Fulton County Schools Employees' Pension Plan

Outsource Chief Investment Officer Report - Public Session
First Quarter 2021

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May 12, 2021

Agenda – Public Session

- Executive Summary, Economic Outlook & Capital Markets Review
- Investment Governance & Performance Review
- Appendix

Executive Summary,
Economic Outlook & Capital Markets Review

Fulton County Schools Employees' Pension Plan Executive Summary – March 31, 2021

Plan Assets	Q1 2021 Return	FYTD Return	1-Year Return	2020 Return	Since Inception Return (12/31/15)
$513,990,081	2.6%	21.0%	39.4%	15.5%	10.31%

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.

2021 Strategy & Asset Allocation Recap

- The return to fundamental investing and the reopening of the economy have fueled broad based equity returns over the last four (4) quarters that have generated significant relative outperformance and absolute returns.
- As a result, the Portfolio posted both strong absolute and relative returns in Q1, and for the 1 year period ending 3/31/21, returning +2.6% and 39.4%, respectively, resulting in a net increase in assets of ~$10 million.
- Longer term, the portfolio performance continues to exceed the actuarial assumption and net hurdle rate by a meaningful margin. .
- As long term allocators of capital, we are focused on achieving your goals and investing to create an advantage as other investors capitulate or are forced to liquidate positions during crisis periods. Our periodic review of the Asset Allocation prepares the portfolio for event shocks.
- In Q1, there were two manager terminations and three managers hired within the public market fund investment strategies.

2021 Agenda Items

- Q2: Update and Board education on alternative investments.
- Q3: Portfolio and Capital Markets Review, Peer Analysis, Fee Analysis
- Q4: Governance review and update with a focus on the Investment Policy Statement (IPS).

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

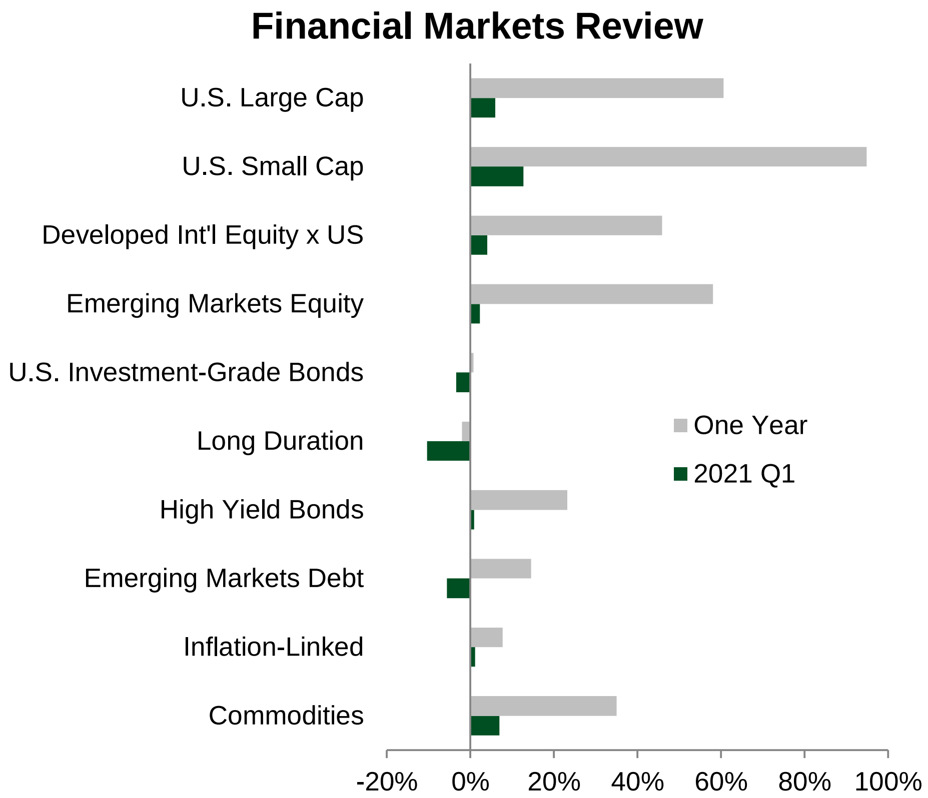
Market performance overview

- The post-COVID reflation theme was in full bloom during the first quarter, as markets anticipated economic reopenings and additional rounds of massive U.S. fiscal easing. Bond yields rose in response, and the U.S. dollar staged a turnaround from a weakening trend that had been in place since May of 2020.

- Equities continued to roll along, especially smaller U.S. companies, as the work-from-home and megacap dynamic gave up further ground to cyclical and "go-out" names. Non-U.S. stocks were positive but lagged on renewed COVID outbreaks and dollar strength.

- Rising growth and inflation expectations pushed Treasury yields sharply higher, causing another difficult stretch for high-quality and long-duration bonds. Riskier domestic credits managed to tread water, as spreads remained well behaved thanks to the favorable economic outlook. Dollar strength was an additional headwind to international and emerging bond returns. Stronger inflation expectations resulted in positive returns from inflation-linked bond despite higher real rates.

- Commodities overcame a stronger dollar to turn in another positive quarter, as the growth outlook buoyed expected demand. Energy led the way, and industrial metals also performed well as strong gains from aluminum and copper overcame softness in nickel and zinc prices. Precious metals struggled in the face of rising real interest rates. Agricultural commodities performed well overall, led by livestock, corn and soybean products.



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 3/31/2020.

The outlook: A healthier world, but a sicker bond market

The good news

- COVID-19 vaccine creation and distribution are now being ramped up to a meaningful extent, raising hopes that the pandemic will subside in the U.S. and other advanced economies during the second half of 2021.
- Economic growth is set to accelerate throughout 2021, especially in the U.S., where fiscal stimulus is reaching record levels.
- The rebound in global economic activity should result in strong profit growth for cyclical companies and service-oriented industries that had been badly hurt during the pandemic.
- Monetary policy remains geared toward fostering strong economic growth and keeping interest rates low despite extraordinary debt issuance.

The bad news

- The virus continues to evolve, forcing countries and regions into additional disruptive lockdowns.
- The prospect of a quick return to full employment in the U.S. over the next 12-to-18 months has pushed bond yields higher.
- Richly-valued growth stocks have lagged badly in recent months amid the climb in interest rates, the gathering strength of the economic recovery, and the prospect of higher taxes beginning in 2022.
- There is some danger that the U.S. Federal Reserve maintains low interest rates and other stimulative policy measures for too long, allowing inflationary pressures to take root; however, in the near term, any increase in measured inflation will likely be viewed by investors as transitory.

Investment Governance and Performance Review

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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 Schools Employees’ Pension Plan
IPS compliance: allocation vs. permitted ranges

Strategy	Market Value	Allocation	IPS Permitted Ranges	Compliance Verification
Return Enhancement				
S&P 500 INDEX FUND	$97,140,840	18.9%		
EXTENDED MARKETS INDEX FUND	$43,811,122	8.5%		
DYNAMIC ASSET ALLOCATION FUND	$38,206,974	7.4%		
WORLD EQUITY EX-US FUND	$127,847,236	24.9%		
EMERGING MARKETS EQUITY FUND	$15,949,671	3.1%		
HIGH YIELD BOND FUND	$26,449,186	5.1%		
OPPORTUNISTIC INCOME FUND	$15,365,771	3.0%		
EMERGING MARKETS DEBT FUND	$19,696,739	3.8%		
Subtotal	***$384,467,539***	***74.8%***	***50% - 90%***	✓
Risk Management				
CORE FIXED INCOME FUND	$113,671,045	22.1%		
Subtotal	***$113,671,045***	***22.1%***	***10% - 50%***	✓
Alternatives				
CORE PROPERTY FUND	$11,234,762	2.2%		
PRIVATE EQUITY - Invesco, GPA V	$4,616,733	0.9%		
Subtotal	**$15,851,495**	***3.1%***	***0% - 5%***	✓
Cash				
CASH	$2	0.0%		
Grand Total	**$513,990,081**	**100.0%**		

As of 3/31/2021

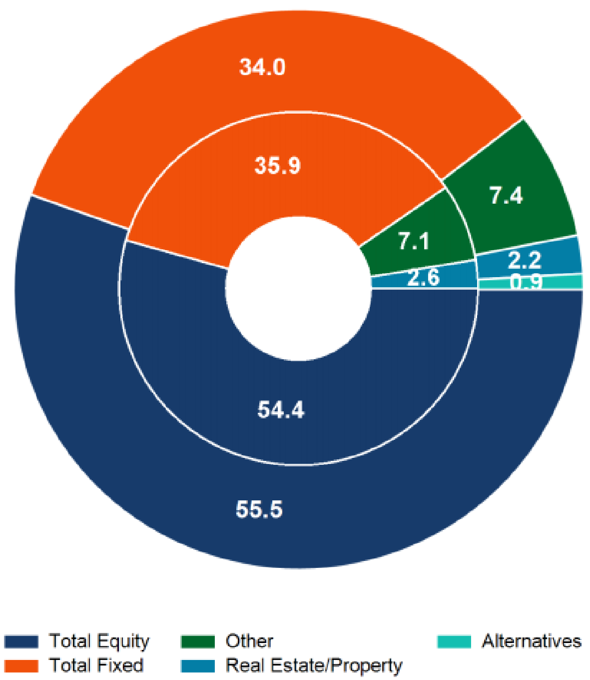
Fulton County Schools Employees' Pension Plan
IMA compliance: allocation vs. strategic targets

Strategy	Market Value	Allocation	IMA Targets	Compliance Verification
Equity				
S&P 500 INDEX FUND	$97,140,840	18.9%	18.0%	✓
EXTENDED MARKETS INDEX FUND	$43,811,122	8.5%	8.0%	✓
DYNAMIC ASSET ALLOCATION FUND	$38,206,974	7.4%	7.0%	✓
WORLD EQUITY EX-US FUND	$127,847,236	24.9%	24.0%	✓
EMERGING MARKETS EQUITY FUND	$15,949,671	3.1%	3.0%	✓
Subtotal	***$322,955,843***	***62.8%***	***60%***	
Fixed Income				
CORE FIXED INCOME FUND	$113,671,045	22.1%	23.0%	✓
HIGH YIELD BOND FUND	$26,449,186	5.1%	5.0%	✓
OPPORTUNISTIC INCOME FUND	$15,365,771	3.0%	3.0%	✓
EMERGING MARKETS DEBT FUND	$19,696,739	3.8%	4.0%	✓
Subtotal	***$175,182,741***	***34.1%***	***35%***	
Inflation/Real Asset				
CORE PROPERTY FUND	$11,234,762	2.2%	2.5%	✓
Subtotal	***$11,234,762***	***2.2%***	***2.5%***	
Alternatives				
PRIVATE EQUITY - Invesco, GPA V	$4,616,733	0.9%	2.5%	✓
Subtotal	**$4,616,733**	***0.9%***	***2.5%***	
Cash				
CASH	$2	0.0%	0.0%	✓
Grand Total	**$513,990,081**	**100.0%**	**100.0%**	

As of 3/31/2021

Fulton County: Portfolio summary – March 31, 2021

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



Summary for periods ending 3/31/2021

	One Month	Three Month	Year To Date	1 Year
Beginning Portfolio Value	$508,142,729	$503,881,479	$503,881,479	$378,120,351
Net Cash Flows	($1,244,275)	($2,810,453)	($2,810,453)	($11,068,801)
Gain / Loss	$7,091,628	$12,919,056	$12,919,056	$146,938,531
Ending Portfolio Value	$513,990,081	$513,990,081	$513,990,081	$513,990,081

	Total	Actual	Cumulative (%)			Annualized (%)				Inception
	Assets ($)	Alloc (%)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	12/31/2015
Total Portfolio Return	513,990,081	100	1.41	2.62	21.00	39.41	10.24	10.60	-	10.31
Standard Deviation Portfolio							*12.68*	*10.18*		
Total Portfolio Index			1.01	2.13	19.39	35.86	9.78	10.26	-	9.96
Standard Deviation Index							*12.26*	*9.86*		
60% MSCI World/ 40% Bloomberg Barclays Agg			1.50	1.57	15.89	30.51	9.92	9.44	-	9.20

Important information

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Manager changes

Funds	Manager Addition and Rationale	Manager Termination and Rationale
SIIT Emerging Markets Equity Fund	Robeco Institutional Asset Management (February 2021) The strategy has a bias towards value-oriented stocks. The addition of Robeco should provide us with the ability to better manage the Fund's exposure to value, both tactically and strategically. However, stock selection is expected to be the primary source of alpha. We believe the strategy should perform well in recovery environments due to the focus on undervalued stocks.	AllianceBernstein (February 2021) We made this change in an effort to reduce beta (a measure of volatility in the markets) within the Fund. High-beta securities are more sensitive to movements in the broad market; low-beta securities are less sensitive. The assets in AB's strategy were transferred to the newly-added Robeco Institutional Asset Management's Emerging Markets Stars strategy.
World Equity ex-US Fund	Lazard Asset Management (February 2021) Lazard believes that a concentrated, bottom-up portfolio of non-U.S. stocks will drive returns. The strategy has a strong tilt towards the stability alpha source. Stability oriented managers seek to benefit from investor tendency to undervalue lower-risk, higher-stability businesses—resulting from a focus on short time horizons and overconfidence in forecasts for momentum-driven stocks. The Macquarie Group Limited (February 2021) Macquarie takes a stability-oriented approach to investing, seeking lowrisk, high-quality assets that should benefit from the power of long-term compounding. The strategy has a bias towards stability-oriented stocks. We expect it to perform well during times of market stress given its low-volatility exposure and intended risk-mitigation orientation.	Baillie Gifford (February 2021) We removed Baillie Gifford in order to allocate assets to a higher-conviction strategy with greater exposure to the stability alpha source without compromising on quality and profitability characteristics. The assets in Baillie Gifford's strategy were transferred to the newly-added Lazard International Quality Growth strategy.

Appendix

Important information

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Through September 30, 2012, annual performance is calculated based on monthly return streams, geometrically linked. From September 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.

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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.

Important information

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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.

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