

SEI Managed Account Solutions

Portfolio Trading Information¹

SEI New ways.
New answers.®

Background

The Independent Advisor Solutions by SEI Managed Account Solutions (or “MAS”) program is what is commonly referred to in the industry as a “wrap fee program.” While there are differences among specific wrap fee programs, in general a wrap fee program sponsor (i.e., SEI Investments Management Corporation, “SIMC”) charges investors one fee covering multiple program services, including investment management services, portfolio transaction costs (brokerage) and custodial services; hence a “wrap fee.” Wrap sponsors or portfolio managers hired by wrap sponsors will typically execute equity orders through the wrap sponsor (or the sponsor’s affiliated broker) in order to trade in a commission free environment (that is, without the addition of an explicit commission charged to the wrap accounts).

However, many wrap program portfolio managers engage in some level of “step out” transactions (also referred to as “trading away”), meaning the portfolio manager executes orders away from the wrap program sponsor’s broker-dealer with a third party broker. Wrap accounts subject to stepped out orders incur explicit commission charges in addition to the wrap fee subject to, in all cases, the portfolio manager’s determination that the stepped-out trading was in the best interest of the account when considering these additional explicit costs. The Securities and Exchange Commission has indicated that wrap program sponsors should provide more information about the explicit commission costs incurred when stepping out transactions in order for advisers to take this information into consideration when determining a program’s suitability for clients investing in a wrap program account.

SEI Trading Information – General

While SIMC’s Form ADV and the investment management agreement executed by investors in our MAS program contain information about our brokerage practices, this document as updated quarterly is intended to provide our Advisers with additional information about step-outs occurring within the MAS program.

The responsibility to determine the suitability of trading away falls under each portfolio manager’s duty and is based on that manager’s expertise. While an explicit commission is charged to wrap accounts when trading is stepped out, SIMC permits this activity when we or our portfolio managers, as applicable, believe the trades receive better overall execution quality when considering these explicit trading costs along with other relevant factors, such as execution capabilities the transactions require, the importance of speed, efficiency and confidentiality in executing the transactions and the reputation and perceived soundness of the executing broker-dealer or bank. Examples where trading away may be appropriate includes block trades where execution quality may impact market prices achieved, as well as when trading in more esoteric asset classes with limited trading volumes. For instance, ADR’s are often thinly traded and may require access to the underlying local market to convert local shares to bank-issued ADR shares. In order to facilitate this type of activity trades may be placed with a third party broker with access to a conversion desk.

Unlike the equity markets, very few fixed income securities trade on organized exchanges. These securities are directly purchased from or sold to a financial services firm acting as a dealer (or principal). A dealer executing such trades will typically include a commission, a markup (on securities it sells), a markdown (on securities it buys) or a spread (the difference between the price it will buy or “bid” for the security and price at which it will sell or “ask” for the security) in the net price at which transactions are executed. The bid and ask are prices quoted by the dealer.

All fixed income transactions effected by our MAS Program portfolio managers are conducted as step-out trades with dealers and the dealer transactional fees outlined above will be included within the net price of such securities.

¹As noted in SIMC’s Form ADV and applicable investment management agreements, the SEI management fee charged in the Managed Account Solutions program (e.g., the wrap fee) does not cover execution charges (such as mark-ups, mark-downs or spreads) imposed on fixed income security trades. In addition, SIMC’s wrap fee does not cover certain other costs, charges or compensation associated with transactions, including but not limited to, 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 or regulatory authority.

SEI Trading Information – General

The table below provides a list of the equity portfolio managers that informed SIMC that they traded away during the implementation of their strategy for the period noted below. In addition, with the exception of fixed income strategies, the table includes the average cost that wrap accounts incurred on a per trade / share basis with respect to such stepouts. Due to the structure of the fixed income market, as discussed above, the participating dealers do not currently, nor are they required to disclose the markup, markdown or spread at which purchases and sales are affected. As a result, portfolio managers that trade fixed income securities are unable to provide this information to us and we are unable to present such information to you as indicated by the notation "NR".

The information below is based solely on the information that the portfolio managers provided to SIMC. It is historical data about the portfolio manager's past trading practice and the portfolio manager may not follow the same practice, with the same frequency, or resulting average cost on a per trade / share basis in the future. If your portfolio manager is not listed below, it is because they reported no trade away activity during the time period shown.

Manager	Investment Strategy Name	Dollar-Weighted Percentage of Client Trades "Traded Away"**	Additional Costs Incurred by Clients Participating in those Trades**
Causeway Capital Management LLC	International Value Equity ADR	0%	NR
Loomis, Sayles & Company, L.P.	Core Fixed Income Managed Account	100%	NR
Loomis, Sayles & Company, L.P.	Intermediate Duration Fixed Income Managed Acct	100%	NR
Loomis, Sayles & Company, L.P.	Government/Credit Managed Acct	100%	NR
Loomis, Sayles & Company, L.P.	Intermediate (5 Year) Municipal Bond Managed Acct	100%	NR
Loomis, Sayles & Company, L.P.	Medium (10 Year) Municipal Bond Managed Acct	100%	NR
Nuveen Asset Management, LLC	Limited Maturity Municipal Bond	100%	NR
Nuveen Asset Management, LLC	Intermediate-Term Municipal Bond	100%	NR
Nuveen Asset Management, LLC	Long-Term Municipal Bond	100%	NR
Parametric Portfolio Associates LLC	Enhanced Income	5-35%	0.5-1 cps
Parametric Portfolio Associates LLC	Enhanced Income Core	5-35%	0.5-1 cps
Parametric Portfolio Associates LLC	Enhanced Income Tax-Advantaged	5-35%	0.5-1 cps
Parametric Portfolio Associates LLC	Enhanced Income Core Tax-Advantaged	5-35%	0.5-1 cps
Parametric Portfolio Associates LLC	Energy MLP Strategy	0%	\$0.00
Parametric Portfolio Associates LLC	Custom Core International Developed	0-5%	0-1 cps
SEI Fixed Income Portfolio Management	Floating Rate Note	100%	NR
SEI Fixed Income Portfolio Management	Corporate Bond	100%	NR
SEI Fixed Income Portfolio Management	Certificate of Deposit (CDs)	100%	NR
SEI Fixed Income Portfolio Management	Government/Corporate Bond	100%	NR
SEI Fixed Income Portfolio Management	Municipal Fixed Income	100%	NR
SEI Fixed Income Portfolio Management	Treasury Inflation Protected Securities (TIPs)	100%	NR
SEI Fixed Income Portfolio Management	Government Securities	100%	NR
Wells Fargo Asset Management	Analytic Investors U.S. Tax-Sensitive Low Vol Eqty	100%	NR
Western Asset Management Company	Core Portfolio	100%	NR
Western Asset Management Company	Core Plus Portfolio	100%	NR
Western Asset Management Company	GSM 3-Year	100%	NR
Western Asset Management Company	GSM 5-Year	100%	NR
Western Asset Management Company	GSM 7-Year	100%	NR
Western Asset Management Company	Gov/Corp Portfolio	100%	NR

* All percentages are approximate. The dollar-weighted percentage of client trades "Traded Away" reflects the dollar amount of trades executed for all SIMC clients, invested in the strategy, through broker-dealers not affiliated with SIMC divided by the total dollar amount of trades executed for those clients. For example, if a portfolio manager placed \$1,000 of equity trades for an Investment Strategy during the time period specified, \$500 of which were with broker-dealers not affiliated with SIMC, they would have a 50% dollar weighted percentage of trades "traded away".

** Additional cost is expressed in terms of average cents-per-share (cps), or in some instances (generally for securities executed outside the U.S.), in terms of an average basis points (bps). For example, 10 bps would be equal to 0.1% of the cost. For foreign securities, additional expenses such as exchange fees, taxes, ADR conversion fees, and currency conversion costs may be incurred. Note these may not always be disclosed as additional costs. "NR" indicates that, for the reasons discussed above, the markup/markdown or spread costs that are typically incurred with respect to fixed income securities are not reported.

If you have any questions on the information contained in this report please reach out to your SEI Relationship Manager at 800-734-1003.

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