



1st Quarter 2021 Newsletter

Valuation Not Just Value

Major equity market returns were overall positive in the first quarter with notable outperformance in value over growth, as rising fixed income yields posed a risk to elevated equity valuations. Moving forward, we expect a gradual shift towards normalcy in many developed regions, as an increasing supply of vaccines coupled with sizeable fiscal stimulus plans may lead to a surge in global economic growth. With improving growth prospects, there are concerns that the base effects of last year's low level of inflation could lead to a surprise in year-over-year inflation data in the next quarter. While a rapid rise in inflation and interest rates may pose a risk to global equity market gains, some economists view these inflationary pressures as transitory until there is a meaningful recovery in labor markets. Recent comments from the U.S. Federal Reserve remain supportive, while the European Central Bank and the Reserve Bank of Australia announced their intention to constrain sizeable increases in long-term yields. Whether near-term inflationary pressures will be transitory or not, it is a development we will be monitoring.

Over the past year, an abundance of liquidity promoted significant risk taking and speculation resulting in many non-profitable and poorly capitalized companies to outperform high quality companies. As global fixed income interest rates normalize, the narrative for a further material rise in valuations is less likely. We believe this environment favors investor focus on company profits and fundamentals, which creates more opportunities for active stock picking.

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

Strategy Update

International Equity Inception Date: 11/30/2005	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD
SGA (Gross)	-6.39%	19.97%	26.39%	2.59%	2.11%	0.43%	25.28%	-15.34%	19.76%	4.87%	3.69%
SGA (Net)	-7.32%	18.80%	25.16%	1.57%	1.10%	-0.57%	24.13%	-15.98%	18.88%	4.07%	3.50%
MSCI EAFE (Net)	-12.14%	17.32%	22.78%	-4.90%	-0.81%	1.00%	25.03%	-13.79%	22.01%	7.82%	3.48%
SGA Excess (Gross)	5.75%	2.65%	3.61%	7.49%	2.92%	-0.57%	0.25%	-1.55%	-2.25%	-2.95%	0.21%

[Click for the attribution and review](#)

[Click for Factsheet and additional disclosures](#)

International ADR Equity Inception Date: 6/30/2006	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD
SGA (Gross)	-8.54%	24.50%	24.38%	0.67%	4.67%	0.72%	23.69%	-14.33%	22.46%	6.86%	4.99%
SGA (Net)	-9.41%	23.34%	23.22%	-0.28%	3.68%	-0.23%	22.60%	-14.98%	21.56%	6.05%	4.79%
MSCI EAFE (Net)	-12.14%	17.32%	22.78%	-4.90%	-0.81%	1.00%	25.03%	-13.79%	22.01%	7.82%	3.48%
SGA Excess (Gross)	3.60%	7.18%	1.60%	5.57%	5.48%	-0.28%	-1.34%	-0.54%	0.45%	-0.96%	1.51%
	Click for the attribution and review					Click for Factsheet and additional disclosures					

International ACWI ex-U.S. Equity Inception Date: 6/30/2015	2015*	2016	2017	2018	2019	2020	2021 YTD
SGA (Gross)	-6.97%	1.61%	29.59%	-14.72%	22.08%	6.91%	4.85%
SGA (Net)	-7.44%	0.60%	28.38%	-15.45%	21.06%	5.99%	4.64%
MSCI ACWI ex USA (Net)	-9.32%	4.50%	27.19%	-14.20%	21.51%	10.65%	3.49%
SGA Excess (Gross)	2.35%	-2.89%	2.40%	-0.52%	0.57%	-3.74%	1.36%
	Click for the attribution and review			Click for Factsheet and additional disclosures			

*2015 represents partial year return starting from inception on June 30, 2015.

International Small Cap Equity Inception Date: 3/31/2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD
SGA (Gross)	-5.09%	20.15%	37.17%	-3.43%	11.95%	2.40%	38.54%	-21.57%	22.58%	7.17%	6.65%
SGA (Net)	-6.51%	18.39%	35.18%	-4.87%	10.30%	0.88%	36.73%	-22.29%	21.50%	6.19%	6.41%
MSCI World ex USA Small Cap (Net)	-15.81%	17.48%	25.55%	-5.35%	5.46%	4.32%	31.04%	-18.07%	25.41%	12.78%	4.88%
SGA Excess (Gross)	10.72%	2.67%	11.62%	1.92%	6.49%	-1.92%	7.50%	-3.50%	-2.83%	-5.61%	1.77%
	Click for the attribution and review					Click for Factsheet and additional disclosures					

International All Cap Equity Inception Date: 4/30/2008	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD
SGA (Gross)	-8.76%	21.00%	26.63%	1.01%	4.47%	1.30%	30.07%	-16.78%	23.22%	8.24%	5.60%
SGA (Net)	-9.68%	19.81%	25.40%	0.01%	3.43%	0.30%	28.85%	-17.50%	22.19%	7.31%	5.38%
MSCI World ex USA IMI (Net)	-12.66%	16.55%	21.57%	-4.45%	-1.95%	2.95%	25.17%	-14.68%	22.91%	8.32%	4.17%
SGA Excess (Gross)	3.90%	4.45%	5.06%	5.46%	6.42%	-1.65%	4.90%	-2.10%	0.31%	-0.08%	1.43%
	Click for the attribution and review					Click for Factsheet and additional disclosures					

International SMID Cap Equity Inception Date: 9/30/2006	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD
SGA (Gross)	-5.38%	20.55%	34.20%	0.48%	11.71%	2.51%	38.33%	-17.84%	20.20%	5.40%	6.09%
SGA (Net)	-6.80%	18.78%	32.25%	-1.01%	10.06%	0.98%	36.52%	-18.59%	19.14%	4.44%	5.86%
MSCI EAFE SMID Cap (Net)	-14.91%	18.96%	26.48%	-3.31%	6.61%	1.32%	30.78%	-16.95%	24.37%	11.34%	3.57%
SGA Excess (Gross)	9.53%	1.59%	7.72%	3.79%	5.10%	1.19%	7.55%	-0.89%	-4.17%	-5.94%	2.52%

[Click for the attribution and review](#)

[Click for Factsheet and additional disclosures](#)

Global Equity Inception Date: 10/31/2013	2013*	2014	2015	2016	2017	2018	2019	2020	2021 YTD
SGA (Gross)	6.64%	12.81%	0.86%	5.16%	26.46%	-11.77%	25.85%	10.22%	6.13%
SGA (Net)	6.46%	11.70%	-0.15%	4.12%	25.30%	-12.44%	24.92%	9.39%	5.94%
MSCI World (Net)	3.93%	4.94%	-0.87%	7.51%	22.40%	-8.71%	27.67%	15.90%	4.92%
SGA Excess (Gross)	2.71%	7.87%	1.73%	-2.35%	4.06%	-3.06%	-1.82%	-5.68%	1.21%

[Click for the attribution and review](#)

[Click for Factsheet and additional disclosures](#)

*2013 represents partial year return starting from inception on October 31, 2013.

U.S. Large Cap Equity Inception Date: 6/30/2007	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD
SGA (Gross)	5.85%	16.02%	36.54%	14.12%	0.88%	9.44%	27.42%	-8.03%	29.99%	12.77%	7.57%
SGA (Net)	5.06%	15.16%	35.54%	13.28%	0.12%	8.63%	26.55%	-8.54%	29.29%	12.15%	7.43%
Russell 1000 (Gross)	1.50%	16.42%	33.11%	13.24%	0.92%	12.05%	21.69%	-4.78%	31.43%	20.96%	5.91%
SGA Excess (Gross)	4.35%	-0.40%	3.43%	0.88%	-0.04%	-2.61%	5.73%	-3.25%	-1.44%	-8.19%	1.66%

[Click for the attribution and review](#)

[Click for Factsheet and additional disclosures](#)

A limited performance period of ten calendar years is shown for strategies with over ten years of performance history.

Was this newsletter forwarded to you from a colleague? [Click here to subscribe.](#)

Please feel free to contact us with any questions.

Strategic Global Advisors | Newport Beach, CA | [Email us](#) | (949) 706-2640

Strategic Global Advisors, LLC is an independent registered investment advisor. Past performance is not a guarantee of future results. Individual investor's returns may be higher or lower than the performance shown and the actual return of a client's account may fluctuate and at any given time to be worth more or less than the amount invested.

Performance results portrayed reflect the reinvestment of dividends and other earnings. Model fees have been utilized for net of fees calculations. For further detail on the model fees for each strategy, please click on the link for additional disclosures.

The person sending this email is an employee of Strategic Global Advisors, LLC, a registered investment advisor. This email (including any attachments) may contain confidential or privileged information intended only for the recipient addressed. If

you're not that person, you are hereby notified that any dissemination, distribution, copying, or other use of or reliance upon the information contained herein is strictly prohibited and may be unlawful. If you feel you have received this email in error, please notify us immediately by return email, and destroy this communication and all copies thereof, including all attachments.

Strategic Global Advisors, LLC does not guarantee that the integrity of this communication has been maintained nor that this communication is free of viruses, interceptions, or interference. Strategic Global Advisors, LLC accepts no liability for any errors or omissions arising as a result of this transmission, nor for any delay in its receipt or damage to your system. Furthermore, pursuant to Securities and Exchange Commission requirements, all incoming and outgoing email of Strategic Global Advisors, LLC is subject to review by its compliance department. As part of the compliance and surveillance of Strategic Global Advisors, LLC's business activities, this message may be read by persons other than the intended recipients.

To unsubscribe to future emails from this user, click here: [Unsubscribe](#)



Signatory of:



Important Risk Considerations: 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 processes in particular pose broader risk because they may be more pervasive in nature. Furthermore, the Advisor's systems may not necessarily perform in a manner in which they have historically performed or were intended to perform. The Advisor recognizes that such shortfalls are inherent to both fundamental and 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.