



Fulton County Schools Employees' Pension Plan

Investment Portfolio Review - Public Session 1st Quarter 2019

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SEI New ways.
New answers.®

May 9, 2019

Agenda

- SEI Update, Executive Summary & Capital Markets Review
- Portfolio Review
- Appendix



SEI Update, Executive Summary & Capital Markets Review

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SEI quarterly update

Research and Commentary

Will There be Growth in the Spring?

A summary of the first-quarter outlook by CFA and Chief Market Strategist, James Solloway.

Is the Rate Hike Cycle Over?

The Federal Reserve's latest projections depicted a softer assessment of the economic outlook.

2019 Fixed-Income Manager Survey

We polled the sub-advisors within our U.S. investment-grade fixed-income strategies about their outlooks for interest rates, monetary policy and bond-market conditions in 2019.

Investment Liquidity

How or when should you explore the opportunities that can come with liquidity?

Survey Results: Institutional Investors Sustainable Investing 2018

Current trends among institutional investors and their use of sustainable investing.

SEI in the News and Events

SEI Adds \$1.1 Billion in New OCIO Assets in Fourth-Quarter 2018

Nine new clients represent continued market demand for OCIO. Guide Dogs for the Blind, Pine Crest School and the Jerusalem Foundation, Inc. are among SEI's institutional clients added in the fourth-quarter of 2018.

Jim Smigiel on Bloomberg Daybreak: Australia

Jim Smigiel, Chief Investment Officer of Absolute Return Strategies, discusses the global markets and shares his thoughts on U.S. and China trade relations with Bloomberg's Shery Ahn and Haidi Stroud-Watts.

SEI Named "Top OCIO Provider" at 2018 Institutional Asset Management Awards

SEI is recognized for second consecutive year.

For more information or a digital copy, email Institutions@seic.com

\$89 billion

Institutional
AUM

\$332 billion

Total worldwide
AUM

Awards and recognition



Q1 2019. Financials as of March 31, 2019. Top OCIO Provider at the Fund Intelligence 2017 and Fund Map 2018 Institutional Asset Management Awards as of November 2018. *Pensions & Investments, July, 2018. SEI ranked as a largest outsourcer based on worldwide institutional outsourced assets under management.

Fulton County Schools Employees' Pension Plan Executive Summary, 3/31/2019

Plan Assets 3/31/19	1 st Quarter 2019	3 Year Return
\$415 million	9.3%	8.3%

Portfolio Objectives

- The objective of the investment program is to improve the funded status of the Plan to ensure sufficient resources to meet or exceed benefit obligations by achieving the highest rate of return at the most appropriate level of risk with minimal annual pension expense volatility.

Portfolio Highlights

- Returns were positive across equity strategies globally during the 1st quarter and were the key driver of portfolio performance. The U.S. Equity allocation in the portfolio was up +13.9% in the first three months of 2019.
- Fixed income strategies rallied during the quarter after the Federal Reserve indicated that their period of regularly raising interest rates had come to an end, or at least a pause. The diversified fixed income portion of the portfolio also provided positive returns for the quarter, returning +3.6% for the quarter.
- Pending changes approved by Pension Board: move active equity to passive equity strategies, add Core Property and Private Equity strategies.

Economic Outlook

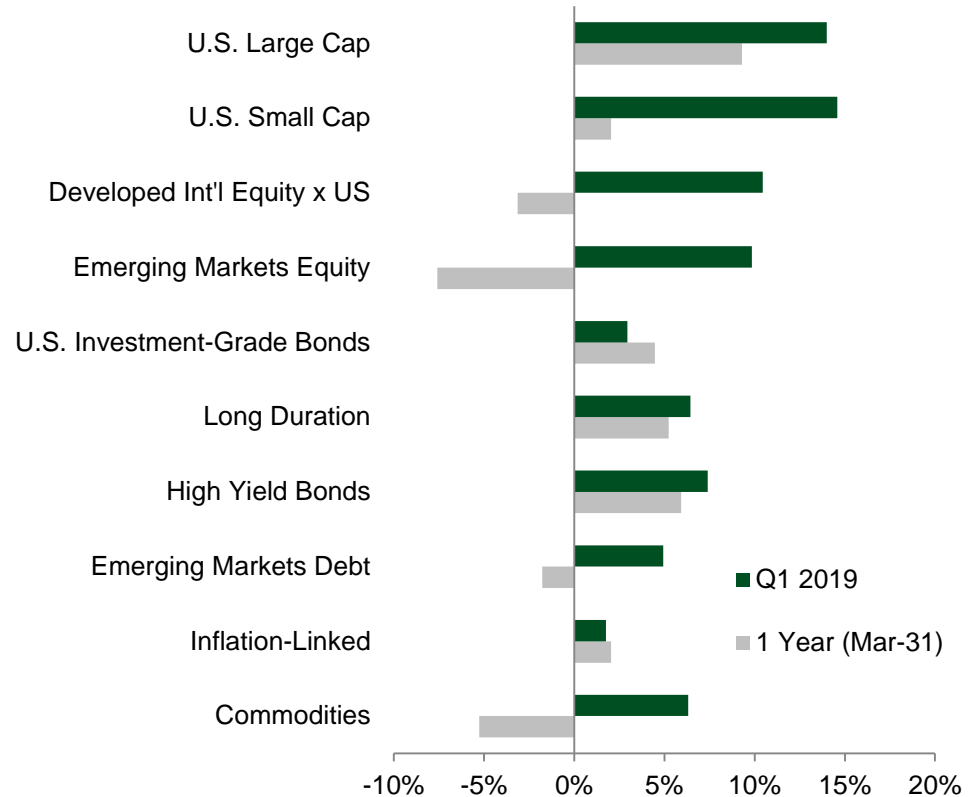
- In our view, the U.S. economic position remains fairly solid. Points of strength include the improving economic position of U.S. households as labor markets tighten and real wage growth accelerates, while increased government spending has also helped. Europe remains a relative laggard economically, and investor sentiment toward the region would be hurt further if a hard (no-deal) Brexit were to occur. China's monetary and fiscal stimulus measures should help its economy gain traction in the months ahead.
- We think U.S. equity prices can continue to grind higher as the U.S. economy should continue to grow, corporate earnings per share are expected to post a mid-to-high single-digit gain in 2019, and U.S. bond yields remain rather low.

Please refer to the important disclosures accompanying your portfolio performance in this presentation for information on performance calculations.

Market performance overview

- Risky assets rebounded sharply from a difficult fourth quarter, thanks to oversold conditions, a suddenly-more-dovish Federal Reserve, and hopes for further stimulus measures in China.
- U.S. equities led the way once more. Although first-quarter returns were impressive, developed and emerging markets were still down from a year ago, driven by ongoing worries about China and Europe.
- A more-dovish Fed, falling interest rates, and benign financial conditions were tailwinds to credit, allowing spreads to reverse much of the widening that occurred in late 2018. These dynamics were especially helpful to long-duration and high-yield bonds, although most areas of fixed income did well.
- Consumer price inflation continued to slow from its mid-2018 highs, creating a bit of a headwind for inflation-linked Treasuries. However, the favorable environment for fixed income allowed TIPS to post a positive return for the quarter despite falling inflation.
- Commodities also performed well, led by cyclical areas like energy and industrial metals, as both oil and nickel rebounded from steep fourth-quarter declines.

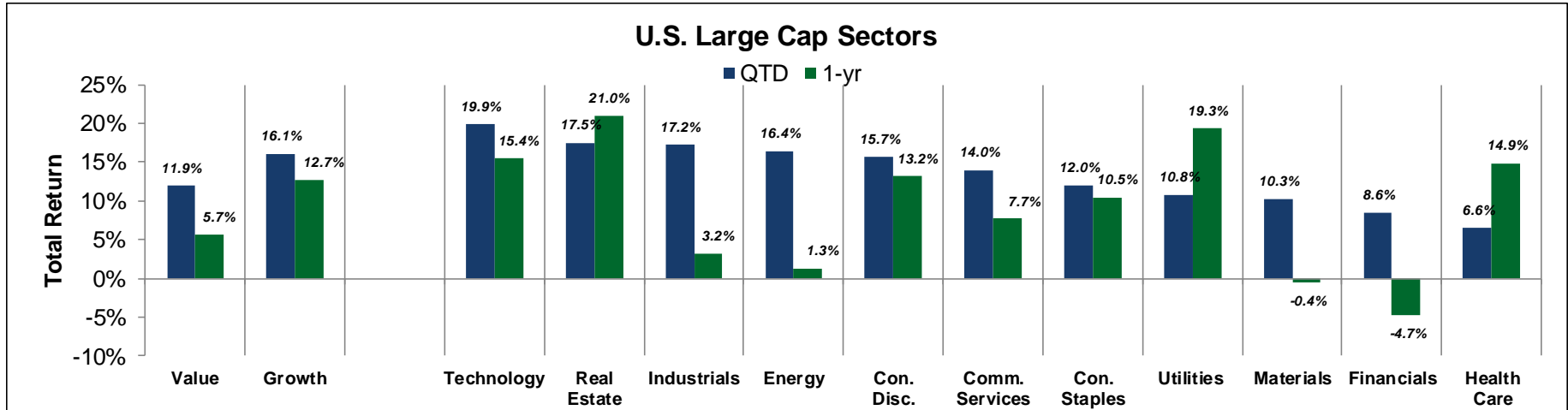
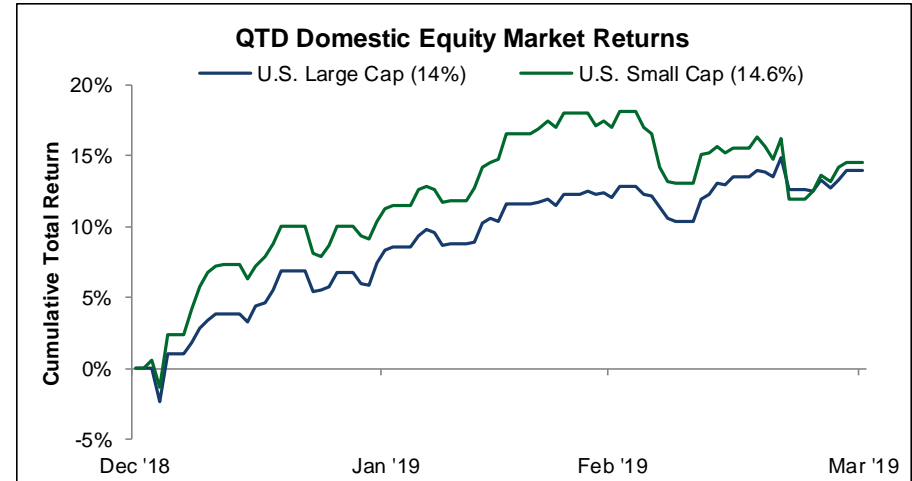
Financial Markets Review



U.S. Large Cap = Russell 1000, U.S. Small Cap = Russell 2000, Developed International Equity x U.S. = MSCI World ex-US, Emerging Markets Equity = MSCI EFM (Emerging+Frontier Markets), U.S. Investment Grade Bonds = Bloomberg Barclays U.S. Aggregate, High Yield = BofA ML Master II HY Constrained, Emerging Markets Debt = 50% JPM EMBI GD / 50% GBI- EM GD Indexes, Long Duration = Bloomberg Barclays Long US Govt/Credit, Inflation Linked = Barclays 1-5 Year TIPS, Commodities = Bloomberg Commodity. Sources: SEI, index providers. Past performance is no guarantee of future results. As of 3/31/2019.

U.S. equity market review

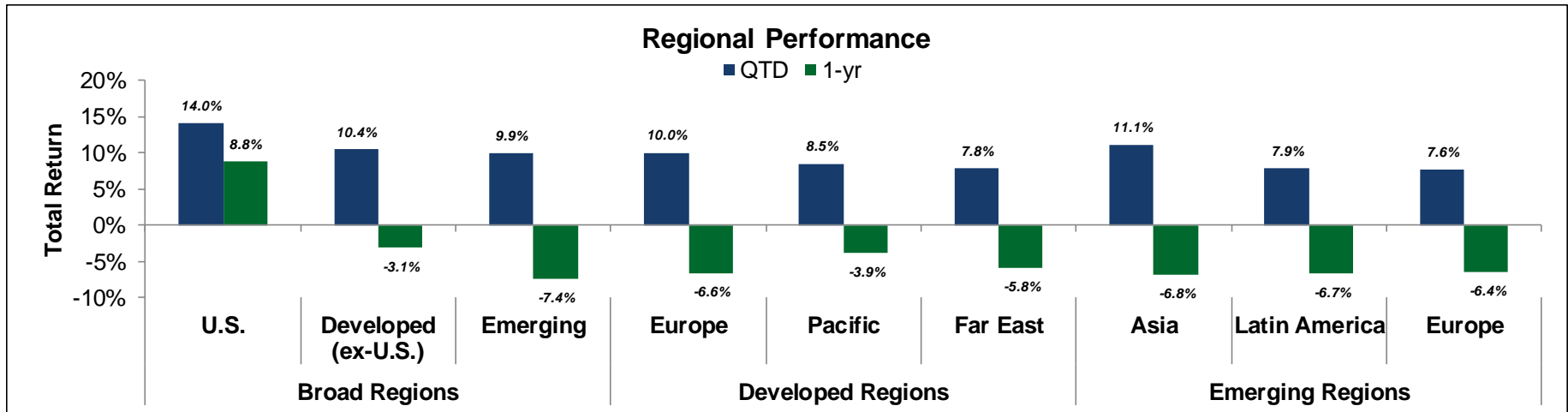
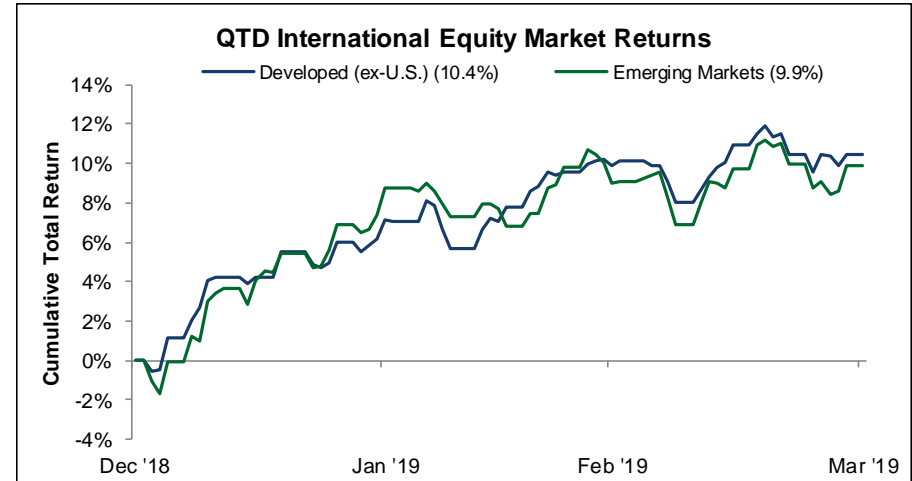
- Equity markets rebounded after an especially weak fourth quarter. Small caps got off to a hot start but the performance gap closed by the end of the first quarter.
- Outside of real estate, which was buoyed by sharply lower interest rates, defensives generally lagged cyclical sectors.
- Growth was supported by a strongly rebounding technology sector, while value lagged due to the relatively lackluster healthcare and financials sectors.
- Valuations, which had come down significantly following the fourth quarter sell-off, started to push up moderately towards the end of the quarter.



Source: Bloomberg, Russell, Standard & Poor's. US Large Cap represented by Russell 1000 Index, US Small Cap represented by Russell 2000 Index. Value and Growth represented by Russell 1000 Value Index and Russell 1000 Growth Index respectively. Sectors are represented by respective S&P 500 sector indexes. As of 3/31/2019.

International equity market review

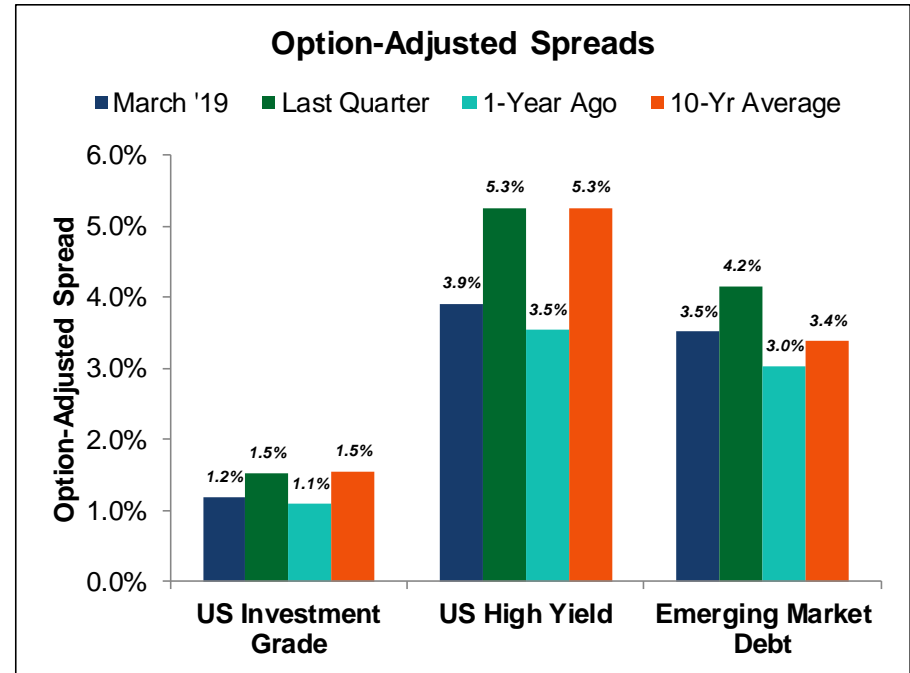
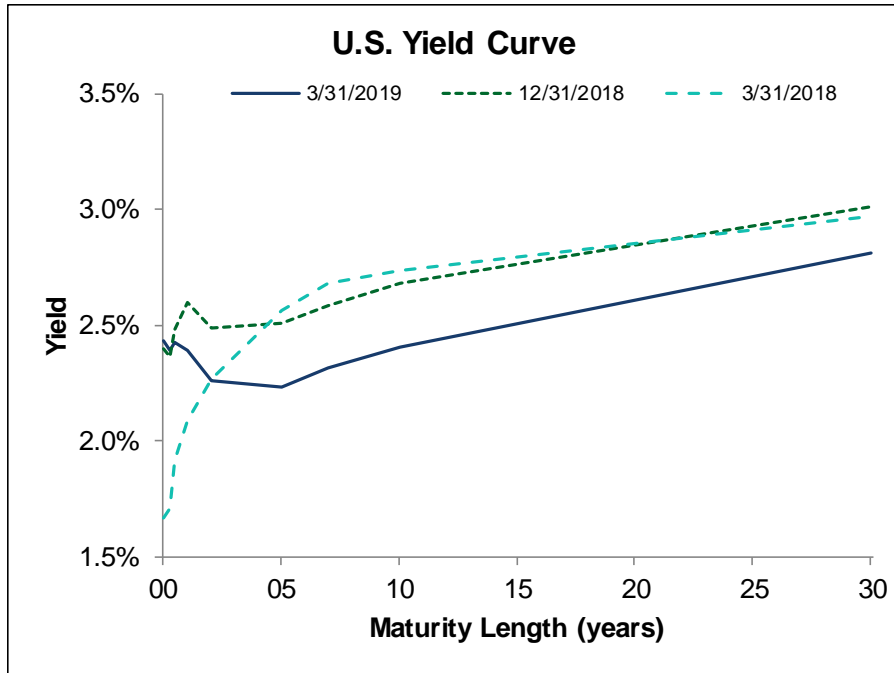
- International markets rebounded from a weak fourth quarter but still underperformed the U.S.
- Developed ex-U.S. and emerging markets performed largely in line over the quarter.
- Within emerging markets, Asia showed the most strength, due largely to the performance of China's equity market.
- Valuations have been lifted from their 2018 lows by rallying equity markets but are still close to their longer-term averages.



Source: Bloomberg, Russell, MSCI. Developed (ex-US) by MSCI World ex-U.S. Index, Emerging Markets by MSCI Emerging Markets Index, U.S. represented by Russell 3000 Index. Regions are represented by respective MSCI Index. All returns in USD. As of 3/31/2019.

Fixed income review

- Fixed income markets provided solid returns during the quarter, with the Bloomberg Barclays U.S. Aggregate up 2.9%. High Yield was especially strong, rising 7.3%.
- Lower credit quality tended to do better along with longer duration.
- Spreads, particularly within high yield, compressed significantly during the quarter after sharply widening in the fourth quarter. They once again are sitting well below long-term averages.
- Yields continued to fall while the curve continued to flatten out.



Source: Bloomberg, JP Morgan. Investment Grade (IG) spreads determined from Bloomberg Barclays U.S. Corporate Index. High Yield (HY) spreads determined from Bloomberg Barclays U.S. Corporate High Yield Index. Emerging Market Debt determined by JP Morgan EMBI Diversified Sovereign Index. As of 3/31/2019.

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Asset Allocation & Performance Review - 3/31/2019

Important information: Asset valuation and portfolio returns

Inception date 12/31/2015 Historical Total Index can be provided upon request.

The Portfolio Return and fund performance numbers are calculated using Gross Fund Performance, using a true time-weighted performance method (prior to 6/30/2012, the Modified Dietz method of calculation was used). Gross Fund Performance reflects the effective performance of the underlying mutual funds that are selected or recommended by SIMC to implement an institutional client's investment strategy. Gross Fund Performance does not reflect the impact of fund level management fees, fund administration or shareholder servicing fees, all of which, if applicable, are used to offset the account level investment management fees the client pays to SIMC. Gross Fund Performance does reflect certain operational expenses charged by the funds and the reinvestment of dividends and other earnings. The inclusion of the fund level expenses that the client incurs but that are offset against the client's account level investment management fees would reduce the Gross Fund Performance of the mutual funds. For additional information about how performance is calculated, please see your monthly performance report.

If applicable, alternative, property and private assets performance and valuations may be reported on a monthly or quarterly lag. Alternative, property and private assets performance is calculated gross of investment management fees and net of administrative expenses and underlying fund expenses. However: Structured Credit Fund performance is calculated gross of investment management fees and net of administrative expenses; SEI Offshore Opportunity Fund II Ltd. Class A performance is calculated net of investment management and administrative expenses; and Energy Debt Fund performance is calculated net of management fees, performance fees, as applicable, and operating expenses.

Net Portfolio Returns since 6/30/2012 reflect the deduction of SIMC's investment management fee and the impact that fee had on the client's portfolio performance. Prior to 6/30/2012, Net Portfolio Returns deduct a proxy annual fee for all periods to demonstrate the impact that SIMC's investment management fee had on the portfolio performance. However, this is a hypothetical calculation, as it does not reflect the actual fees paid by the client during the period. Please see your client invoice for actual fees paid.

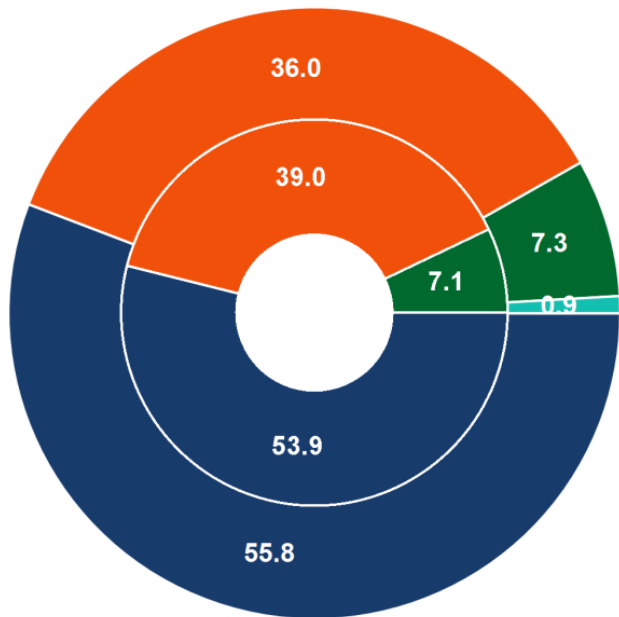
As of the close of business on 4/30/2017, the Total Index Composition is as follows:

27.0 %	Russell 1000 Index
17.0 %	Bloomberg Barclays US Agg Bond Index
16.9 %	MSCI All Country World ex US Index
8.0 %	ICE BofA ML 3 Mth Cons Mat LIBOR Index
7.1 %	Hist Blind: Dynamic Asset Allocation Index
7.0 %	Russell 2000 Index
5.0 %	ICE BofAML US HY Master II Constrained Idx
5.0 %	Bloomberg Barclays 1-5 Year US TIPS Index
4.0 %	50% JPM EMBI Global Div/50% GBI-EM Global
3.0 %	MSCI Emerging + Frontier Mkts Index (Net)

The Alternatives allocation listed on the following Investment Returns slide is a non SEI investment asset that is a legacy holding from the previous portfolio implementation. The Invesco Partnership Fund VI, LP, is a private equity fund. Future allocations, if any, to the Alternative asset class will be determined by the Board.

Fulton County: Portfolio Summary – March 31, 2019

Asset Allocation (%)
Actual (Outer Ring) vs. Target (Inner Ring)



■ Total Equity ■ Total Fixed ■ Other ■ Alternatives

Summary for periods ending 3/31/2019

	One Month	Three Month	Year To Date	1 Year
Beginning Portfolio Value	\$411,578,983	\$383,161,205	\$383,161,205	\$414,272,058
Net Cash Flows	(\$634,545)	(\$3,835,474)	(\$3,835,474)	(\$10,477,331)
Gain / Loss	\$4,047,140	\$35,665,846	\$35,665,846	\$11,196,850
Ending Portfolio Value	\$414,991,578	\$414,991,578	\$414,991,578	\$414,991,578

Alternative, Property and Private Assets valuations and performance may be reported on a monthly or quarterly lag.

Fulton County: Investment returns – March 31, 2019

Returns for periods ending 3/31/2019

	Total Assets (\$)	Actual Alloc (%)	Cumulative (%)			Annualized (%)				Inception
			1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	12/31/2015
Total Portfolio Return	414,991,578	100	1.00	9.34	9.34	2.95	8.34	-	-	8.05
<i>Standard Deviation Portfolio</i>							7.03	-		
Total Portfolio Return Net			0.99	9.26	9.26	2.59	8.00	-	-	7.71
<i>Standard Deviation Portfolio (Net)</i>							7.03	-		
Total Portfolio Index			1.02	8.98	8.98	3.91	8.58	-	-	8.23
<i>Standard Deviation Index</i>							6.73	-		
60% MSCI World/ 40% Bloomberg Barclays Agg			1.56	8.63	8.63	4.46	7.28	-	-	7.07
Total Equity	231,501,359	55.8	0.85	13.10	13.10	2.15	10.99	-	-	10.11
US Equity	150,294,883	36.2	0.94	13.88	13.88	7.55	12.37	-	-	11.24
SEI Large Cap Index Fund	60,907,595	14.7	1.73	14.00	14.00	9.29	13.49	-	-	12.87
<i>Russell 1000 Index</i>			1.74	14.00	14.00	9.30	13.52	-	-	12.83
SEI Large Cap Fund	59,830,673	14.4	1.07	13.12	13.12	6.94	11.86	-	-	10.50
<i>Russell 1000 Index</i>			1.74	14.00	14.00	9.30	13.52	-	-	12.83
SEI Small Cap II Fund	29,556,615	7.1	-0.92	15.19	15.19	5.29	11.39	-	-	10.18
<i>Russell 2000 Index</i>			-2.09	14.58	14.58	2.05	12.92	-	-	11.36
World Equity x-US	81,206,477	19.6	0.70	11.67	11.67	-6.51	8.60	-	-	8.24
SEI World Equity Ex-US Fund	67,907,425	16.4	0.67	12.06	12.06	-5.39	8.59	-	-	7.98
<i>MSCI All Country World ex US Index (Net)</i>			0.60	10.31	10.31	-4.22	8.09	-	-	7.32
SEI Emerging Markets Equity Fund	13,299,052	3.2	0.80	9.75	9.75	-11.86	8.79	-	-	9.86
<i>MSCI Emerging + Frontier Mkts Index (Net)</i>			0.85	9.85	9.85	-7.59	10.59	-	-	11.59

Fulton County: Investment returns – March 31, 2019

Returns for periods ending 3/31/2019

	Total Assets (\$)	Actual Alloc (%)	Cumulative (%)			Annualized (%)				Inception
			1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	12/31/2015
Total Fixed Income	149,535,937	36.0	1.12	3.62	3.62	3.35	2.80	-	-	3.40
SEI Core Fixed Income Fund	66,284,048	16.0	1.99	3.30	3.30	4.91	2.80	-	-	3.46
<i>Bloomberg Barclays US Agg Bond Index</i>			1.92	2.94	2.94	4.48	2.03	-	-	2.81
SEI Opportunistic Income Fund	31,266,568	7.5	0.14	2.15	2.15	3.42	-	-	-	3.66
<i>ICE BofA ML 3 Mth Cons Mat LIBOR Index</i>			0.23	0.72	0.72	2.49	-	-	-	1.87
SEI High Yield Bond Fund	19,952,585	4.8	0.94	6.99	6.99	5.53	-	-	-	4.83
<i>Hist Blnd: High Yield Bond Index</i>			0.96	7.38	7.38	5.93	-	-	-	4.41
SEI Real Return Fund	16,800,456	4.0	0.85	1.71	1.71	2.05	1.27	-	-	1.83
<i>Hist Blnd: Real Return Index</i>			0.84	1.75	1.75	2.04	1.31	-	-	1.87
SEI Emerging Markets Debt Fund	15,232,281	3.7	-0.07	5.96	5.96	-4.21	-	-	-	2.48
<i>Hist Blnd: Emerging Markets Debt Index</i>			0.05	4.93	4.93	-1.78	-	-	-	2.71
Other	30,314,189	7.3	1.71	12.96	12.96	6.29	-	-	-	
SEI Dynamic Asset Allocation Fund	30,314,189	7.3	1.71	12.96	12.96	6.29	-	-	-	8.24
<i>Hist Blnd: Dynamic Asset Allocation Index</i>			1.94	13.65	13.65	9.50	-	-	-	11.63
Alternatives	3,639,519	0.9	0.00	0.00	0.00	10.41	15.98	-	-	14.68
Invesco Partnership Fund VI, LP	3,639,519	0.9	0.00	0.00	0.00	10.41	15.98	-	-	14.68
Cash/Cash Equivalents	573	0.0	-	-	-	-	-	-	-	-
SEI Daily Income TR Govt Portfolio A	573	0.0	-	-	-	-	-	-	-	-
<i>ICE BofA ML 3 Month US T-Bill Index</i>			-	-	-	-	-	-	-	-

Appendix

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SEI's representative institutional investment strategies

Domestic Equity	
<p>SEI Large Cap Index Strategy State Street Global Advisors – Passive</p>	<p>SEI U.S. Small Cap II Equity Strategy ArrowMark Partners – Stable Growth Copeland Capital Management, LLC – Dividend Growth EAM Investors, LLC – Momentum Growth LMCG Investments, LLC – Relative Value Snow Capital Management, LP – Value</p>
<p>SEI Large Cap Equity Strategy AJO, L.P. – Quantitative Relative Value Coho Partners – Relative Value Fred Alger Management, Inc. – Differentiated Momentum LSV Asset Management* – Quantitative Contrarian Value Mar Vista Investment Partners LLC – Stability Schafer Cullen Capital Management – Disciplined Value</p>	
International Equity	
<p>SEI World Equity ex-U.S. Strategy Acadian Asset Management – Quant Value/Momentum Alliance Bernstein, L.P. – Quant Value Baillie Gifford – Growth BlackRock International Ltd. – Style Flexibility EARNEST Partners – Core/Relative Value Tilt JO Hambro Capital Management – GARP McKinley Capital Management – Quantitative Momentum Wells Capital Management, Inc. – Value</p>	<p>SEI Emerging Markets Equity Strategy AllianceBernstein L.P. – Value Causeway Capital Management – Quantitative Core JO Hambro Capital Management – Growth Kleinwort Benson Investors International Ltd. – Dividend Focus RWC Asset Advisors (U.S.) LLC. – Growth WCM Investment Management – Quality Growth</p>

Sub-Adviser Diversification as of April 30, 2019. The strategies above are not an exhaustive list, but represent those that are typically utilized by SEI Institutional clients. Certain strategies are currently available only in registered mutual fund products. References to specific SEI funds are designed to illustrate SEI's manager selection process, which is implemented by SEI Investments Management Corporation (SIMC). The managers may be offered exclusively through mutual funds. References to specific securities do not constitute an offer or recommendation to buy, sell or hold such securities. *As of March 31, 2019, SEI Investments Company has a 38.9% minority ownership interest in LSV Asset Management.

SEI's representative institutional investment strategies

Fixed Income

SEI U.S. Core Fixed Income Strategy

Jennison Associates – Security Selector w/Corporate Bond Focus
Logan Circle Partners, L.P. – Core Fixed Income
Metropolitan West Asset Management – Macro/Value-Oriented
Wells Capital Management – Security Selection
Western Asset Management – Macro/Sector Rotator

SEI Opportunistic Income Strategy

Ares Management – Bank Loans
Manulife Asset Management – Multi-Sector LIBOR Plus
Schroders Asset Management. – Enhanced Cash
Wellington Management Company – Enhanced Cash

SEI High Yield Bond Strategy

Ares Management – Opportunistic
Benefit Street Partners – Relative Value
Brigade Capital Management – Opportunistic
J.P. Morgan Asset Management – Relative Value
T. Rowe Price Associates – High Yield

SEI Emerging Markets Debt Strategy

Colchester Global Investors – Consistency
Investec Asset Management – Security Selection
Marathon Asset Management, LP – Experience
Neuberger Berman – Macro
Stone Harbor Investment Partners – Relative Value

Alternative Investments

SEI Alternative Investments

Equity Long/Short Strategies
Event Driven Strategies
Global Macro Strategies
Relative Value Strategies
Venture Capital Strategies
Buyout Strategies
Private Debt Strategies
Private Real Assets Strategies
Private Real Estate Strategies
Structured Credit Strategies
Energy Debt Strategies

Other

SEI Dynamic Asset Allocation Strategy

State Street Global Advisors

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Through June 30, 2012, annual performance is calculated based on monthly return streams, geometrically linked. From June 30, 2012 onward, annual performance is based upon daily return streams, geometrically linked as of the specific month end.

Performance results do not reflect the effect of certain account level advisory fees. The inclusion of such fees would reduce account level performance, particularly when compounded over a period of years. The following hypothetical illustration shows the compound effect fees have on investment return: For an account charged 1% with a stated annual return of 10%, the net total return before taxes would be reduced from 10% to 9%. A ten year investment of \$100,000 at 10% would grow to \$259,374, and at 9%, to \$236,736 before taxes. For a complete description of all fees and expenses, please refer to SIMC’s Form ADV Part 2A, the investment management agreement between SIMC and each client, and quarterly client invoices.

Certain economic and market information contained herein has been obtained from published sources prepared by other parties, which in certain cases have not been updated through the date hereof. While such sources are believed to be reliable, neither SEI nor its affiliates assumes any responsibility for the accuracy or completeness of such information and such information has not been independently verified by SEI.

Index returns are for illustrative purposes only and do not represent actual fund performance. Index performance returns do not reflect any management fees, transaction costs, or expenses, which would reduce returns. Indexes are unmanaged and one cannot invest directly in an index.