



Fulton County Schools Employees' Pension Plan

Investment Portfolio Review - Public Session 2nd Quarter 2020 and Year to Date

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The SEI logo consists of the letters 'SEI' in a large, white, bold, sans-serif font. To the right of 'SEI', the tagline 'New ways. New answers.®' is written in a smaller, white, sans-serif font. The background for this text is a dark green triangle that points towards the bottom right of the slide.

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August 19, 2020

Agenda

- Economic Outlook & Capital Markets Review
- Executive Summary, Asset Allocation & Performance Review
- Appendix



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Economic Outlook & Capital Markets Review

The outlook: Black swan continues to make waves

The good news

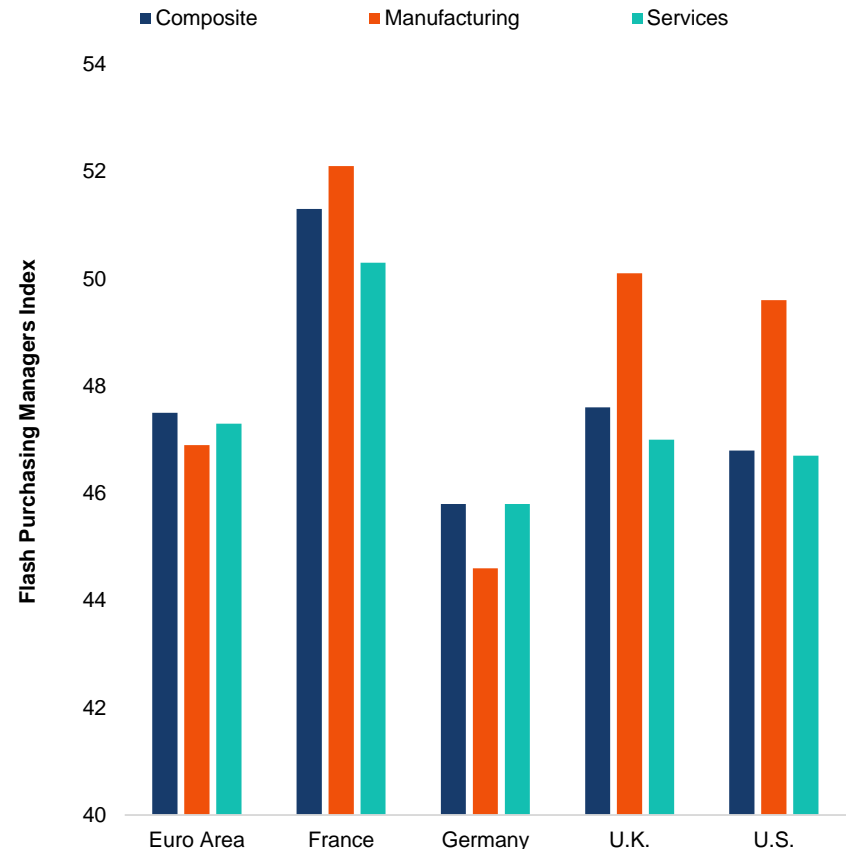
- The global economy bottomed out in April and has been showing sustained growth, although pre-pandemic levels of activity will likely not be achieved anytime soon.
- A probable second wave of the virus in the autumn and winter months is not expected to lead to a repeat of the extensive lockdowns that occurred during the initial wave.
- Investors flocked to risk assets during the second quarter, emboldened by the monetary and fiscal support provided by governments.
- Inflation is not likely to break out of the past decade's benign range, allowing central banks to keep interest rates near record-low levels.
- We know much more about the virus now than six months ago, enabling a more refined, targeted approach to managing outbreaks.

The bad news

- Until a vaccine is readily available for global distribution, countries will need to depend on a robust system of testing, tracking, isolation and treatment.
- The U.S. has not done a good job in containing the virus in many states, leading to some backtracking in the reopening of local businesses.
- Stock-market valuations do not likely reflect the challenges that lay ahead for many industries.
- Most countries will likely be saddled with a significant increase in their debt burden; financially weaker countries in Europe and Latin America could again be at risk.
- There could be a reversal in tax policy if there's a wave election in the U.S. favoring the Democrats.

Economies bobbing back to the surface

- Activity is now picking up as lockdowns and shelter-in-place orders have eased and economic stimulus feeds into renewed household and business spending.
- The increase in activity can be seen particularly dramatically in IHS Markit's "flash" composite purchasing managers index data, which is based on provisional survey responses (85% of the monthly total) from services and manufacturing companies.
- Nearly half of survey respondents in the euro area reported improving or "less bad" business conditions in June.
- France seems to be leading the way, with manufacturers and services-providers alike finishing the second quarter above 50.0 (the demarcation line separating positive versus negative performance).

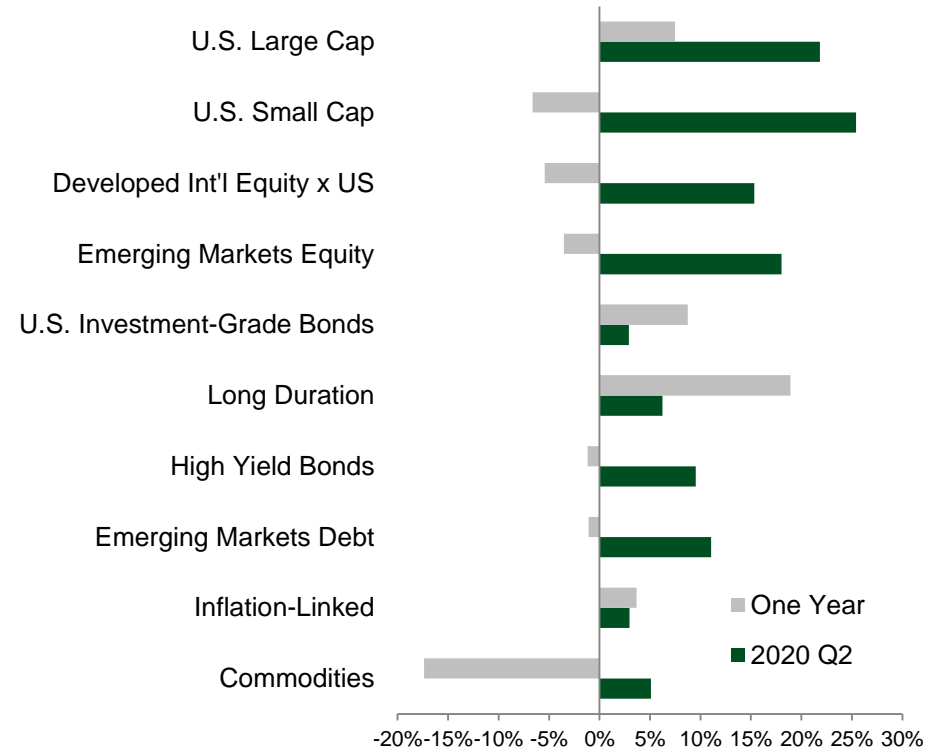


Source: IHS Markit, SEI. Data as of 5/31/2020.

Market performance overview

- Forceful policy actions by many governments and central banks in response to the Covid-19 pandemic provided strong support to financial assets in the second quarter.
- Bonds performed well, as central banks pledged to keep interest rates low and monetary policy stimulative in order to support healing of credit markets. Emerging and high yield debt did best, as credit spreads continued to narrow from their first-quarter blowouts.
- Developed (led by the U.S.) and emerging (led by Latin America and emerging Europe) performed well, as investors became less pessimistic about containment of the pandemic and an eventual return to normalcy.
- After a brutal first quarter caused by a surprise oil price war between Saudi Arabia and Russia, commodities regained their footing. A partial recovery of oil prices in May and June contributed, while industrial metals performed well on hopes of a rebound in global growth. Precious metals remained the best-performing group year to date on worries over government spending and stagflation risks.

Financial Markets Review



Commodities = Bloomberg Commodity Total Return Index (USD), Inflation-Linked = Bloomberg Barclays 1-5 Year US TIPS Index (USD), Emerging Markets Debt = 50/50 JPM EMBI Global Div & JPM GBI EM Global Div, High Yield Bonds = ICE BofAML US High Yield Constrained Index (USD), Long Duration = Bloomberg Barclays Long US Government/Credit Index (USD), U.S. Investment-Grade Bonds = Bloomberg Barclays US Aggregate Bond Index (USD), Emerging Markets Equity = MSCI EFM (Emerging+Frontier Markets) Index (Net) (USD), Developed Int'l Equity x US = MSCI World ex-USA Index (Net) (USD), U.S. Small Cap = Russell 2000 Index (USD), U.S. Large Cap = Russell 1000 Index (USD). Sources: SEI, index providers. Past performance is no guarantee of future results. As of 06/30/2020.

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Executive Summary

Asset Allocation & Performance Review

Fulton County Schools Employees' Pension Plan Executive Summary – June 30, 2020

Plan Assets (6/30)	Plan Assets (8/13)	2 nd Quarter 2020 Return	YTD June 2020 Return	Hurdle Rate (net 7/18)
\$433 million	\$463 million	15.2%	-2.0%	3.3%

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

- In Q2, the Plan had both strong absolute and relative performance of 15.2% versus Blended Benchmark of 13.8%.
- Most recently, the Portfolio rebounded materially since the market lows of March 19, gaining an additional \$107 million or +30% with assets at \$463 million through 8/13/20.
- This rebound can be primarily attributed to maintaining SEI's recommended long-term strategic asset allocation strategy and diversification across high-quality active managers, passive mandates, and asset classes.
- Global equities were a significant driver of performance, returning 21.9%; bonds rebounded as investors "flight to safety" abated with the more speculative fixed income strategies, High Yield and Emerging Market Debt, returning 9.6% and 12.9%, respectively.
- In April, BlackRock International and EARNEST Partners were terminated from the World Equity ex-US Fund.

Economic Outlook

- Global economic activity is rebounding from governments imposed shutdown in March and April, although few economies are likely to rebound fully to pre-pandemic levels anytime soon.
- Global Central Banks rapid easing of monetary policies, and governments income support of consumers and businesses was largely successful in preventing a 1930's style Great Depression.
- Overall, we anticipate that investor concerns will remain high as economic progress and the fight against a resurgence of COVID-19 ebb and flow, resulting in elevated levels of volatility in financial markets in the months ahead.

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

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 6/30/12 reflect the deduction of SIMC's investment management fee and the impact that fee had on the client's portfolio performance. Prior to 6/30/12, 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.

The current composition of the "Total Portfolio Index" is as follows. This composition went into effect at the close of business on 7/31/2019.

24.6 %	MSCI All Country World ex US Index (Net)
23.6 %	Bloomberg Barclays US Agg Bond Index
18.5 %	S&P 500 Index
8.2 %	Russell Small Cap Completeness Index
7.1 %	Hist Blnd: Dynamic Asset Allocation Index
5.1 %	Hist Blnd: High Yield Bond Index
4.1 %	Hist Blnd: Emerging Markets Debt Index
3.1 %	ICE BofA ML 3 Mth Cons Mat LIBOR Index
3.1 %	MSCI Emerging + Frontier Mkts Index (Net)
2.6 %	Hist Blnd: Core Property Index

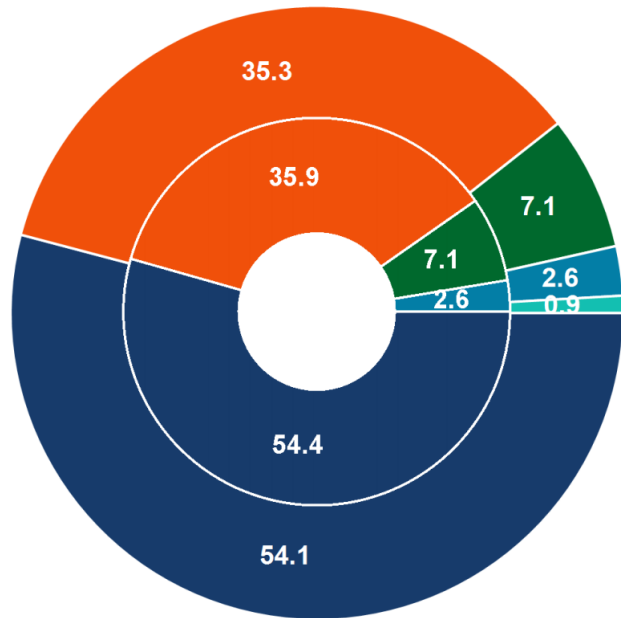
The Alternatives allocation listed on the following Investment Returns slide is a non SEI investment asset that is a legacy holding from the previous portfolio implementation. The Invesco Partnership Fund VI, LP, is a private equity fund. Future allocations, if any, to the Alternative asset class will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

Fulton County: Portfolio holdings – June 30, 2020

Strategy	Market Value	Allocation	Targets
Equity			
S&P 500 INDEX FUND	\$79,409,356	18.3%	18.0%
EXTENDED MARKETS INDEX FUND	\$35,610,407	8.2%	8.0%
DYNAMIC ASSET ALLOCATION FUND	\$30,938,882	7.1%	7.0%
WORLD EQUITY EX-US FUND	\$105,773,942	24.4%	24.0%
EMERGING MARKETS EQUITY FUND	\$13,173,389	3.0%	3.0%
Subtotal	\$264,905,976	61.2%	60%
Fixed Income			
CORE FIXED INCOME FUND	\$100,833,004	23.3%	23.0%
HIGH YIELD BOND FUND	\$21,766,823	5.0%	5.0%
OPPORTUNISTIC INCOME FUND	\$13,013,999	3.0%	3.0%
EMERGING MARKETS DEBT FUND	\$17,485,950	4.0%	4.0%
Subtotal	\$153,099,776	35.4%	35%
Inflation/Real Asset			
CORE PROPERTY FUND	\$11,085,369	2.6%	2.5%
Subtotal	\$11,085,369	2.6%	3%
Alternatives			
PRIVATE EQUITY - Invesco, GPA V (new vintage)	\$4,003,592	0.9%	2.5%
Subtotal	\$4,003,592	0.9%	3%
Cash			
CASH	\$2	0.0%	0.0%
Grand Total	\$433,094,715	100.0%	100.0%

Fulton County: Portfolio summary – June 30, 2020

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



■ Total Equity ■ Other ■ Alternatives
■ Total Fixed ■ Real Estate/Property

Summary for periods ending 6/30/2020

	One Month	Three Month	Year To Date	1 Year
Beginning Portfolio Value	\$422,202,792	\$378,120,351	\$447,226,625	\$426,257,428
Net Cash Flows	(\$762,414)	(\$2,308,844)	(\$4,448,305)	(\$9,993,293)
Gain / Loss	\$11,654,337	\$57,283,208	(\$9,683,605)	\$16,830,580
Ending Portfolio Value	\$433,094,715	\$433,094,715	\$433,094,715	\$433,094,715

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

Fulton County: Investment returns – June 30, 2020

Returns for periods ending 6/30/2020

	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	433,094,715	100	2.79	15.21	-2.03	4.19	6.02	-	-	7.47
<i>Standard Deviation Portfolio</i>							11.62	-		
Total Portfolio Index			2.44	13.79	-2.86	3.31	5.80	-	-	7.40
<i>Standard Deviation Index</i>							11.15	-		
60% MSCI World/ 40% Bloomberg Barclays Agg			1.84	12.61	-0.70	5.73	6.50	-	-	7.24

	Total Assets (\$)	Actual Alloc (%)	(%)	Calendar Years (%)						
			ITD	2019	2018	2017	2016	2015	2014	2013
Total Portfolio Return	433,094,715	100	7.47	20.03	-6.18	16.58	7.51	-	-	-
Total Portfolio Index			7.40	19.64	-5.18	15.84	7.99	-	-	-
60% MSCI World/ 40% Bloomberg Barclays Agg			7.24	20.01	-5.07	14.52	5.71	-	-	-

Appendix

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Manager changes

Funds	Manager Addition and Rationale	Manager Termination and Rationale
<p>Small Cap II Fund</p>	<p><u>Los Angeles Capital Management and Equity Research (March 2020)</u> LA Capital believes that investor preferences drive stock returns and that those preferences change with different market environments. The strategy is a new offering that has been launched at the request of SEI. The team takes a bottom-up approach to identifying its investment universe, focusing on stock selection rather than on economic conditions. The strategy has a strong tilt towards the value and stability alpha sources.</p>	
<p>World Equity ex-US Fund</p>		<p><u>BlackRock International LTD. (April 2020)</u> We removed BlackRock for portfolio construction reasons and to reduce the number of managers in the Fund. BlackRock's style is more stock-specific and style-agnostic which, although it may add value over time through stock selection, reduces the predictability of returns. We view this as an opportunity to allocate assets to managers that we believe provide better exposure to one of SEI's systematic alpha sources.</p> <p><u>EARNEST Partners LLC (April 2020)</u> We removed EARNEST for portfolio construction reasons and to reduce the number of managers in the Fund. We view this as an opportunity to allocate assets to managers that provide better exposure to SEI's systematic alpha sources (value, momentum or stability).</p>

Fulton County Schools Employees' Pension Plan

Institutional investment strategies

Domestic Equity

S&P 500 Index Strategy

SSGA Funds Management, Inc. – Passive

SEI Extended Markets Index Strategy

SSGA Funds Management, Inc. – Passive

International Equity

World Equity ex-U.S. Strategy

Acadian Asset Management – Quant Value/Momentum

Alliance Bernstein, L.P. – Quant Value

Baillie Gifford – Growth

JO Hambro Capital Management – GARP

McKinley Capital Management – Quantitative Momentum

Wells Fargo Asset Management – Value

Emerging Markets Equity Strategy

JO Hambro Capital Management – Growth

Kleinwort Benson Investors International Ltd. – Dividend Focus

Lazard Asset Management – Growth

Macquarie Investment Management – Intrinsic Value

Neuberger Berman – QuaRP

Qtron Investments, LLC – Contextual modeling

RWC Asset Advisors (U.S.) LLC. – Growth

Sub-Adviser Diversification as of June 30, 2020. 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 June 30, 2020, SEI Investments Company has a 38.9% minority ownership interest in LSV Asset Management.

Fulton County Schools Employees' Pension Plan

Institutional investment strategies

Fixed Income

SEI U.S. Core Fixed Income Strategy

Jennison Associates – Security Selector w/Corporate Bond Focus
MetLife Investment Management, LLC– Core Fixed Income
Metropolitan West Asset Management – Macro/Value-Oriented
Wells Fargo Asset 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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Important information

As identified in the presentation, certain funds are collective trust funds, not mutual funds. A collective trust fund is an investment fund that is maintained by a bank or trust company for the collective investment of qualified retirement plans and governmental plans, and that is exempt from SEC registration as an investment company under Section 3(c)(11) of the Investment Company Act of 1940. Collective trust funds eliminate many of the administrative costs associated with institutional and retail mutual funds.

For more information on the collective trust funds, including fees and expenses, please read the disclosure document for the trust.

There is no guarantee that the investment objective will be fulfilled. If the fund is a target date fund, the principal balance of the portfolio may be depleted prior to a portfolio's target end-date and, therefore, distributions may end earlier than expected. This risk increases if the distribution amount chosen is a significant portion of the starting principal. The target date represents the respective date when an investor intends to retire. Principal of any target date fund is not guaranteed at any time, including the target date. The projected time periods do not take into account the payment of fees to the advisor out of the portfolio or any other additional distribution from the account.

For those SEI collective trust funds that may be held in the account, the SEI collective trust fund is part of a Collective Investment Trust (the "Trust") operated by SEI Trust Company ("STC"). STC manages the Trust based on the advice of one or more third party managers, which may include SIMC. Additionally, STC serves as the trustee of the collective trust funds and maintains ultimate fiduciary authority over the management of, and the investments made, in the funds. STC is also a wholly owned subsidiary of SEI Investments Company.