ARE ETF STRATEGIES RIGHT FOR YOU?

Cost-efficient, tax-efficient ways to pursue your goals

SEI New ways. New answers.®

Are ETF Strategies right for you?

Exchange-traded funds (ETFs) provide low-cost, tax-efficient exposure to many segments of the financial markets. They have grown in popularity over the last decade, and there are now more than 2,000 ETF products available.

Your financial advisor has partnered with SEI to offer you a range of ETF strategy options for your portfolio. SEI's ETF Strategies give you access to the same research, discipline and market insights that SEI makes available to the institutional and private investors.

Consider an ETF Strategy if you:

- Seek an investment option with lower fees.
- Prefer the potential index-like returns of passively managed ETFs (before fees and expenses) vs. higher tracking error, active alternatives.
- Want to benefit from the ETF structure that can provide tax advantages relative to actively managed mutual funds.

How can investing in SEI's ETF Strategies benefit you?

Expert oversight

- SEI identifies ETFs that we believe best track their respective indexes at a competitive cost and includes them in diversified portfolios.
- SEI monitors the ETF universe for the most optimal exposures to each asset class.

Professionally managed asset allocation

- SEI rebalances your portfolio both to maintain your target asset allocation and to adjust your allocation in response to long-term changes in markets.

Focus on tax management

- For Tax-Managed ETF Strategies, SEI uses different techniques to manage your tax liabilities.
- SEI offers year-end loss harvesting services for its Tactical and Strategic ETF Strategies.

Strategy Families

SEI offers three different ETF Strategy families: Strategic ETF Strategies, Tactical ETF Strategies and Tax-Managed ETF Strategies. Each strategy family has different features that are highlighted below.

Features	Description	Tactical ETF Strategies	Tax-Managed ETF Strategies	Strategic ETF Strategies
Exposures	International stocks/bonds	X	X	X
	High-yield / non-traditional bonds	X	X	X
	Managed volatility / inflation-sensitive assets	X	X	
Key Features	ETF substitutions (ESG / tax transitions)	X	X	
	Drawdown management (stability strategies)	X	X	
	Ability to incorporate opportunistic tilts	X		
	Tax management		X	
Portfolio Characteristics	Greater global equity exposure	X	X	
	Higher U.S. equity exposure			X
	Enhanced diversification among major asset classes	X	X	

Strategic ETF Strategies offer a traditional, long-term strategic asset allocation at a low cost.

Looking to keep your costs low? The Strategic ETF Strategies are a straightforward, inexpensive way to include equity and fixed-income ETFs in your portfolio.

These Strategies consist of strategic asset allocation models developed by SEI that are generally comprised of ETFs that attempt to achieve specific investment goals. The Strategies span a broad risk/return spectrum, allowing investors to seek different targeted levels of returns commensurate with different targeted levels of risk.

The Strategies make use of a full complement of ETFs researched by SEI, and seek to provide a high level of diversification across a variety of asset classes. They were developed on the foundation of long-term capital market assumptions.

The Strategies generally offer some exposure to international markets, but are more heavily invested in U.S. equity and fixed-income markets.

Tactical ETF Strategies use a more diversified, active approach in an effort to balance risk and return.

The Tactical ETF Strategies rely on SEI's investment experts to reallocate your asset allocation in an attempt to balance returns and risk.

Your asset allocation may also be adjusted in response to anticipating changes in market dynamics—all while SEI adheres to strict risk guidelines.

SEI's active asset-allocation process differs from others in the industry.

Like many providers, the process starts with a top-down approach that considers economic data, market pricing and investor sentiment.

What separates SEI's process is our active-allocation decisions, which include input from more than 100 investment managers across a variety of asset classes.

From time to time, the Tactical ETF Strategies may implement a series of trades designed to temporarily tilt them away from their strategic long-term positions. These active asset-allocation decisions are typically based on SEI's expectations for market conditions in the next six to 24 months.

Examples of active themes

Underweight	Overweight	Duration	Rationale
U.S. Large Cap	Hedged Japan Large Cap	23 Months	Viewed Japan as a value opportunity and a potential beneficiary of continued global expansion.
U.S. Large Cap	Hedged European Equity	13 Months	Viewed Europe as a likely beneficiary from the continued global growth in economic activity.
U.S. High Yield Bonds	Emerging Markets Debt	18 Months	Credit spreads narrowed, limiting the potential for further price appreciation in high yield versus attractive EMD valuations and fundamentals.
U.S. Low Volatility	U.S. Large Cap	8 Months	Defensive stocks enjoyed a significant run-up over the past several years, and appeared overvalued relative to more cyclical areas of the equity market.

Active themes shown are for illustrative purposes only and do not represent investment recommendations. They may no longer be implemented within the Tactical ETF Strategies. Themes are subject to change.

Tax-Managed ETF Strategies use different techniques designed to help reduce your tax liability.

To manage the impact of taxes, the Tax-Managed ETF Strategies use some of the following techniques:

- Purchasing municipal fixed-income ETFs to create tax-exempt income
- Controlling portfolio turnover levels to minimize capital-gain recognition
- Selling securities with the least tax impact
- Selling securities that have unrealized losses and using the losses to offset realized gains in the portfolio—a technique known as tax-loss harvesting

Remaining faithfully invested is crucial. While harvesting losses may help tax-sensitive investors, trying to reduce taxes should never come at the expense of maintaining thoughtful asset allocation.

Your tax savings

This sample illustrative report shows an estimate of the year-to-date tax savings through active tax management. It compares taxes saved (or incurred) in a portfolio that uses active tax management. The taxes saved are measured relative to a hypothetical alternative of management using a clone rebalancing strategy. They are an approximation only.

Year-to-date estimated tax savings for 2018 — Account value: $436,883

This year, active tax management has saved you an estimated:

$4,537

(1.04% account value)

This report is an estimate. It summarizes the year-to-date (YTD) taxes saved (or incurred) in your portfolio by performaing active tax management. This is measured relative to the non-tax-managed alternative of rebalancing to the target daily, with no transaction costs:

	Estimated tax bill without tax management	$1,442
–	Current estimated tax bill	($3,095)
	Estimated tax savings for 2018 (YTD)	$4,537

Estimates of taxes on capital gains and losses assume short- and long-term rates of 35.0% and 15.0%, respectively.

2018 YTD estimated tax savings details	
YTD estimated tax savings from gains not realized	$32
YTD estimated tax savings from short-to-long events	$389
YTD estimated tax savings from net loss harvesting	$4,116
Total YTD estimated tax savings	**$4,537**

Current estimated tax bill	
Short-term realized capital gains taxes (taxed at 35.00%)	($3,421)
Long-term realized capital gains taxes (taxed at 15.00%)	$326
Current estimated tax bill	**($3,095)**

Explanation

Estimated tax savings is the sum of three components.

- **Estimated tax savings from gains not realized:** Taxes saved by not selling overweighted positions at a gain down to their target weights.
- **Estimated tax savings from short-term gains deferred to long term:** Taxes saved by holding on to an overweighted position with short-term gains until it becomes long term.
- **Estimated tax savings from net loss harvesting:** Taxes saved by selling a position at a loss below its target weight minus taxes incurred by selling a position at a gain below its target weight.

See methodology and definitions sections for additional information.

Not representative of any SEI Tax-Managed ETF Strategy. Source: SmartLeaf, Inc. For additional information about the figures and the inherent limitations of hypothetical performance, please refer to the Disclosures included at the end of this brochure.

Align your risk tolerance with your desired level of return.

Whether you want to protect, grow or spend your assets, SEI's ETF Strategies provide diversification across a variety of asset classes for different levels of risk tolerance.

Goals-based portfolios

Meeting a range of your goals

Look up the recommended strategy below based on the investor's strategy family and risk tolerance.

Risk Tolerance	Low	Moderate	High
Strategic ETF	Current Income	Moderate Growth and Income	Capital Growth
	Fixed Income	Growth and Income	Equity
Tactical ETF	Defensive	Moderate	Aggressive
	Conservative	Core Market	Equity
		Market Growth	Income
Tax-Managed ETF	Defensive	Moderate	Aggressive
	Conservative	Core Market	Equity
		Market Growth	Income

ETF Strategies at a Glance

When you use ETF Strategies, you may benefit from the same research, discipline and market insights available to the largest institutional and private investors.

	Tactical ETF Strategies	Tax-Managed ETF Strategies	Strategic ETF Strategies
What are they?	Globally diversified strategies aligned to various risk/return profiles from Stability-Focused to Growth-Focused.	Tax-managed globally diversified strategies aligned to various risk/return profiles from Stability-Focused to Growth-Focused.	Based on combinations of equities and fixed income in incremental percentages (40/60, 60/40, etc.). Include some international diversification, but have a significant U.S. bias.
How SEI builds them	Global, broadly diversified exposure to stocks, nominal and inflation-linked government bonds and credit.	Global, broadly diversified exposure to stocks, tax-efficient municipal securities and credit.	Global, diversified basic blends of stocks, nominal bonds and credit, spanning the tradition 0/100 to 100/0 range.
What to expect	Strategic allocations across a diversified range of sub-asset classes are updated when necessary to reflect SEI's evolving, long-term perspective. Opportunistic, tactical allocation changes are made based on market conditions.	Strategic allocations focus on tax efficiency, and are updated when necessary to reflect SEI's evolving, long-term perspective. Occasional allocation changes are made to optimize for tax efficiency based on changes in tax regulation. Utilize an overlay manager to opportunistically harvest losses.	Strategic allocations to traditional asset classes are updated when necessary to reflect SEI's evolving, long-term perspective.

Important Information

SEI Investments Management Corporation (SIMC) is the manager of the SEI ETF Strategies. Please see SIMC's Form ADV Part 2A (or the appropriate wrap brochure) for a full disclosure of the fee schedule.

There are risks involved with investing, including loss of principal. Diversification may not protect against market risk. There is no assurance the objectives discussed will be met.

Consider the SEI ETF Strategies' investment objectives, risks, charges and expenses carefully before investing. The Strategies generally invest in exchanged-traded products (ETPs) to obtain the desired exposure to an asset class. A copy of each fund's prospectus is available upon request. The prospectus includes information concerning each ETF's investment objective, strategies and risks.

The Strategies' investment performance, because they are a portfolio of funds, depends on the investment performance of the underlying ETPs in which they invest. The ETPs in the portfolio are subject to tracking error risk, or the risk that the ETP's performance may vary substantially from the performance of the index it tracks as a result of cash flows, expenses, imperfect correlation between the ETP and the index and other factors. The Strategies' underlying funds may invest in: foreign securities, which subject them to risk of loss not typically associated with domestic markets, such as currency fluctuations and political uncertainty; and fixed-income securities, which subject them to credit risk—the possibility that the issuer of a security will be unable to make interest payments and/or repay the principal on its debt—and interest rate risk—changes in the value of a fixed-income security resulting from changes in interest rates. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Narrowly focused investments and smaller companies typically exhibit higher volatility. High yield bonds involve greater risks of default or downgrade and are more volatile than investment-grade securities, due to the speculative nature of their investments. The Tactical and Tax-Managed Strategies may also invest in commodities markets, which subject them to greater volatility than investments in traditional securities, such as stocks and bonds. The value of a commodity investment will rise or fall in response to changes in the underlying commodity or related benchmark or investment, changes in interest rates or factors affecting a particular industry or commodity, such as natural disasters, weather and U.S. and international economic, political and regulatory developments.

Underlying ETPs may also utilize leverage, including inverse leverage. Leveraged ETPs seek to deliver multiples of the performance of the index or benchmark they track. Inverse ETPs seek to deliver multiples of opposite of the performance of the index or benchmark they track. The use of leverage can amplify the effects of market volatility on the underlying ETP's share price. Leveraged ETPs are generally managed with a goal to seek a return tied or correlated to a specific index or other benchmark (target) as measured only with respect to a single day (i.e., from one NAV calculation to the next). Due to the compounding of daily returns, the returns of such leveraged ETPs over periods other than one day will likely differ in amount and possibly direction from the target return for the same period. These effects may be more pronounced over longer holding periods, in funds with larger or inverse multiples and in funds with volatile benchmarks.

Tax and Tax Management Techniques

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. Neither SIMC nor its affiliates provide tax advice.

Please note that (i) any discussion of U.S. tax matters contained in this communication cannot be used by you for the purpose of avoiding tax, penalties and/or interest which may be imposed by the IRS or any other taxing authority; (ii) this communication was written to support the promotion or marketing of the matters addressed herein; and (iii) you should seek advice based on your particular circumstances from an independent tax advisor. Accordingly, Clients should confer with their personal tax advisors regarding the tax consequences of investing with SIMC and engaging in the tax-management techniques described herein (including the described tax loss harvesting strategies) based on their particular circumstances. Clients and their personal tax advisors are responsible for how the transactions conducted in an account are reported to the IRS or any other taxing authority on the Client's personal tax returns. SIMC assumes no responsibility for the tax consequences to any Client of any transaction.

SmartLeaf Methology

The Estimated Tax Savings summarizes the individual year-to-date taxes saved (or incurred) in the underlying client account relative to a hypothetical alternative of management using a clone rebalancing strategy (one that rebalances to the target daily, with no transaction costs). Estimated Tax Savings are calculated as the sum of Gains Not Realized, Short-term Gains Deferred to Long-term and Net Loss Harvesting. Estimated Tax Savings are an approximation only.

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For more information,
please visit **seic.com/advisors**
or call **800-734-1003.**

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