributions available to the portfolio before impacting distributions available to investors above the equity tranche and thereby disproportionately impact the portfolio’s investment in such CDO or CLO.

**Convertible and Preferred Securities Risk** – Convertible and preferred securities generally have less potential for gain or loss than common stocks. In addition, convertible and preferred securities generally provide yields higher than the underlying common stocks, but generally lower than comparable nonconvertible securities. Because of this higher yield, convertible and preferred securities generally sell at a price above their “conversion value,” which is the current market value of the stock to be received upon conversion. The difference between this conversion value and the price of convertible and preferred securities will vary over time depending on changes in the value of the underlying common stocks and interest rates. Convertible and preferred securities are also subject to credit risk and are often lower-quality securities.

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

**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 value being more volatile than 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 of the security, 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 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, which may affect the portfolio’s performance. 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 those originally paid by the portfolio, the 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 investor protection requirements that 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** – 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, SIMC periodically adjusts the target allocations among the mutual funds to ensure that the appropriate mix of assets is in place. 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 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. 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** – 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 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 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 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 SIMC or the integrity of SIMC's management. SIMC has no information applicable to this Item.

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

SIMC, which is an indirect, wholly owned subsidiary of SEI Investments Company, may hire affiliates and third parties to perform services for SIMC 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 its investment products. SIMC has hired an affiliated advisor, LSV Asset Management ("LSV"), to serve as sub-advisor to some of SIMC's investment products. Specifically, SIMC's parent company, SEI Investments Company, maintains a minority ownership interest (approximately 39% as of December 31, 2018) in LSV, which is a sub-advisor in the Funds and MAS. LSV is subject to the same evaluation and monitoring as other non-affiliated sub-advisors. Additionally, to the extent LSV is managing SEI Fund assets, it is 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 its 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 its 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 its Funds and MAS may also be customers of SEI for other services and products (e.g., technology solutions, middle and back office platform solutions, turn-key pooled product solutions) 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.

### **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. SIMC may invest its Clients into these products. Therefore, the Client may pay 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, SIMC generally, and to the extent required by the Employee Retirement Income Security Act of 1974 ("ERISA") and other applicable law, will offset or credit any advisory fees earned by 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 SIMC 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 SIMC recommends that a Client invests in the SEI Funds, 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, SIMC could select those underlying SEI Funds that pay higher advisory fees to SIMC. 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 and its affiliate are paid fees for the management and administration 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. 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 SIMC 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-U.S. 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 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 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 receives 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, 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**

From time to time, SIMC or sub-advisors will execute brokerage transactions using SIMC's affiliated broker-dealer, SIDCO and, as noted in the MAS brochure. 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 also receives distribution or creation unit servicer fees from certain third-party ETFs and their sponsors when providing services to those firms under services agreements between SIDCO and such firms. 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. SIMC 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**

When SIMC employees have access to nonpublic information, conflicts may arise between the interests of the employee and those of the Client. For example, a SIMC employee could gain information on the purchase or sale of securities by a 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, 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 SIMC's principles of integrity and ethics, and to enforce compliance with applicable regulations and best practices. Under the 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 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 SIMC Client account. Some Access Persons may not purchase or sell such securities within seven days of a transaction for a 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 SIMC are trained on the Code of Ethics and must acknowledge the terms of the Code of Ethics annually, or as amended.

SIMC anticipates that, in appropriate circumstances, consistent with Clients' investment objectives, it will cause accounts over which SIMC has management authority to effect, and will recommend to investment advisory Clients or prospective Clients, the purchase or sale of securities in which SIMC, its affiliates and/or Clients, directly or indirectly, have a position of interest. 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 SIMC and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for SIMC's Clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees of 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 SIMC and its Clients.

Clients and prospects may request a copy of 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: SIMC Compliance, One Freedom Valley Drive, Oaks, PA 19456.

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

As explained above, among its other recommendations, SIMC recommends its Clients invest in pooled investment vehicles to which SIMC also serves as investment advisor when SIMC believes such recommendation is appropriate for the Client. For example, 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 SIMC may have a financial incentive to recommend an unsuitable SEI investment product to a SIMC Client in order for SIMC and its affiliates to receive additional fees. 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 SIMC determines is fair and equitable under the circumstances in respect to all of its other Clients.

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. 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 SIMC or its affiliates may themselves have investments in the SEI Funds.

It is SIMC's policy that the firm will not affect any principal securities transactions for Client accounts. Principal transactions are generally defined as transactions where 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, SIMC may affect cross-transactions in which SIMC may affect transactions between two of its managed Client accounts (i.e., arranging for the Clients' securities trades by "crossing" these trades when SIMC believes that such transactions are beneficial to its Clients). To the extent permitted by law, SIDCO may act as a broker, and may receive a commission. The Client may revoke SIMC's cross-transaction authority at any time upon written notice to SIMC.

## **Item 12 – Brokerage Practices**

### **Broker Selection**

SIMC has a duty to seek best execution of the transactions executed by 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 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. 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, 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**

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, the Sub-Advised Program or other accounts where SIMC has investment discretion, it is the Client's decision whether to execute a particular securities transaction using SIDCO. SIMC discloses the use of its affiliated broker-dealer in the investment management agreement that Clients sign with SIMC for services. By directing brokerage to SIDCO, 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 effect 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**

SIMC executes transactions through SIDCO in connection with portfolio transitions that accompany 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, 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 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. Trading for Internally Managed Equity Portfolios**

In connection with internally managed equity portfolios, SIMC executes those trades through SIDCO as introducing broker, using one of the executing brokers that are available through SIDCO. As with the transition management trades, SIMC generally expects that SIDCO will serve as introducing broker on all such

equity trades. There is an inherent conflict of interest in SIMC's use of SIDCO for trading. SIMC may be motivated to pay a higher commission for trades involving SIDCO compared to a third party broker.

### **c. Sub-Advisor Trading Through SIDCO**

Sub-advisors to certain SEI Funds may execute a portion of an SEI Fund's portfolio transactions through SIDCO. Certain sub-advisors participate in 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, 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 SIMC or its affiliates, thereby increasing the portion of the SEI Fund fees that SIMC and its affiliates are able to receive and retain. In cases where 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.

Certain sub-advisors have trading relationships with SIDCO outside of the Recapture Program. These relationships may involve soft dollar trading or execution only arrangements. For any sub-advisor trading through SIDCO outside of the commission recapture program, the commission rate is negotiated between the sub-advisor and SIDCO. SIMC neither encourages nor discourages sub-advisors from trading through SIDCO outside of the commission recapture program, and does not take such trading into consideration in determining whether to recommend that a manager be hired or terminated. All such trading is, of course, subject to the sub-advisor's duty to achieve best execution. Further, each sub-advisor that trades through SIDCO is required to report such trades on a quarterly basis to the Funds' Board.

## **2. Client Transitions**

SIMC may use SIDCO to liquidate a Client's securities portfolio. 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 SIMC and SIDCO are disclosed to the Client in the investment management agreement. In the case of Clients subject to ERISA, SIMC's use of SIDCO for transition services will be in accordance with applicable law and regulation. 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 SIMC.

## **3. Managed Account Solutions**

MAS and DFS (which are "wrap fee programs," 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. There may be instances, however, where an equity manager responsible for trading its investment strategy has determined not to execute certain orders through SIDCO, consistent with such manager's duty to seek best execution. Further, the Program's fixed income managers select and utilize brokers as required by their firm's own policies and procedures. Portfolio Managers of fixed income strategies will generally execute trades through third-party broker-dealers. The SIMC fees do not cover execution charges (such as commissions, commission equivalents, mark-ups, mark-downs or spreads) where SIMC or a Portfolio Manager executes transactions with broker-dealers other than SIDCO or its affiliates. Any such execution charges will be separately charged to the Independent Advisor's Clients assets. SIMC's internal governance structure oversees SIMC's use of SIDCO in the program to ensure that its use of SIDCO for the Program is suitable. Please refer to the Independent Advisor Solutions by SEI: Managed Account Solutions

wrap fee program brochure for information on brokerage services applicable to the assets managed through Managed Account Solutions.

#### **4. Sub-Advised Program**

The Sub-Advised Program is structured such that the managers in the program generally execute all equity trades using SIDCO, consistent with the managers' duty to seek best execution. SIDCO does not charge commissions on the equity orders it executes for the Program and will instead receive and retain compensation from SIMC for this trading activity. The SIMC fees do not cover execution charges (such as commissions, commission equivalents, mark-ups, mark-downs or spreads) where SIMC or a Portfolio Manager executes transactions with broker-dealers other than SIDCO or its affiliates. Any such execution charges will be separately charged to the Independent Advisor's Clients assets. SIMC's internal governance structure oversees SIMC's use of SIDCO in the program to ensure that its use of SIDCO for the Program is suitable.

#### **Soft Dollar Practices**

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 SIMC. In the normal course of business, SIMC may receive proprietary research materials and technology from some full-service brokers who execute transactions for SIMC, but 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**

SIMC does not consider, in selecting or recommending broker-dealers, whether 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 SIMC to use a particular broker-dealer (subject to 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 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 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**

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, 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, 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 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**

For those Clients to whom SIMC provides investment advisory services through MAS or DFS, the Independent Advisor is responsible for reviewing accounts with end Clients and determining the ongoing suitability of the Client's investment strategy and asset allocation in light of the Client's objectives. Additionally, SIMC will contact the Independent Advisor for confirmation that the investment strategy for the Client does not need to

be changed in light of the client's current investment objectives and risk tolerance. SIMC will rely on Client information submitted by the Client's Independent Advisor annually, or more frequently if the Client changes the account's investment strategy, to determine whether that the strategy selected for the account is still suitable for the Client's investment objectives. All investment advisory Clients are advised that it remains their responsibility to advise SIMC of any changes in their investment objectives and/or financial situation. Additionally, the Independent Advisor designated by the Client may conduct periodic reviews and provide the Client with certain reports.

With respect to the Sub-Advisory Programs, the Independent Advisor is responsible for reviewing accounts with end Clients and determining the ongoing suitability of the Client's investment strategy and asset allocation in light of the Client's objectives.

#### **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 benefit from investment in the SEI Funds. Please see Items 4 and 12 for additional information.

SIMC's investment solutions, including the SEI Funds, are offered to Independent Advisors for their use in providing advisory services to their Clients. In connection with an Independent Advisor's use of SEI's investment solutions, SIMC and its affiliates provide the Independent Advisor with a range of services and other benefits, which in some cases include financial compensation, to help it conduct its business and serve its Clients. These benefits and services, discussed below, may be made available to Independent Advisors at no fee or at a discounted fee, and the terms vary among Independent Advisors depending on the business they and their Clients conduct with SEI and other factors. These benefits and services do not necessarily benefit the Independent Advisor's underlying Clients.

SIMC and its affiliates hold conferences, seminars and other educational and information activities for Independent Advisors about the SEI Funds and other investment products offered by SIMC or its affiliates and to generally inform prospective advisors about IAS. Such events are sponsored or provided by SIMC, its affiliates and/or other third parties. In some cases SIMC and its affiliates reimburse Independent Advisors for reasonable travel and attendance expenses (including airfare and hotel expenses) incurred to attend these events. Attendance at some of these events, including SEI's annual conference for its most substantive Independent Advisor relationships, is limited to Independent Advisors conducting a minimum amount of business with SIMC and its affiliates, including invitations based on the Independent Advisor's Client assets under management in SEI Funds and managed programs and net cash flow into those products. In addition, SIMC provides Independent Advisors with practice management services, which may include conferences, seminars and other educational and informational activities. Such events are sponsored or provided by SIMC and its affiliates and/or other third parties. SIMC and its affiliates also offer Independent Advisors investment research and other investment support services, such as Client investment proposal and other financial planning support, to help them make well-informed investment decisions about their Clients' accounts.

SIMC and its affiliates assist Independent Advisors in their marketing activities, including providing marketing toolkits and other forms of marketing materials that Independent Advisors may use or adapt for their purposes. SIMC also co-sponsors events with Independent Advisors, and/or pays for joint marketing initiatives with Independent Advisors for Clients and prospects, including, without limitation, seminars, conferences, appreciation events, direct market mailings and other marketing activities designed to further the promotion of SIMC's investment products with the Independent Advisor and its Clients and prospects. SIMC and its affiliates' arrangements for joint marketing initiatives will vary among Independent Advisors, and its payments or reimbursements to Independent Advisors in connection with joint marketing initiatives may be significant and based, at least in part, on the level of business the Independent Advisor conducts, or is expected to conduct, with SIMC.

SIMC and its affiliates also provide Independent Advisors with technical and operational solutions and support, including (i) a technology and operational platform (referred to as the SEI Wealth Platform)

supported by SPTC and provided at no cost to permit Independent Advisors to manage their Clients' account at SPTC and to generally support the Independent Advisors business management of Client accounts held at SPTC, and (ii) in some cases, providing or paying for third-party software and automated workflows, to help facilitate their integration with SEI's systems and to streamline their operations. Certain of these technical solutions, such as solutions for advisors to help maintain internal operations of their firm, third-party software and automated workflows provided by or paid for by SIMC or its affiliates, may be used by an Independent Advisor in connection with its general business activities in addition to supporting integration to SEI systems or streamlining the Independent Advisors interaction with SEI's systems. Representatives of SIMC and its affiliates are available to provide administrative support to Independent Advisors in connection with their participation in IAS. SIMC and its affiliates also assist Independent Advisors in joining IAS and in completing documentation to enroll Independent Advisors' Clients to receive services, such as SPTC Client account opening paperwork. This service may include providing clerical staff to assist the Independent Advisor in the completion of required paperwork and, in some cases, paying account transfer fees or other charges that Independent Advisors or their Clients would have to incur or pay when changing custodians or service providers.

In certain cases, SIMC and its affiliates agree to pricing for particular Independent Advisors' Client accounts at SPTC based on account size and/or the nature and scope of business the Independent Advisor does with SEI, including the current and future expected amount of the Independent Advisor's Client assets in custody at SPTC and the types of SIMC investment products used by the Independent Advisor. Pricing discounts may include SPTC agreeing to waive transactional charges and other fees it would normally charge the Independent Advisor's end Clients. SIMC and its affiliates, including SPTC, may change this pricing and the services and other benefits provided if the nature or scope of the Independent Advisor's business changes or does not reach certain levels, in which case pricing for the Independent Advisor's Client accounts may increase but will not exceed SIMC's and its affiliate's standard pricing for such products and services.

Many Independent Advisors are affiliated with broker-dealers. SIMC and its affiliates pay compensation to broker-dealers or other financial institutions for services such as, without limitation, providing the SEI Funds with "shelf space" or a higher profile for the firm's associated Independent Advisors and their customers, placing the SEI Funds on the firm's preferred or recommended fund list, granting access to the firm's associated Independent Advisors, providing assistance in training and educating the firms' personnel, allowing sponsorship of seminars or information meetings and furnishing marketing support and other specified services. SIMC may also compensate the broker-dealer to support the broker-dealers ability to provide administrative support services required when the broker-dealers affiliated Independent Advisors conduct business with their Clients through the use of IAS services. These payments are typically based on average net assets of SEI Funds attributable to that broker-dealer, net sales of SEI Funds attributable to that broker-dealer, a negotiated lump sum payment or other similar metrics. For example, SIMC may pay either: (i) up to ten (10) basis points on "Net Cash Flow;" and/or (ii) ten (10) basis points multiplied by the broker-dealers Advisors' Clients total assets invested in SEI sponsored investments for the administrative services provided and to help offset the compliance service costs that the broker-dealer will be the subject of. Alternatively, SIMC may pay up to ten (10) basis points multiplied by the broker-dealers Advisors' Clients total assets invested in SEI sponsored investments for the marketing and distribution services as well as administrative services provided and to help offset the compliance service costs that the broker-dealer will be the subject of. The terms of these arrangements with various broker-dealers will vary.

Payments are sometimes made by SIMC or its affiliates to financial institutions to compensate or reimburse them for administrative or other Client services provided, such as sub-transfer agency services for shareholders or retirement plan participants, omnibus accounting or sub-accounting, participation in networking arrangements, account set-up, recordkeeping and other shareholder services. These fees may be used by the financial institutions to offset or reduce fees that would otherwise be paid directly to them by certain account holders, such as retirement plans. The foregoing payments may be in addition to any shareholder servicing fees paid to a financial institution in accordance with the SEI Funds' Shareholder Services Plan or Administrative Services Plan.



The benefits, services or payments made to Independent Advisors or financial institutions discussed throughout this Item 14 and elsewhere in this Form ADV, may be significant to the Independent Advisor or financial institutions receiving them, and may create an incentive for the Independent Advisor or financial institutions or its representatives to recommend or offer shares of the SEI Funds or other investment products to its customers rather than other funds or investment products. These payments are made by SIMC and its affiliates out of their past profits or other available resources.

Although the SEI Funds may use broker-dealers that sell SEI Fund shares to effect transactions for the SEI Funds' portfolio, the SEI Funds, SIMC and its sub-advisors will not consider the sale of SEI Fund shares as a factor when choosing broker-dealers to affect those transactions and will not direct brokerage transactions to broker-dealers as compensation for the sales of SEI Fund shares.

SIMC enters into solicitation arrangements with third parties who will receive a solicitation fee from SIMC for introducing prospective Clients to SIMC or SEI investment products. Additionally, SIMC compensates SEI employees who will receive a fee (determined based on the fee paid to SIMC by the Client) for introducing prospective Clients to SIMC or SEI investment products. Where required by federal or state law, each solicitation arrangement will be governed by a written agreement between SIMC and the third-party that complies with Rule 206(4)-3 of the Advisers Act. As required, Clients will be provided with copies of Part 2 of SIMC'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 SIMC, serves as custodian for SIMC 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 SIMC Clients with other reporting services, including quarterly performance reports, year-end tax reports and online account access. SPTC charges a fee for its services.

SIMC Clients whose assets are custodied with SPTC are encouraged to carefully review the account statements they receive from SPTC. In addition, SIMC Clients are urged to compare any statements received from 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**

SIMC has accepted limited discretion for Clients for: (1) MAS; (2) DFS, (3) Sub-Advised Program and (4) Off-Platform Sub-Advisory Programs. Please see Item 4 for additional information on the discretion SIMC has on Client accounts invested in these products and the reasonable restrictions Clients can place on some of these products.

For the Off-Platform Sub-advisory programs, SIMC provides applicable trading instructions to the Independent Advisor or its designee, who is responsible for executing trade orders for the necessary accounts to remain invested in accordance with the applicable model or portfolio.

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

SIMC has hired a third-party proxy voting service (the "Service"), which votes all proxies with respect to applicable SIMC 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 SIMC'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.

Notwithstanding these policies and procedures, actual proxy voting decisions of SIMC may have the effect of favoring the interests of other Clients or businesses of SIMC and/or its affiliates, provided that SIMC believes such voting decisions to be in accordance with its fiduciary obligations. In some cases, the Committee may determine that it is in the best interests of SIMC'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. SIMC Clients who have delegated voting responsibility to SIMC with respect to their account may from time to time contact their Client representative if they would like to direct SIMC to vote in a particular solicitation. 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 also 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.

Clients may obtain a copy of SIMC's complete proxy voting policies and procedures upon request. Clients may also obtain information from SIMC about how 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 Client representative.

Certain SIMC 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, 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 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 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 SIMC's financial condition. SIMC 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.