

A globally applied fundamental process that integrates proprietary quantitative and fundamental research

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4th Quarter 2018 Newsletter

Falling Markets, Improving Valuations

Global equity markets retreated during the fourth quarter with considerable volatility in December as concerns over tighter financial conditions in the United States weighed on investor sentiment. Year to date, investors dealt with heightened volatility as markets discounted slower global economic growth due to more restrictive global monetary policies along with unresolved trade tensions between the U.S. and major trade partners. From a fundamental perspective, global equity valuations have become more attractive as earnings have risen while stock prices have fallen. Companies within the MSCI World Index reported over a 20% increase in year-over-year earnings in the first nine months of 2018, leaving many global stocks at a material discount compared to the beginning of the year.

[Click here for SGA's complete market overview and outlook.](#)

Strategy Update

The SGA equity strategies highlighted below have all outperformed their respective benchmarks since inception as of December 31, 2018.

International Equity	4Q-18	1 Yr	3 Yrs*	5 Yrs*	Since Inception* (11/30/05)
SGA (Gross)	-13.18	-15.34	2.13	2.22	5.34
SGA (Net)	-13.35	-15.98	1.22	1.27	4.32
MSCI EAFE (Net)	-12.54	-13.79	2.87	0.53	3.33
SGA Excess (Gross)	-0.64	-1.55	-0.74	1.69	2.01

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International ADR Equity	4Q-18	1 Yr	3 Yrs*	5 Yrs*	ITD* (6/30/06)
SGA (Gross)	-13.24	-14.33	2.19	2.38	4.03
SGA (Net)	-13.41	-14.98	1.31	1.46	3.11
MSCI EAFE (Net)	-12.54	-13.79	2.87	0.53	2.32
SGA Excess (Gross)	-0.70	-0.54	-0.68	1.85	1.71

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International ACWI ex-U.S. Equity	4Q-18	1 Yr	3 Yrs*	5 Yrs*	Since Inception* (6/30/15)
SGA (Gross)	-12.46	-14.72	3.94	-	1.25
SGA (Net)	-12.65	-15.45	2.97	-	0.30
MSCI ACWI ex USA (Net)	-11.46	-14.20	4.48	-	0.96
SGA Excess (Gross)	-1.00	-0.52	-0.54	-	0.29
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International Small Cap Equity	4Q-18	1 Yr	3 Yrs*	5 Yrs*	Since Inception* (3/31/10)
SGA (Gross)	-16.00	-21.57	3.62	3.76	9.63
SGA (Net)	-16.20	-22.29	2.34	2.38	8.11
MSCI World ex USA Small Cap (Net)	-16.16	-18.07	3.85	2.25	5.81
SGA Excess (Gross)	0.16	-3.50	-0.23	1.51	3.82
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International All Cap Equity	4Q-18	1 Yr	3 Yrs*	5 Yrs*	Since Inception* (4/30/08)
SGA (Gross)	-14.40	-16.78	3.12	2.96	3.51
SGA (Net)	-14.60	-17.50	2.16	1.98	2.50
MSCI World ex USA IMI (Net)	-13.28	-14.68	3.21	0.59	0.98
SGA Excess (Gross)	-1.12	-2.10	-0.09	2.37	2.53
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International SMID Cap Equity	4Q-18	1 Yr	3 Yrs*	5 Yrs*	Since Inception* (9/30/06)
SGA (Gross)	-14.49	-17.84	5.22	5.51	5.69
SGA (Net)	-14.69	-18.59	3.92	4.10	4.18
MSCI EAFE SMID Cap (Net)	-15.53	-16.95	3.24	2.55	3.37
SGA Excess (Gross)	1.04	-0.89	1.98	2.96	2.32
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Global Equity	4Q-18	1 Yr	3 Yrs*	5 Yrs*	Since Inception* (10/31/13)
SGA (Gross)	-14.66	-11.77	5.47	5.95	7.07
SGA (Net)	-14.83	-12.44	4.54	4.96	6.08
MSCI World (Net)	-13.42	-8.71	6.30	4.56	5.19
SGA Excess (Gross)	-1.24	-3.06	-0.83	1.39	1.88
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U.S. Large Cap Equity	4Q-18	1 Yr	3 Yrs*	5 Yrs*	Since Inception* (6/30/07)
SGA (Gross)	-15.80	-8.03	8.65	8.10	7.47
SGA (Net)	-15.93	-8.54	7.93	7.36	6.70
Russell 1000 (Gross)	-13.82	-4.78	9.09	8.21	6.85
SGA Excess (Gross)	-1.98	-3.25	-0.44	-0.11	0.62
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*Denotes an annualized return.

Returns denoted in percent.

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