International Union of Operating Engineers Local #487

Quarterly Investment Review

Fourth Quarter 2018

John Hart 610-676-4871 jhart@seic.com

SEI New ways. New answers.®

February 14, 2019

Agenda

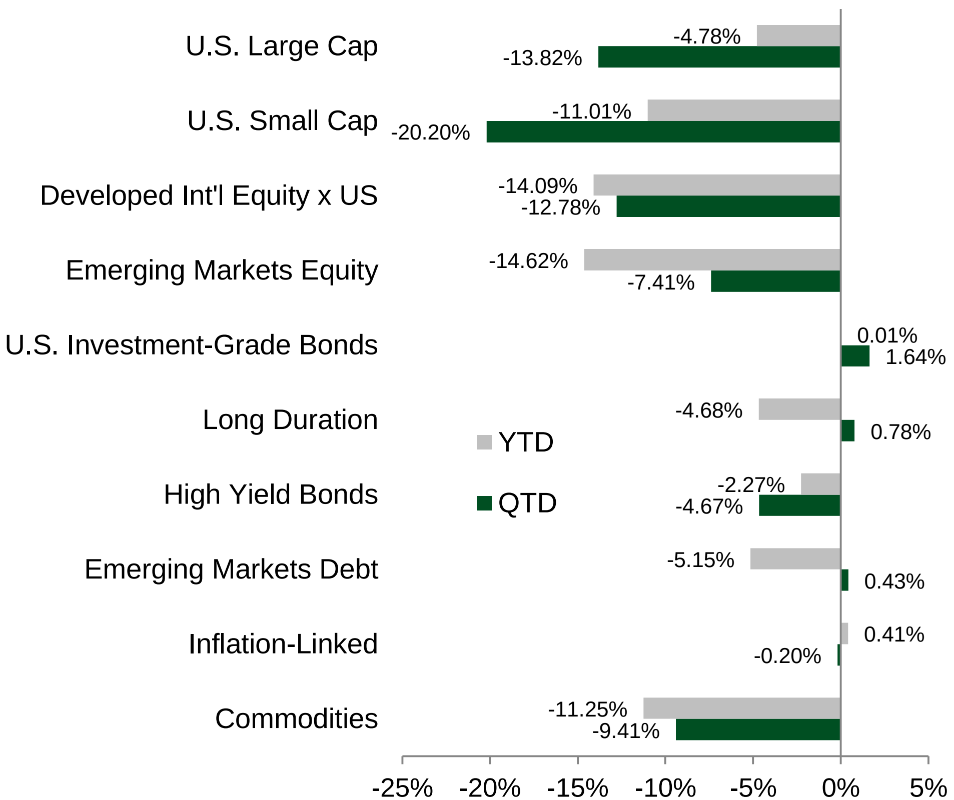
- Capital Markets Review
- Plans Assets and Metrics
- Asset Allocation
- Appendix

Capital Markets Review

Market performance overview

- It was a very challenging quarter, as intense bouts of risk aversion in October and December pulled most risky asset classes into negative territory for 2018.
- U.S. equities were hit hard (a stark contrast to the second and third quarters) but managed to hold up better than other developed markets (DM) over the full year, thanks to better economic and earnings growth.
- Although emerging market equities trailed for the full year, it's interesting that they fell less than DM equities from mid-September on.
- Investment-grade fixed income recovered a bit, though full-year performance still disappointed on higher interest rates and wider credit spreads. Spreads on riskier credits widened meaningfully, causing high-yield bonds to finish in the red for the full year.
- Inflation remained tame and energy prices fell sharply, causing inflation-linked Treasuries to finish the year just slightly positive.
- Commodities had a poor quarter, led lower by falling energy prices. Precious metals and livestock were the only bright spots.

Financial Markets Review

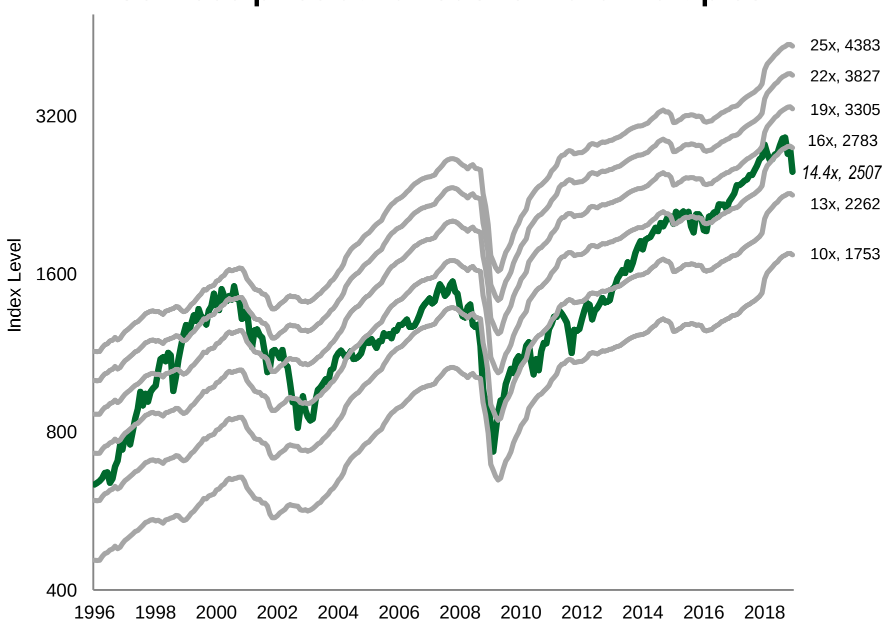


U.S. Large Cap = Russell 1000, U.S. Small Cap = Russell 2000, Developed International Equity x U.S. = MSCI World ex-US, Emerging Markets Equity = MSCI EFM (Emerging+Frontier Markets), U.S. Investment Grade Bonds = Bloomberg Barclays U.S. Aggregate, High Yield = BofA ML Master II HY Constrained, Emerging 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 12/31/2018.

Valuations have returned to more normal levels

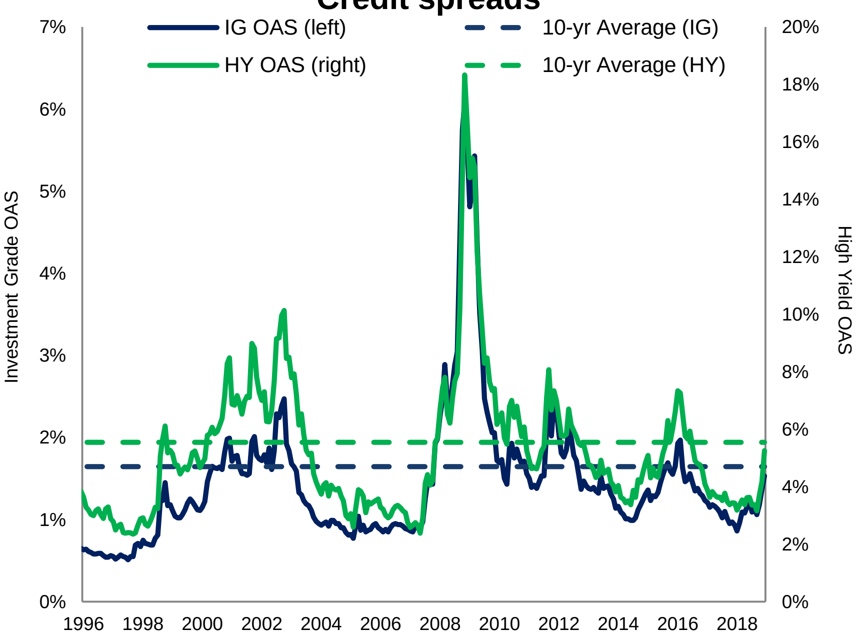
- Expected S&P 500 earnings growth has remained strong, while the price paid for those earnings has come down
- Credit spreads have widened sharply from the tight levels of the last few years, bringing them close to their long-term averages.
- These measures indicate that the correction of late 2018 has returned markets to more normal valuation levels.

S&P 500 price at various forward multiples



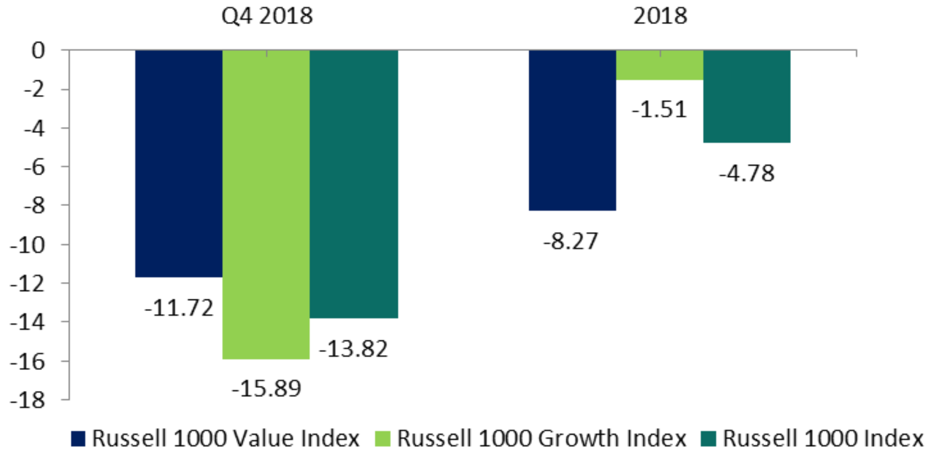
Monthly data from January 1996 through December 2018. Implied prices are calculated using forward earnings times forward P/Es. Source: Factset, SEI. As of 12/31/2018.

Credit spreads



Monthly data from 1/31/96 through 12/31/2018. High Yield represented by Bloomberg-Barclays US Corporate High Yield index. Investment Grade represented by Bloomberg-Barclays US Corporate index. Sources: Bloomberg, SEI. As of 12/31/2018.

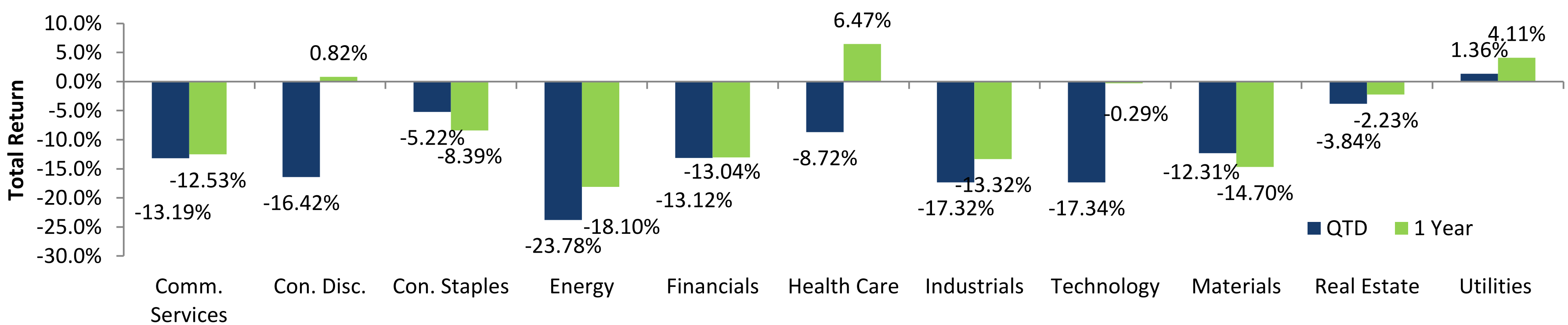
U.S. equity market review



Summary

- U.S. equity markets had a difficult quarter as large cap stocks closed the quarter down **4.8%**.
- Value outperformed growth by **417bps** in the quarter, bucking the trend that persisted throughout the year.
- Utilities were the only sector that outperformed among US large cap stocks for quarter while health care has been the strongest throughout the year in large cap and small cap stocks
- Cyclical value stocks underperformed more stable stocks during the quarter as volatility increased.

US Large Cap Sector Returns

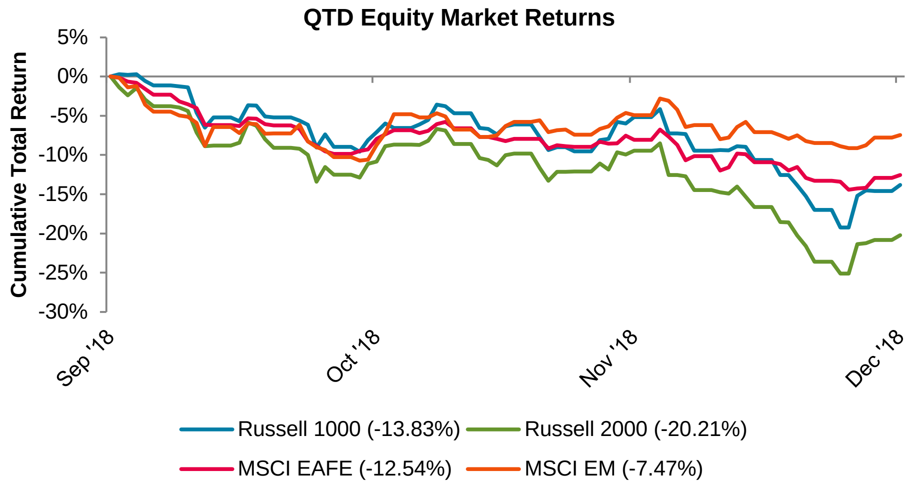


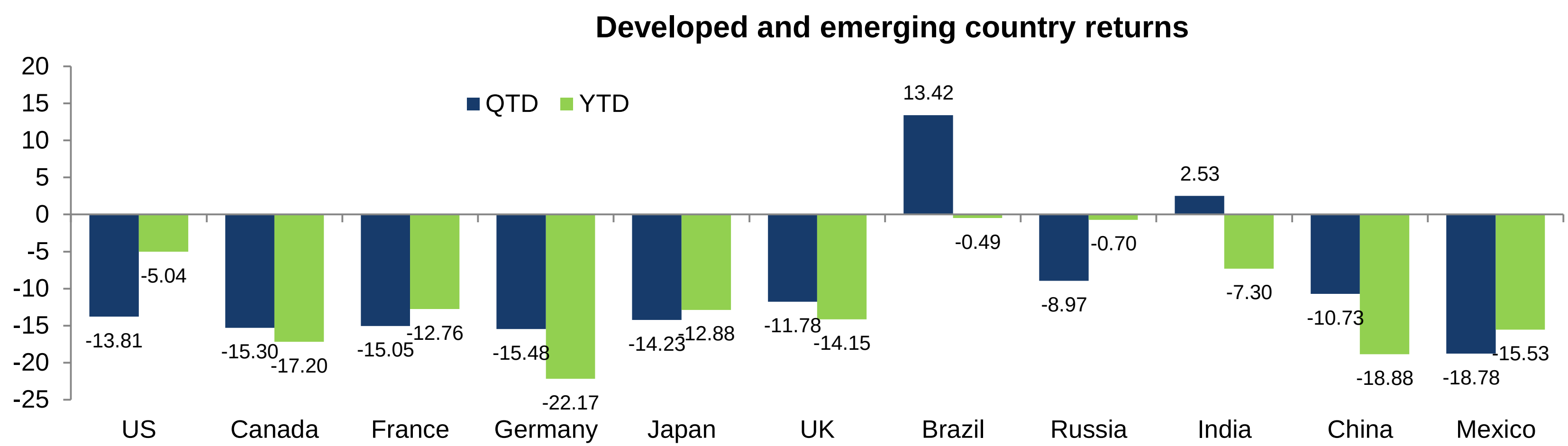
As of 12/31/2018 Source: Bloomberg, Standard & Poor's, FTSE Russell, FactSet, SEI. Past performance is no guarantee of future results.

International equity market

Summary

- Non-US equity markets followed the trend of US markets but outperformed for the quarter.
  - 45 out of the 47 markets in the MSCI ACWI Index were down for the year
- Despite the volatility in 2018 of the asset class, emerging markets continue to add diversification to portfolios. As of 12/31/18, they have outperformed US large cap and small cap stocks over the past three years.
  - MSCI emerging markets: **9.24%**; Russell 1000: **9.07%**; Russell 2000: **7.34%**



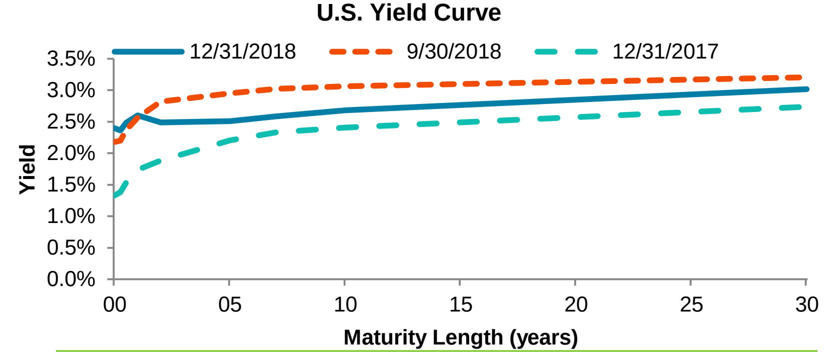


As of 12/31/2018 Source: Bloomberg, MSCI, FTSE Russell, FactSet, SEI.
MSCI EM: MSCI Emerging Markets Index – Net Return. Past performance is no guarantee of future results.

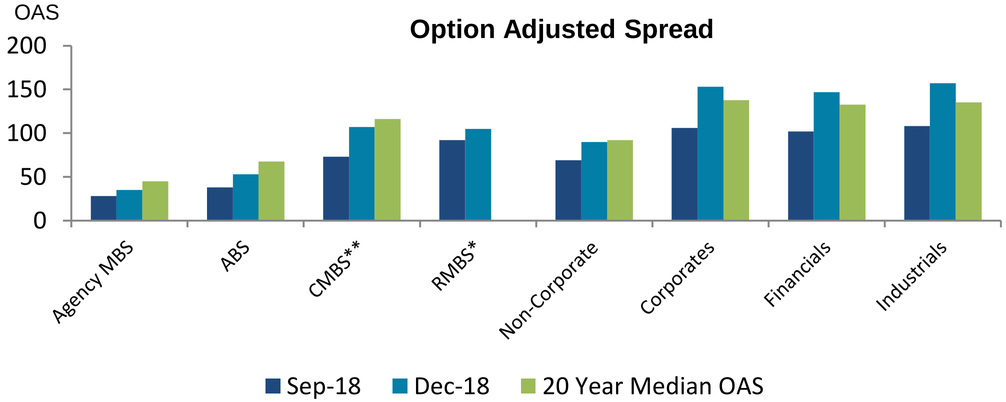
Fixed income review

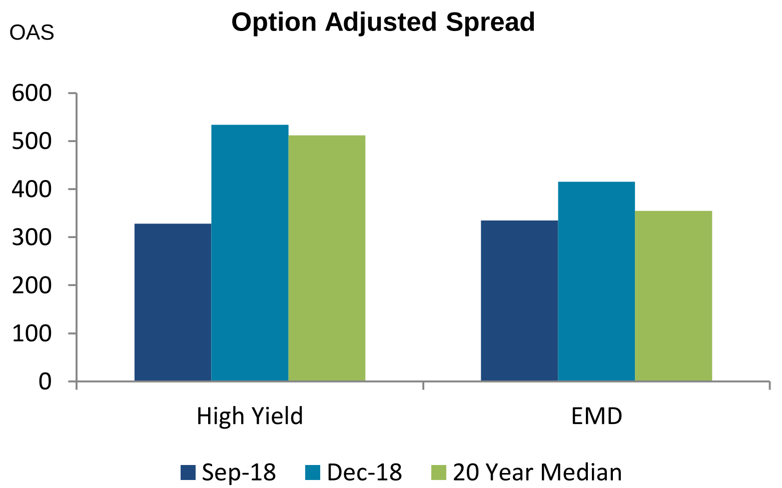
Summary

- US yield curve continued to flatten in Q4 with various points between 1-and 5-year maturities inverting.
- The spread between 2-year/10-year, which is the most scrutinized, remains positive
- Risk-off sentiment was also evident within fixed income spread sectors as they widened relative to duration-neutral US Treasuries



Maturity	2-Year	5-Year	10-Year	30-Year
12/31/2018	2.49	2.51	2.68	3.01
QTD Change	-0.33	-0.44	-0.38	-0.19
YTD Change	0.60	0.30	0.28	0.27





20-Year Median option-adjusted spread (OAS) calculated based on monthly data beginning 12/31/1995. CMBS OAS data begins 7/30/1999. HY OAS data beings 12/31/1996.

* Non-agency RMBS OAS calculated on the subprime holdings within SIIT Core Fixed Income; ** As of 6/30/14 Agency CMBS was added to the Barclays Aggregate. The OAS presented above does not include agency CMBS and is the OAS of non-agency CMBS that is Aggregate eligible.

Option-Adjusted Spreads estimate the difference in yield between a security or collection of securities and comparable Treasurys after removing the effects of any special features, such as provisions that allow an issuer to call a security before maturity.

Source: Bloomberg Barclays, HY = BofAML HY Constrained Index, EMD = JPM EMBIGD Index, as of 12/31/2018

The Outlook for 2019: Party Over, or Will the Beat Go On?

The good news

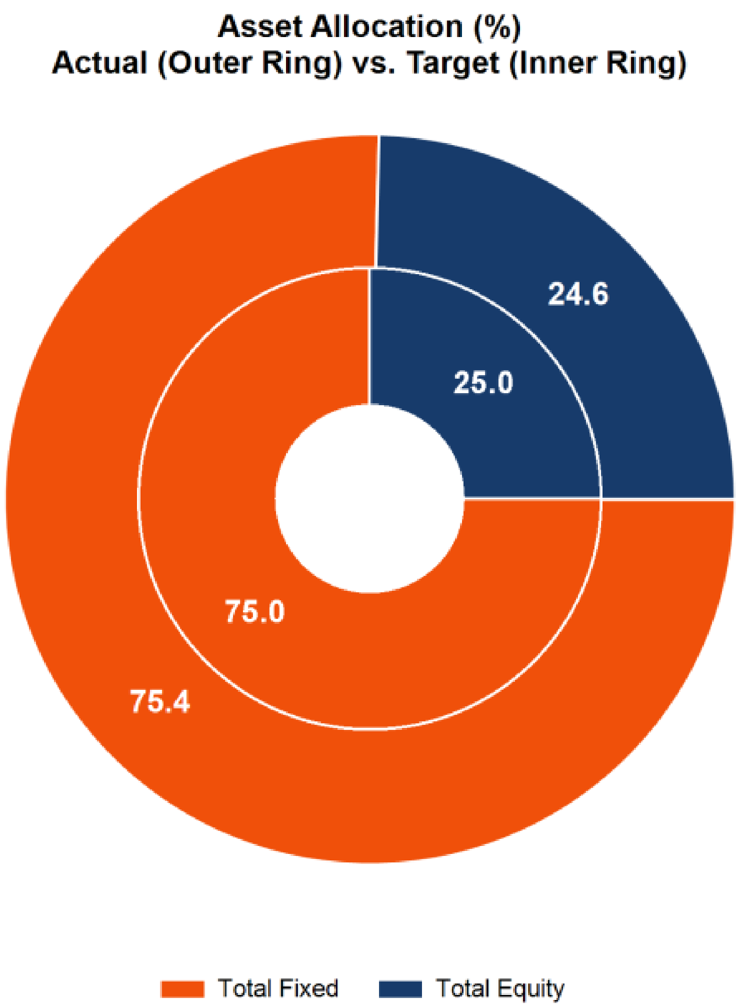
- The U.S. and global economies should continue to expand in 2019, although that growth is likely to be slower than in 2018.
- The Federal Reserve will slow the pace of policy-rate hikes. We expect only one increase in the federal funds rate this year.
- The collapse in oil prices should support the global economy, lowering the costs for consumers and energy-intensive businesses.
- The severe correction in equity markets has caused a dramatic decline in price-to-forward earnings ratios.
- The sell-off in U.S. equities has reached an intensity typically seen at the tail-end of a correction, and should pave the way for a significant price rebound in the months ahead.

The bad news

- The U.S. financial markets and economy increasingly appear to be in the latter stages of their cycles, with mores signs of stress popping up.
- U.S.-Chinese trade developments continue to weigh heavily on investor expectations; although it would be a big positive for China if the threat of tariffs were negotiated away, we are not counting on it.
- China is reluctant to stimulate its economy via another debt boom, but we expect economic policy to turn more decisively expansionary if the economy continues to slow.
- Brexit concerns will continue to hurt investor sentiment toward Europe, but a resolution one way or the other is inevitable as the March 29 deadline nears.

Plan Assets and Performance

Health & Welfare
Portfolio Summary – December 31, 2018



Asset Class	Actual Allocation		Market Value
SEI Large Cap Fund	6.4%	$	181,056
SEI Small Cap Fund	2.0%	$	57,083
SEI U.S. Managed Volatility Fund	6.4%	$	182,203
SEI World Equity ex-US Fund	8.1%	$	229,115
SEI Emerging Markets Equity Fund	1.7%	$	49,078
SEI Core Fixed Income Fund	26.8%	$	757,903
SEI Limited Duration Bond Fund	15.2%	$	429,656
SEI Opportunistic Income Fund	20.6%	$	582,664
SEI Ultra Short Duration Bond Fund	5.1%	$	144,331
SEI High Yield Bond Fund	4.0%	$	114,144
SEI Emerging Markets Debt Fund	3.6%	$	103,309
Total	**100.00%**	**$**	**2,830,542**

Health & Welfare
Portfolio performance: December 31, 2018

	Total	Actual	Cumulative (%)			Annualized (%)				Inception
	Assets ($)	Alloc (%)	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	5/31/2010
Total Portfolio Return	2,830,542	100	-1.60	-3.29	-1.91	-2.16	3.97	3.05	-	5.12
Standard Deviation Portfolio							*3.17*	*3.24*		
Total Portfolio Return Net			-1.61	-3.39	-2.22	-2.57	3.55	2.63	-	4.70
Standard Deviation Portfolio (Net)							*3.17*	*3.23*		
Total Portfolio Index			-1.15	-2.68	-1.37	-1.79	3.48	2.53	-	4.01
Standard Deviation Index							*3.04*	*3.11*		

As of the close of business on 8/31/2017, the Total Index Composition is as follows:

27.0 %	Bloomberg Barclays US Agg Bond Index
20.0 %	BofA ML 3 Month Cons Maturity LIBOR Index
15.0 %	BofA ML 1-3 Year Treasury Index
9.0 %	MSCI All Country World ex US Index
6.0 %	Russell 1000 Index
6.0 %	S&P 500 Index
5.0 %	Blmbrg Barcl 9-12 Month Short Treas Index
4.0 %	Hist Blnd: Emerging Markets Debt Index
4.0 %	Hist Blnd: High Yield Bond Index
2.0 %	MSCI Emerging + Frontier Mkts Index (Net)
2.0 %	Russell 2000 Index

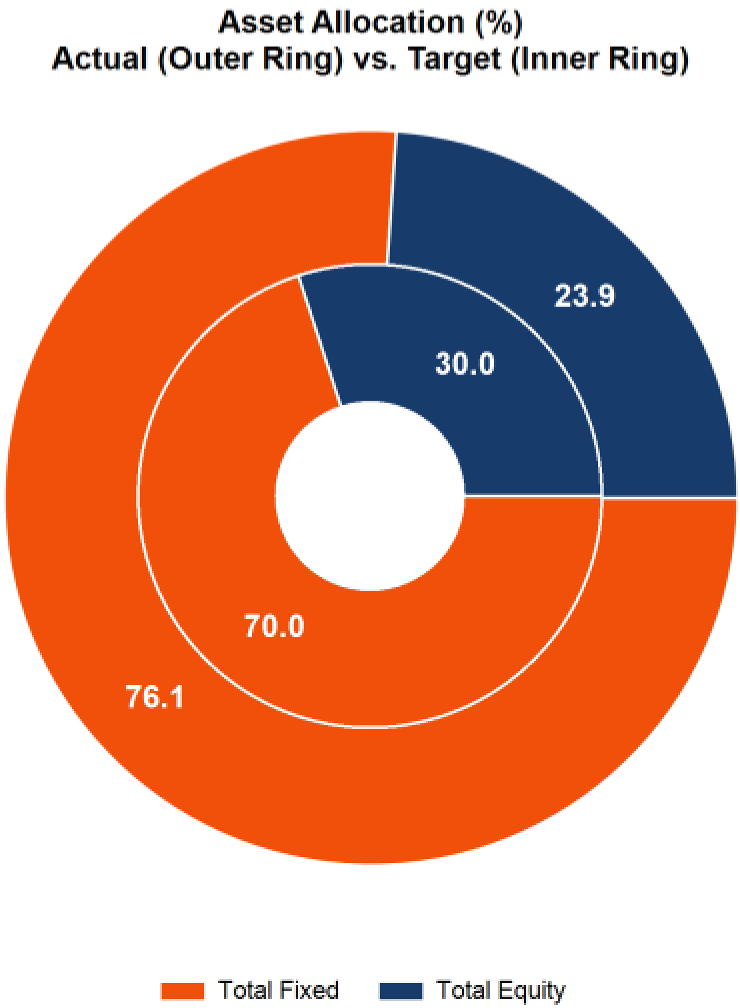
	One Month	Three Month	Year To Date	1 Year
Portfolio Value	$3,081,318	$3,393,983	$4,166,949	$4,166,949
Net Cash Flows	($200,000)	($451,859)	($1,258,124)	($1,258,124)
Gain / Loss	($50,776)	($111,583)	($78,283)	($78,283)
Ending Portfolio Value	$2,830,542	$2,830,542	$2,830,542	$2,830,542

Inception date: 5/31/10 Historical Total Index can be provided upon request.

The Portfolio Return 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. 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.

Apprentice & Training
Portfolio Summary – December 31, 2018



Asset Class	Actual Allocation		Market Value
SEI Large Cap Fund	6.1%	$	67,594
SEI Small Cap Fund	1.9%	$	21,477
SEI U.S. Managed Volatility Fund	6.2%	$	69,432
SEI World Equity ex-US Fund	8.0%	$	89,065
SEI Emerging Markets Equity Fund	1.7%	$	19,231
SEI Core Fixed Income Fund	27.3%	$	305,123
SEI Limited Duration Bond Fund	15.3%	$	171,078
SEI Opportunistic Income Fund	20.6%	$	229,384
SEI Ultra Short Duration Bond Fund	5.1%	$	57,196
SEI High Yield Bond Fund	4.0%	$	44,729
SEI Emerging Markets Debt Fund	3.7%	$	41,456
Total	**100.00%**	**$**	**1,115,767**

Apprentice & Training
Portfolio performance: December 31, 2018

	Total Assets ($)	Actual Alloc (%)	Cumulative (%) 1 Month	3 Month	FYTD	Annualized (%) 1 Year	3 Year	5 Year	10 Year	Inception 5/31/2010
Total Portfolio Return	1,115,767	100	-1.52	-3.18	-1.84	-2.15	3.97	3.02	-	4.17
Standard Deviation Portfolio							*3.15*	*3.17*		
Total Portfolio Return Net			-1.54	-3.28	-2.13	-2.54	3.55	2.61	-	3.75
Standard Deviation Portfolio (Net)							*3.15*	*3.16*		
Total Portfolio Index			-1.15	-2.68	-1.37	-1.79	3.48	2.48	-	2.99
Standard Deviation Index							*3.04*	*3.07*		

As of the close of business on 8/31/2017, the Total Index Composition is as follows:

- 27.0 % Bloomberg Barclays US Agg Bond Index
- 20.0 % BofA ML 3 Month Cons Maturity LIBOR Index
- 15.0 % BofA ML 1-3 Year Treasury Index
- 9.0 % MSCI All Country World ex US Index
- 6.0 % Russell 1000 Index
- 6.0 % S&P 500 Index
- 5.0 % Blmbrg Barcl 9-12 Month Short Treas Index
- 4.0 % Hist Blnd: Emerging Markets Debt Index
- 4.0 % Hist Blnd: High Yield Bond Index
- 2.0 % MSCI Emerging + Frontier Mkts Index (Net)
- 2.0 % Russell 2000 Index

	One Month	Three Month	Year To Date	1 Year
Portfolio Value	$1,133,201	$1,153,615	$893,979	$893,979
Net Cash Flows	$0	($624)	$247,754	$247,754
Gain / Loss	($17,434)	($37,225)	($25,967)	($25,967)
Ending Portfolio Value	$1,115,767	$1,115,767	$1,115,767	$1,115,767

Inception date: 5/31/10 Historical Total Index can be provided upon request.

The Portfolio Return 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. 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.

Strategy Review

Equity strategies

Strategies	Q4 2018	YTD 2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
SIIT Large Cap Fund	**-13.54**	**-6.22**	**21.33**	**7.24**	**1.50**	**11.57**	**35.54**	**17.34**	**0.98**	**14.29**	**29.94**
Russell 1000 Index	-13.82	-4.78	21.69	12.05	0.92	13.24	33.11	16.42	1.50	16.10	28.43
SIIT Small Cap Fund	**-20.39**	**-10.51**	**9.90**	**18.42**	**-3.07**	**4.04**	**41.89**	**14.37**	**-4.90**	**24.68**	**38.05**
Russell 2000 Index	-20.20	-11.01	14.65	21.31	-4.41	4.89	38.82	16.35	-4.18	26.85	27.17
SIIT U.S. Managed Volatility Fund	**-8.52**	**-2.03**	**15.56**	**14.02**	**1.57**	**17.77**	**30.03**	**13.39**	**10.78**	**16.09**	**15.64**
Russell 3000 Index	-14.30	-5.24	21.13	12.74	0.48	12.56	33.55	16.42	1.03	16.93	28.34
SIIT World Equity Ex-US Fund	**-13.76**	**-15.74**	**29.88**	**4.20**	**-5.62**	**-2.34**	**18.32**	**18.70**	**-12.75**	**13.40**	**35.30**
MSCI All Country World ex US Index	-11.46	-14.20	27.19	4.50	-5.66	-3.87	15.29	16.83	-13.71	11.15	41.45
SIIT Emerging Markets Equity‡	**-7.85**	**-17.09**	**34.29**	**10.92**	**-11.22**	**-5.18**					
MSCI EFM (Emerging + Frontier Markets) Index (Net) (USD)	-7.41	-14.62	37.15	10.98	-14.90	-5.69					

‡2014 Performance is from 10/31/2014 - 12/31/2014.

Data as of 12/31/2018, Source: SEI Data Portal, FactSet. 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. Past performance is no guarantee of future results. The principal value and investment return of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original value. Current performance may be higher or lower. For performance data current to the most recent month end, please call 1-800-DIAL-SEI.

Fixed Income Strategies

Strategies	Q4 2018	YTD 2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
SIIT Core Fixed Income Fund	**1.51**	**0.21**	**4.29**	**3.49**	**0.96**	**6.87**	**-1.10**	**7.23**	**8.12**	**9.96**	**15.55**
Bloomberg Barclays US Aggregate Bond Index (USD)	1.64	0.01	3.54	2.65	0.55	5.97	-2.02	4.21	7.84	6.54	5.93
SIIT High Yield Bond Fund	**-5.32**	**-1.77**	**8.35**	**17.59**	**-3.89**	**2.82**	**8.32**	**17.24**	**5.58**	**17.97**	**58.84**
BofA Merrill Lynch US High Yield Constrained Index (USD)	-4.67	-2.27	7.48	17.49	-4.61	2.51	7.41	15.55	4.37	15.07	58.10
SIIT Opportunistic Income Fund	**-0.80**	**2.04**	**4.16**	**4.45**	**1.15**	**2.31**	**2.77**	**7.50**	**1.60**	**7.38**	**15.93**
BofA Merrill Lynch USD 3-Month LIBOR Constant Maturity Index (USD)	0.57	2.08	1.11	0.66	0.23	0.23	0.24	0.51	0.27	0.33	0.99
SIIT Emerging Markets Debt Fund	**-0.88**	**-7.76**	**15.96**	**11.09**	**-7.63**	**0.16**	**-8.42**	**19.15**	**5.96**	**15.82**	**43.08**
50/50 JPM EMBI Global Div & JPM GBI EM Global Div*	0.43	-5.15	12.74	10.16	-7.14	0.71	-7.10	17.18	7.35	12.24	29.82
SIIT Limited Duration Bond Fund ǂ	**1.00**	**1.93**	**1.40**	**1.85**	**0.87**	**0.16**					
BofA Merrill Lynch 1-3 Year US Treasury Index (USD)	1.29	1.58	0.42	0.89	0.54	0.29					
SIIT Ultra Short Duration Fund	**0.41**	**1.98**	**1.87**	**1.95**	**0.83**	**0.84**	**1.03**	**2.93**			
Bloomberg Barclays Short US Treasury 9-12 Month Index (USD)	0.71	1.90	0.68	0.79	0.20	0.17	0.25	0.23			

*Prior to 9/30/2012, benchmark is 100% JPM EMBI Global Diversified. ǂ 2014 Performance is from 7/31/2014-12/31/2014.

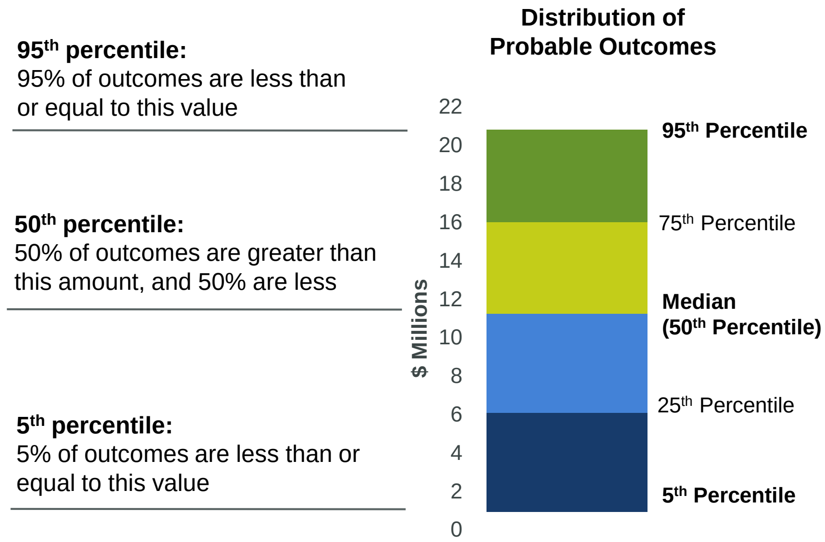
Data as of 12/31/2018, Source: SEI Data Portal, FactSet. Gross Fund Performance reflects the effective performance of the underlying mutual funds that are selected or recommended by SIMC to implement an institutional client's investment strategy. Gross Fund Performance does not reflect the impact of 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. Past performance is no guarantee of future results. The principal value and investment return of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original value. Current performance may be higher or lower. For performance data current to the most recent month end, please call 1-800-DIAL-SEI.

Asset Allocation

SEI New ways. New answers.®

How we create probability distributions and what they mean

- The probability distribution graphs and / or tables that follow are meant to provide an overview of the range of possible outcomes for a given variable (e.g., returns, pension contributions, expense) for a given asset allocation.
- The probability distributions are generated using SEI's proprietary modeling tool and simulated capital market behavior.
- Capital market behavior is simulated for 1,000 possible scenarios based on expected performance of each asset class and reflecting current economic conditions. Capital market assumptions such as return, standard deviation and covariances are inputs into this process, combining with model parameters to create market scenarios.
- We use these 1,000 capital market scenarios to create 1,000 output scenarios for each variable being considered.
- A 90% confidence interval should be interpreted as 90% of the projected output variables, falling between the 5% and 95% results, based on SEI Capital Market Assumptions.
- This projection is hypothetical in nature, does not reflect actual investment results and is not a guarantee of future results.

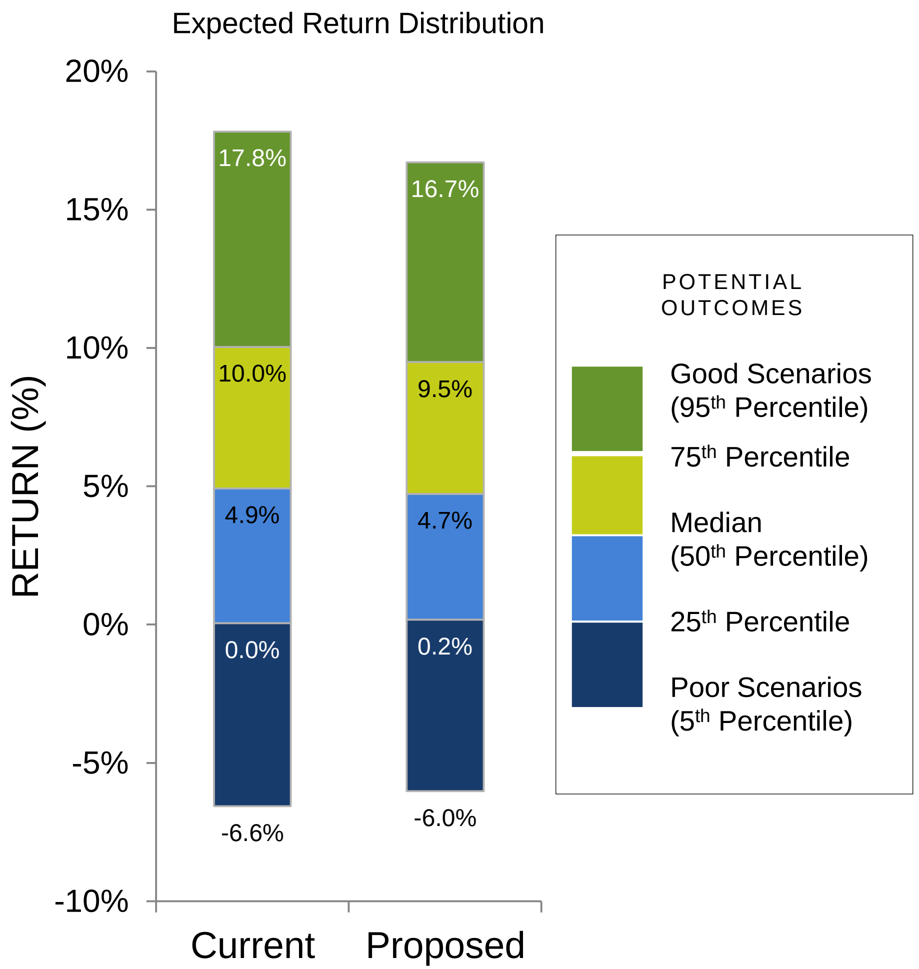


About Capital Market Assumptions

- SEI Investments Management Corporation develops forward-looking, long-term capital market assumptions for risk, return, and correlations for a variety of global asset classes, currencies, interest rates, and inflation.
- These assumptions are created using a combination of historical analysis, future market environment expectations and by applying our own judgment. In certain cases, alpha and tracking error estimates for a particular asset class are also factored into the assumptions.
- We believe this approach is less biased than using pure historical data, which may be affected by unsustainable trends or permanent material shifts in market conditions.

IUOE #487 H&W and Training Portfolios

Asset Class	Current	Proposed
US Large Cap Fundamental Equity	6.0	-
US Large Cap Index	-	6.0
US Small Cap Equity	2.0	-
World Equity ex-US	9.0	9.0
Emerging Markets Equity (+ Frontier)	2.0	-
US Low Beta Equities	6.0	6.0
Global Low Beta Equities	-	6.0
Total Equity	**25.0**	**27.0**
US High Yield	4.0	2.0
Emerging Markets Debt	4.0	2.0
Diversified Short Term Fixed Income	20.0	10.0
Short Term Corporate Fixed Income	5.0	5.0
Limited Duration Fixed Income	15.0	20.0
Core Fixed Income	27.0	34.0
Total Fixed Income	**75.0**	**73.0**
Portfolio Metrics(%) - Net of fees		
Expected Return (Short Term)	4.9%	4.7%
Expected Return (Equilibrium)	7.0%	6.8%
Standard Deviation	7.4%	6.9%
Poor Scenario (Short Term)	-6.6%	-6.0%



Source: SEI Capital Assumptions.
Please see important disclosures at the beginning of this section and at the back of the presentation.

Appendix

SEI New ways. New answers.®

Manager changes

Funds	Manager Addition and Rationale	Manager Termination and Rationale
SIIT Large Cap Fund	**Schafer Cullen Capital Management (December 2018)** Schafer Cullen considers itself a disciplined value investor. The investment team focuses on stocks that are inexpensive on a price-to earnings basis, with an additional focus on high absolute dividend yield. The investment process involves multiple stages of quantitative screening and fundamental research in an attempt to ensure optimal allocation. We expect the strategy to provide exposure to both the value and stability alpha sources, as it emphasizes valuation, dividend yield and dividend growth. Over a full market cycle, we expect much of the portfolio's alpha to be generated during down markets. **Fred Alger Management (December 2018)** Alger's investment philosophy focuses on exploiting positive dynamic change through developing a differentiated view. The investment team believes its competitive advantages are to identify change, analyze which companies will ultimately be the beneficiaries of the change, and capitalize on a differentiated view of a company's future earnings growth before the change is fully recognized by the market. We expect Alger's strategy to align the growth portion of the Fund with SEI's momentum alpha source. We believe the strategy will perform best in the expansion phase of the market cycle.	**Fiera Capital Management (December 2018)** Fiera has provided reliable exposure to the stability alpha source. However, we believe the Fund can be better managed by a manager that provides exposure to less-expensive stable stocks that provide more dividend income. The Schafer Cullen Capital Management High Dividend Value Equity strategy will replace Fiera's strategy in the Fund. **AQR Capital Management (December 2018)** Over time, it has become clear that AQR, a multifactor quantitative core manager, is not as focused on specific alpha sources as other managers in the Fund. AQR's removal will allow the portfolio manager to reallocate capital to managers that are more focused on specific alpha sources.
SIIT Small Cap	**Martingale Asset Management (December 2018)** Martingale's investment philosophy differentiates itself through its execution and repeatability from other multi-factor quantitative investment firms. The investment team combines quantitative methods with a focus on fundamental elements. Martingale takes a low-volatility approach to its investment process. The team focuses on two distinct components: risk mitigation and return enhancement. We expect Martingale's strategy to align with SEI's stability alpha source. We believe it should perform best in volatile and down markets, and expect it to lag when investors embrace risk.	**AQR Capital Management (December 2018)** Last year, the Fund's portfolio management team announced its goal of increasing alpha-source concentration in the Fund. AQR's strategy does not fully align with the stability alpha source. Therefore, we have decided to remove the strategy and replace it with strategies that provide better alignment with stability.

Manager changes cont.

Funds	Manager Addition and Rationale	Manager Termination and Rationale
SIIT Emerging Markets Debt	**<u>Marathon Asset Management (October 2018)</u>** Marathon's investment team believes most of its peers underperform because they take risk across a range of factors (such as beta, country, and sector, with varying degrees of success) rather than focusing on areas of core competencies. Marathon is positioned in the Fund as a low-tracking-error manager in the hard-currency space. Over time, we expect Marathon to generate incremental alpha and complement the other dedicated hard-currency manager in the Fund. We also think that Marathon has exhibited good risk mitigation in falling markets. **<u>Colchester Global Investors (October 2018)</u>** Colchester's philosophy is that investments should be valued by the income they will generate in real terms (inflation adjusted). As a value-oriented manager, Colchester invests in high yielding sovereign debt using proprietary inflation-forecasting tools. We expect Colchester to generate positive alpha during beta rallies, when volatility in the market is low or when real yield dispersion is high. This strategy complements the Fund's Investec local-currency mandate.	

SEI Capital Market Assumptions - Short Term - January 2019

	Compound Return	Risk	Arithmetic Return
Emerging Markets Equity (+ Frontier)	7.18%	29.27%	11.47%
World Equity ex-US	8.03%	22.63%	10.59%
Core Fixed Income	4.19%	6.62%	4.41%
U.S. High Yield	5.18%	12.75%	5.99%
Emerging Markets Debt	5.98%	15.52%	7.18%
US Small Cap Equity	7.71%	23.44%	10.46%
US Large Cap Fundamental Equity	6.69%	19.24%	8.54%
Short Term Corporate Fixed Income	2.91%	4.07%	2.99%
Diversified Short Term Fixed Income	4.00%	5.72%	4.16%
US Low Beta Equities	6.09%	15.20%	7.25%
Global Low Beta Equities	6.82%	14.05%	7.81%
S&P 500 Index	5.58%	19.00%	7.39%
Limited Duration Fixed Income	3.60%	2.62%	3.63%

Inflation: 2.00%

Please see important disclosures at the beginning of this section and at the back of the presentation.

SEI Capital Market Assumptions - Short Term - January 2019

Correlations	Emerging Markets Equity (+ Frontier)	World Equity ex-US	Core Fixed Income	U.S. High Yield	Emerging Markets Debt	US Small Cap Equity	US Large Cap Fundamental Equity	Short Term Corporate Fixed Income	Diversified Short Term Fixed Income	US Low Beta Equities	Global Low Beta Equities	S&P 500 Index	Limited Duration Fixed Income
Emerging Markets Equity (+ Frontier)	1.00												
World Equity ex-US	0.74	1.00											
Core Fixed Income	0.00	0.18	1.00										
U.S. High Yield	0.65	0.59	0.45	1.00									
Emerging Markets Debt	0.80	0.59	0.45	0.75	1.00								
US Small Cap Equity	0.70	0.80	0.15	0.65	0.60	1.00							
US Large Cap Fundamental Equity	0.75	0.87	0.25	0.65	0.65	0.90	1.00						
Short Term Corporate Fixed Income	0.35	0.26	0.65	0.60	0.40	0.25	0.25	1.00					
Diversified Short Term Fixed Income	0.45	0.41	0.35	0.80	0.50	0.45	0.45	0.89	1.00				
US Low Beta Equities	0.75	0.88	0.25	0.65	0.65	0.90	1.00	0.25	0.45	1.00			
Global Low Beta Equities	0.71	0.97	0.24	0.61	0.61	0.86	0.95	0.22	0.43	0.95	1.00		
S&P 500 Index	0.75	0.87	0.25	0.65	0.65	0.90	1.00	0.25	0.45	1.00	0.95	1.00	
Limited Duration Fixed Income	0.15	0.23	0.92	0.55	0.45	0.10	0.30	0.65	0.45	0.30	0.28	0.30	1.00

Please see important disclosures at the beginning of this section and at the back of the presentation.

SEI Capital Market Assumptions - Equilibrium - January 2019

	Compound Return	Risk	Arithmetic Return
Emerging Markets Equity (+ Frontier)	9.67%	29.27%	13.96%
World Equity ex-US	9.32%	22.63%	11.88%
Core Fixed Income	6.54%	6.62%	6.76%
U.S. High Yield	7.82%	12.75%	8.63%
Emerging Markets Debt	8.75%	15.52%	9.95%
US Small Cap Equity	10.15%	23.44%	12.90%
US Large Cap Fundamental Equity	9.11%	19.24%	10.96%
Short Term Corporate Fixed Income	4.90%	4.07%	4.98%
Diversified Short Term Fixed Income	5.52%	5.72%	5.68%
US Low Beta Equities	8.50%	15.20%	9.66%
Global Low Beta Equities	8.83%	14.05%	9.82%
S&P 500 Index	8.00%	19.00%	9.81%
Limited Duration Fixed Income	5.65%	2.62%	5.68%

Inflation: 2.50%

Please see important disclosures at the beginning of this section and at the back of the presentation.

SEI Capital Market Assumptions - Equilibrium - January 2019

Correlations	Emerging Markets Equity (+ Frontier)	World Equity ex-US	Core Fixed Income	U.S. High Yield	Emerging Markets Debt	US Small Cap Equity	US Large Cap Fundamental Equity	Short Term Corporate Fixed Income	Diversified Short Term Fixed Income	US Low Beta Equities	Global Low Beta Equities	S&P 500 Index	Limited Duration Fixed Income
Emerging Markets Equity (+ Frontier)	1.00												
World Equity ex-US	0.74	1.00											
Core Fixed Income	0.00	0.18	1.00										
U.S. High Yield	0.65	0.59	0.45	1.00									
Emerging Markets Debt	0.80	0.59	0.45	0.75	1.00								
US Small Cap Equity	0.70	0.80	0.15	0.65	0.60	1.00							
US Large Cap Fundamental Equity	0.75	0.87	0.25	0.65	0.65	0.90	1.00						
Short Term Corporate Fixed Income	0.35	0.26	0.65	0.60	0.40	0.25	0.25	1.00					
Diversified Short Term Fixed Income	0.45	0.41	0.35	0.80	0.50	0.45	0.45	0.89	1.00				
US Low Beta Equities	0.75	0.88	0.25	0.65	0.65	0.90	1.00	0.25	0.45	1.00			
Global Low Beta Equities	0.71	0.97	0.24	0.61	0.61	0.86	0.95	0.22	0.43	0.95	1.00		
S&P 500 Index	0.75	0.87	0.25	0.65	0.65	0.90	1.00	0.25	0.45	1.00	0.95	1.00	
Limited Duration Fixed Income	0.15	0.23	0.92	0.55	0.45	0.10	0.30	0.65	0.45	0.30	0.28	0.30	1.00

Please see important disclosures at the beginning of this section and at the back of the presentation.

Important information

SIMC develops forward-looking, long-term capital market assumptions for risk, return, and correlations for a variety of global asset classes, interest rates, and inflation. These assumptions are created using a combination of historical analysis, current market environment assessment and by applying our own judgment. In certain cases, alpha and tracking error estimates for a particular asset class are also factored into the assumptions. We believe this approach is less biased than using pure historical data, which is often biased by a particular time period or event.

The asset class assumptions are aggregated into a diversified portfolio, so that each portfolio can then be simulated through time using a monte-carlo simulation approach. This approach enables us to develop scenarios across a wide variety of market environments so that we can educate our clients with regard to the potential impact of market variability over time. Ultimately, the value of these assumptions is not in their accuracy as point estimates, but in their ability to capture relevant relationships and changes in those relationships as a function of economic and market influences.

The projections or other scenarios in this presentation are purely hypothetical and do not represent all possible outcomes. They do not reflect actual investment results and are not guarantees of future results. All opinions and estimates provided herein, including forecast of returns, reflect our judgment on the date of this report and are subject to change without notice. These opinions and analyses involve a number of assumptions which may not prove valid. The performance numbers are not necessarily indicative of the results you would obtain as a client of SIMC.

We believe our approach enables our clients to make more informed decisions related to the selection of their investment strategies.

For more information on how SIMC develops capital market assumptions, please refer to the SEI paper entitled *"Executive Summary: Developing Capital Market Assumptions for Asset Allocation Modeling."* For more information on how SIMC develops capital market assumptions or the actual assumptions utilized, please contact your SEI representative.

Important information

This presentation is provided by SEI Investments Management Corporation (SIMC), a registered investment adviser and wholly owned subsidiary of SEI Investments Company. The material included herein is based on the views of SIMC. Statements that are not factual in nature, including opinions, projections and estimates, assume certain economic conditions and industry developments and constitute only current opinions that are subject to change without notice. Nothing herein is intended to be a forecast of future events, or a guarantee of future results. This presentation should not be relied upon by the reader as research or investment advice (unless SIMC has otherwise separately entered into a written agreement for the provision of investment advice).

There are risks involved with investing including loss of principal. There is no assurance that the objectives of any strategy or fund will be achieved or will be successful.   No investment strategy, including diversification, can protect against market risk or loss. Current and future portfolio holdings are subject to risk. Past performance does not guarantee future results.

For those SEI products which employ a multi-manager structure, SIMC is responsible for overseeing the sub-advisers and recommending their hiring, termination, and replacement. References to specific securities, if any, are provided solely to illustrate SIMC's investment advisory services and do not constitute an offer or recommendation to buy, sell or hold such securities.

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 portfolio 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.

SEI Fixed Income Portfolio Management is a unit of SEI Investments Management Corporation, which serves as investment advisor.

Important information

This presentation is provided by SEI Investments Management Corporation (SIMC), a registered investment adviser and wholly owned subsidiary of SEI Investments Company. The material included herein is based on the views of SIMC. Statements that are not factual in nature, including opinions, projections and estimates, assume certain economic conditions and industry developments and constitute only current opinions that are subject to change without notice. Nothing herein is intended to be a forecast of future events, or a guarantee of future results. This presentation should not be relied upon by the reader as research or investment advice (unless SIMC has otherwise separately entered into a written agreement for the provision of investment advice).

There are risks involved with investing including loss of principal. There is no assurance that the objectives of any strategy or fund will be achieved or will be successful. No investment strategy, including diversification, can protect against market risk or loss. Current and future portfolio holdings are subject to risk. Past performance does not guarantee future results.

For those SEI funds which employ a "manager of managers" structure, SIMC is responsible for overseeing the sub-advisers and recommending their hiring, termination, and replacement. References to specific securities, if any, are provided solely to illustrate SIMC's investment advisory services and do not constitute an offer or recommendation to buy, sell or hold such securities.

Any presentation of gross mutual fund performance of underlying mutual fund investments or gross account level performance is only intended for one-on-one presentations with clients and may not be duplicated in any form by any means or redistributed without SIMC's prior written consent.

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.

SEI New ways. New answers.®