

# SGA U.S. Large Cap Equity

Record low interest rates and unprecedented levels of fiscal stimulus coupled with improving economic indicators contributed to U.S. markets extending their positive performance in the third quarter. Following a sustained rally in July and August, markets retreated in September with domestic stocks, as measured by the Russell 1000 Index, rising 9.47% in the third quarter. In this challenging environment, market leadership was narrow, and the U.S. Large Cap Equity strategy underperformed the benchmark.

The SGA Alpha Model underperformed during the quarter among U.S. large cap equities. The negative performance was led by particularly weak relative performance in the Quality and especially Valuation categories. The interaction between categories in the Model, particularly the Valuation and Quality interaction, also detracted. After contributing positively earlier in the year, the Sentiment category was also modestly negative in the quarter. The Growth category, which has been the top contributor this year, continued to perform well.

From a sector perspective, the underperformance was a result of negative stock selection, primarily in Information Technology and Consumer Discretionary. The negative selection was partially offset by positive selection in Health Care, Materials, and Utilities. In Information Technology, Citrix underperformed despite reporting positive second quarter operating results. Intel declined after announcing a delay in a key product release. Thermal barcode maker Zebra Technologies also detracted from performance as the brick and mortar retail environment remains weak. An underweight in NVIDIA and Apple also detracted from relative returns.

In Consumer Discretionary, eBay underperformed after being a top contributor in the second quarter. An underweight in Tesla also detracted from relative returns. In Health Care, Jazz Pharmaceuticals gained after reporting solid quarterly results. Demand for key drugs stayed resilient throughout the COVID-19 pandemic. IDEXX Laboratories was a strong contributor and reaffirmed robust long-term financial targets in the quarter. Medical equipment maker Hologic outperformed after reporting strong demand in COVID-19 tests. Chemical producer Celanese was a top contributor in Materials.

## Ten Calendar Years – Annual Composite Performance

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
<b>US Large Cap Equity (Gross) %</b>	18.87	5.85	16.02	36.54	14.12	0.88	9.44	27.42	-8.03	29.99	1.21
<b>US Large Cap Equity (Net)* %</b>	18.00	5.06	15.16	35.54	13.28	0.12	8.63	26.55	-8.54	29.29	0.78
<b>Russell 1000 Index (Gross) %</b>	16.10	1.50	16.42	33.11	13.24	0.92	12.05	21.69	-4.78	31.43	6.40
<b>SGA Relative (Gross) %</b>	2.78	4.35	-0.40	3.43	0.88	-0.04	-2.61	5.73	-3.25	-1.44	-5.19

\*Net of fees performance was calculated using the highest applicable annual management fee of 0.55% applied monthly effective October 1, 2017. Prior to October 1, 2017, net of fees performance was calculated using the highest applicable annual management fee of 0.75% applied monthly; actual investment advisory fees incurred by clients may vary.

A limited performance period of ten calendar years is shown, the inception of the strategy was June 30, 2007.

PERFORMANCE STATISTICS	U.S. LARGE CAP EQUITY	RUSSELL 1000 GROSS	PORTFOLIO CHARACTERISTICS	U.S. LARGE CAP EQUITY	RUSSELL 1000 GROSS
Standard Deviation	15.86%	15.96%	Number of Stocks	118	1,015
Upside Market Capture	99.58%	100%	Price/Earnings (1-Year Forecast)	19.0x	24.3x
Downside Market Capture	99.40%	100%	Price/Book	4.1x	3.5x
Information Ratio	0.02	--	Weighted Average Market Cap	\$344.0B	\$373.8B
			Median Market Cap	\$59.4B	\$139.7B
			Estimated Annual Turnover	40-60%	--

Performance statistics are calculated since inception of the strategy June 30, 2007, through September 30, 2020 based on gross of fees returns. The data listed is supplemental to the information contained in the Annual Disclosure Presentation, which is located at the end of this presentation. Portfolio characteristics are based on a representative account and calculated as of September 30, 2020.

SECTOR WEIGHTS*	U.S. LARGE CAP EQUITY (%)	RUSSELL 1000 GROSS (%)
Communication Services	12.70	10.26
Consumer Discretionary	11.11	12.27
Consumer Staples	4.91	6.47
Energy	2.52	1.92
Financials	9.74	9.61
Health Care	17.11	14.18
Industrials	6.63	8.63
Information Technology	28.64	28.02
Materials	2.83	2.68
Real Estate	2.01	3.13
Utilities	1.11	2.82
Cash	0.70	0.00

TOP 10 HOLDINGS*	U.S. LARGE CAP EQUITY (%)	RUSSELL 1000 GROSS (%)
MICROSOFT CORP COM	5.69	5.02
APPLE INC COM STK	4.59	5.96
AMAZON COM INC COM	3.83	4.26
FACEBOOK INC COM	3.16	2.01
ALPHABET INC CAPITAL	2.72	1.40
AMGEN INC COM	2.46	0.48
IDEXX LABS INC COM	2.39	0.11
MERCK & CO INC NEW	2.33	0.67
LOCKHEED MARTIN CORP	2.28	0.30
S&P GLOBAL INC COM	2.25	0.28
<b>Top 10 Holdings</b>	<b>31.70</b>	<b>20.49</b>

**SGA PORTFOLIO MANAGEMENT TEAM**
**Cynthia Tusan, CFA**

CEO, Senior Portfolio Manager  
31 years of investment experience

**Gary Baierl, PhD**

Chief Investment Officer  
22 years of investment experience

**Mark Wimer, CFA**

Senior Portfolio Manager  
25 years of investment experience

**Cherie Badri, CFA**

Director of Fundamental Research,  
Senior Portfolio Manager  
25 years of investment experience

**Brendan Skarra-Corson, CFA**

Senior Portfolio Manager  
13 years of investment experience

Source: FactSet, Russell, SGA

\*Holdings, sector, country, and regional diversification represents the holdings, sectors, and country weights in the SGA U.S. Large Cap Equity representative account as of the date noted. These holdings, sectors, country, and regional weights are subject to change without notice. Individual account data may vary. This information is supplemental to the Annual Disclosure Presentation.

The Russell 1000 Index (Gross) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of large capitalization U.S. securities.

Investors should consider all factors, including investment objectives, fee charges, other expenses and risks carefully before investing in this product. A foreign investment offers diversifying characteristics, but also involves greater risks than investing in securities of U.S. issuers, including currency, political and stock specific risks. SGA products may have a negative return in a variety of markets whether rising or falling. The foreign security performance can be volatile and investors could lose a substantial amount of their investments. This material should not be reproduced or distributed to anyone else, but used solely by the recipient and their investment advisors. This material provides information on Strategic Global Advisors and their investment strategies and is not intended to be construed as an offer to sell or buy their products.

There is potential for shortfall in any investment process due to a variety of factors including, but not limited to, data and system imperfections, analyst judgment, and the complex nature of designing and implementing portfolio construction systems and other quantitative models. Such shortfalls in systematic or quantitative processes in particular pose broader risk because they may be more pervasive in nature. Furthermore, SGA's systems may not necessarily perform in a manner in which they have historically performed or were intended to perform. SGA recognizes that such shortfalls are inherent to both fundamental and systematic or quantitative processes, and believes that combining both approaches improves the opportunity to reduce these shortfalls. However, these efforts may not necessarily result in the identification of profitable investments or the management of risk.

*A globally applied process  
integrating proprietary fundamental  
and quantitative research*

**SGA U.S. LARGE CAP EQUITY ANNUAL DISCLOSURE PRESENTATION**

YEAR END	TOTAL FIRM ASSETS (MILLIONS)	COMPOSITE ASSETS			ANNUAL PERFORMANCE RESULTS				3-YEAR ANNUALIZED EX-POST STANDARD DEVIATION***	
		USD (MILLIONS)	NO. OF ACCOUNTS	% OF WRAP ACCOUNTS	COMPOSITE GROSS**	COMPOSITE NET	RUSSELL 1000 INDEX (GROSS)	COMPOSITE DISPERSION	COMPOSITE GROSS	RUSSELL 1000 INDEX (GROSS)
2019	5,139	55	3	<1%	29.99%	29.29%	31.43%	N/A	13.18%	12.22%
2018	3,944	44	3	<1%	-8.03%	-8.54%	-4.78%	N/A	11.81%	11.11%
2017	4,085	90	4	<1%	27.42%	26.55%	21.69%	N/A	10.85%	10.11%
2016	3,023	97	4	<1%	9.44%	8.63%	12.05%	N/A	11.39%	10.84%
2015	2,548	65	2	<1%	0.88%	0.12%	0.92%	N/A	11.40%	10.63%
2014	1,141	53	2	<1%	14.12%	13.28%	13.24%	N/A	10.38%	9.25%
2013	715	52	2	<1%	36.54%	35.54%	33.11%	N/A	12.61%	12.43%
2012	441	<1	1	100%	16.02%	15.16%	16.42%	N/A	15.47%	15.62%
2011	313	<1	1	100%	5.85%	5.06%	1.50%	N/A	17.61%	19.22%
2010	153	<1	1	100%	18.87%	18.00%	16.10%	N/A	21.47%	22.60%
2009	145	<1	1	100%	23.95%	23.03%	28.43%	N/A	N/A	N/A
2008	128	<1	1	100%	-37.68%	-38.17%	-37.60%	N/A	N/A	N/A
2007*	109	<1	1	100%	0.85%	0.47%	-1.31%	N/A	N/A	N/A

N/A - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

\*Performance represents a non-annualized partial period return beginning on June 30, 2007.

\*\*The following periods, July 1, 2007 through December 31, 2007, August 1, 2008 through July 31, 2013 and after January 1, 2017, pure gross returns are shown as supplemental information for bundled fee accounts and are stated gross of all fees and transaction costs.

\*\*\*The 3-year annualized ex-post standard deviation is not shown when there are not 36 monthly performance returns available.

SGA U.S. Large Cap Equity Composite includes all discretionary, equity only accounts whose primary investment objective is growth, and secondarily yield, and are invested in U.S. large cap securities. This composite does not have a minimum account size. Beginning January 1, 2018, the composite is compared to the Russell 1000 Gross Index. This change was made because the Russell 1000 Gross Index is the most appropriate benchmark for clients in the strategy. This change of benchmark was made retroactively to the inception of the composite. From July 1, 2013 to December 31, 2017, the composite was compared to the Russell 1000 Net Index. The Russell 1000 Net Index is net of dividend withholding taxes applicable to foreign investors. This change was made at the request of SGA's clients investing in the strategy. From October 1, 2009 to June 30, 2013, the composite was compared to the MSCI USA Index. In late 2009, SGA consolidated its benchmarks with MSCI due to economic considerations. From June 30, 2007 to September 30, 2009, the composite was compared to the S&P 500 Index. The U.S. Large Cap Equity Composite was created June 30, 2007. Prior to December 31, 2016, the U.S. Large Cap Equity Composite was known as the U.S. Large Cap Core Equity Composite.

Strategic Global Advisors, LLC (SGA) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SGA has been independently verified for the periods December 1, 2005 through December 31, 2019.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firmwide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The U.S. Large Cap Equity Composite has been examined for the periods July 1, 2007 through December 31, 2019. The verification and performance examination reports are available upon request.

SGA is an independently registered investment advisor. The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm.

The U.S. dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. From July 1, 2007 through December 31, 2007 and August 1, 2008 through July 31, 2013, 100% of the composite consisted of bundled fee (or wrap fee) accounts. For bundled fee accounts, these accounts pay a fee based on a percentage of assets under management, which besides brokerage commissions, this fee includes portfolio monitoring, consulting services, and in some cases, custodial services. Gross returns are shown as supplemental information for bundled fee accounts and are stated gross of all fees and transaction costs. Net of fees performance was calculated using the highest applicable annual management fee of 0.55% applied monthly effective October 1, 2017. Prior to October 1, 2017, net of fees performance was calculated using the highest applicable annual management fee of 0.75% applied monthly. Between July 31, 2013 and December 31, 2016, gross and net returns were reduced by the fees for bundled fee account services. Prior to August 1, 2013, 100% of the composite was non-fee paying accounts. After August 1, 2013, non-fee paying accounts were less than 1% of the composite.

The annual composite dispersion presented is an asset weighted standard deviation calculated for the accounts in the composite the entire year and is only presented for periods with more than five accounts in for the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

From September 30, 2013 to March 31, 2014, composite policy included two scenarios that require the temporary removal of any portfolio due to a client initiated significant cash inflow or outflow: 1) When the cash inflow or outflow represents from over 5% to 10% of portfolio assets and it takes longer than five trading days to reduce cash levels to less than 5%, and 2) When the cash inflow or outflow represents more than 10% of portfolio assets. The temporary removal of such an account occurs at the beginning of the month in which the significant cash flow occurs and the account re-enters the composite at the beginning of the month after the cash level in the portfolio is reduced to less than 5%. Additional information regarding the treatment of significant cash flows is available upon request.

Past performance is not indicative of future results.

Maximum fee is 0.55%; actual investment advisory fees incurred by clients may vary.