

3. SEI Management is registered as an investment adviser under the Investment Advisers Act of 1940. SEI Management provides the SEI Funds with overall management services and serves as investment adviser to each Portfolio and investment adviser or distributor to each Underlying Portfolio. SEI Financial is registered as a broker/dealer under the Securities Exchange Act of 1934. SEI Financial serves as distributor for the SEI Funds and Non-SEI Funds.

4. Applicants propose a fund of funds arrangement where each Portfolio will invest in shares of Underlying Portfolios that are part of the same group of investment companies. Each Portfolio initially proposes to allocate its assets among one or more Underlying Portfolios representing the following asset classes: Cash; fixed income; domestic equity; and international equity. Within each asset class, each Portfolio initially will allocate its assets among the Underlying Portfolios in accordance with predetermined percentage ranges. In addition, funds of funds of the Non-SEI Funds ("Non-SEI Funds of Funds") will invest in shares of underlying Non-SEI Funds ("Underlying Non-SEI Funds") that are part of the same group of investment companies.

Applicants' Legal Analysis

1. Section 12(d)(1)(A) of the Act provides that no registered investment company may acquire securities of another investment company if such securities represent more than 3% of the acquired company's outstanding voting stock, more than 5% of the acquiring company's total assets, or if such securities, together with the securities of any other acquired investment companies, represent more than 10% of the acquiring company's total assets. Section 12(d)(1)(B) provides that no registered open-end investment company may sell its securities to another investment company if the sale will cause the acquiring company to own more than 3% of the acquired company's voting stock, or if the sale will cause more than 10% of the acquired company's voting stock to be owned by investment companies.

2. Section 6(c) of the Act provides that the SEC may exempt persons or transactions from any provision of the Act if such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicants request an order permitting the Portfolios to acquire shares of the Underlying Portfolios

beyond the section 12(d)(1) limits. Applicants also request an order permitting the Non-SEI Funds of Funds to acquire shares of the Underlying Non-SEI Funds beyond the section 12(d)(1) limits.

3. The restrictions in section 12(d)(1) were intended to prevent certain abuses perceived to be associated with the pyramiding of investment companies, including: (a) Unnecessary duplication of costs, e.g. sales loads, advisory fees, and administrative costs; (b) a lack of appropriate diversification; (c) undue influence by the fund holding company over its underlying funds; (d) the threat of large scale redemptions of the securities of the underlying investment companies; and (e) unnecessary complexity. For the following reasons, applicants believe that the proposed arrangement will not create these dangers and, therefore, that the requested relief is appropriate.

4. First, the proposed arrangement will not raise the fee layering concerns contemplated by section 12(d)(1) of the Act. The proposed arrangement will not involve the layering of advisory fees since SEI Management will not initially charge an advisory fee for serving as investment adviser to the Portfolios. Before approving any advisory contract under section 15(a) of the Act, the board of trustees of the Trust or the board of trustees or directors of the Non-SEI Fund of Funds, including a majority of the trustees or directors who are not "interested persons," as defined in section 2(a)(19) of the Act, will find that the advisory fees charged under the contract are based on services provided that are in addition to, rather than duplicative of, services provided under any Underlying Fund or Underlying Non-SEI Fund advisory contract. In addition, the proposed structure will not involve layering of sales charges. Any sales charges or service fees relating to the shares of a Portfolio or Non-SEI Fund of Funds will not exceed the limits set forth in Article III, section 26 of the Rules of Fair Practice of the National Association of Securities Dealers, Inc. ("NASD") when aggregated with any sales charges or service fees that the Portfolio or Non-SEI Fund of Funds pays relating to Underlying Portfolio or Underlying Non-SEI Fund shares. The aggregate sales charges at both levels, therefore, will not exceed the limit that otherwise lawfully could be charged at any single level. Furthermore, the proposed arrangement will not involve the unnecessary duplication of administrative and other fees. Applicants expect that these expenses will be reduced at both levels under the proposed arrangement.

5. Second, the proposed arrangement will not raise improper diversification concerns. Each Portfolio and Non-SEI Fund of Funds will pursue a different investment strategy by investing in Underlying Portfolios and Underlying Non-SEI Funds that also pursue distinct investment strategies. Third, the proposed arrangement will be structured to minimize undue influence concerns. The Portfolios only will acquire shares of Underlying portfolios that are SEI Funds. Because SEI Management is investment adviser to the Underlying Portfolios as well as to the Trust, a redemption from one Underlying Portfolio will simply lead to the investment of the proceeds in another Underlying Portfolio. Applicants believe that the same will be true in the case of the Non-SEI Funds of Funds since they will invest in Underlying Non-SEI Funds that are part of the same "group of investment companies."

6. Fourth, the proposed arrangement will be structured to minimize large scale redemption concerns. The Portfolios and Non-SEI Funds of Funds will be designed for persons investing for retirement and other long term investment purposes. This will reduce the possibility of the Portfolios and Non-SEI Funds of Funds from being used as short-term investment vehicles and further protect the Portfolios and the Non-SEI Funds of Funds and their respective Underlying Portfolios and the Underlying Non-SEI Funds from unexpected large redemptions. Fifth, the proposed arrangement will not be unnecessarily complex. No Underlying Portfolio or Underlying Non-SEI Fund will acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

7. Section 17(a) makes it unlawful for an affiliated person of a registered investment company to sell securities to, or purchase securities from, the company. The Trust and the Underlying SEI Funds may be considered affiliated persons because they share common officers and/or directors/trustees. Similar arguments may be made in the case of the Non-SEI Funds of Funds and the Underlying Non-SEI Funds. An Underlying SEI Fund's issuance of its shares to the Trust may be considered a sale prohibited by section 17(a). In addition, the sale by the Underlying Non-SEI Funds of their shares to the Non-SEI Funds of Funds could be deemed principal transactions subject to section 17(a) of the Act.

8. Section 17(b) provides that the SEC shall exempt a proposed transaction from section 17(a) if evidence