

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

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# 2<sup>nd</sup> Quarter 2019 Newsletter

## Is Volatility Here to Stay?

In the second quarter, global equities rebounded to near all-time highs overcoming ongoing trade issues, geo-political uncertainty, and slower economic growth. However, the past 12 months also displayed heightened volatility. The MSCI World Index advanced over 20% off its lows reached in December 2018. Equity markets recoiled in May and June as trade talks between the U.S. and China collapsed but subsequently rallied on the likelihood central banks will provide additional stimulus. We believe that large swings in investor sentiment are creating a disconnect between price, value, and fundamentals. SGA's view is that actively selecting high quality stocks with attractive valuations will become even more important in times of uncertainty.

[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 June 30, 2019.

International Equity	2Q-19	1 Yr	3 Yrs*	5 Yrs*	Since Inception* (11/30/05)
SGA (Gross)	1.70%	-1.08%	8.15%	3.17%	6.08%
SGA (Net)	1.51%	-1.82%	7.24%	2.24%	5.06%
MSCI EAFE (Net)	3.68%	1.08%	9.11%	2.25%	4.21%
SGA Excess (Gross)	-1.98%	-2.16%	-0.96%	0.92%	1.87%

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International ADR Equity	2Q-19	1 Yr	3 Yrs*	5 Yrs*	Since Inception* (6/30/06)
SGA (Gross)	2.93%	0.13%	8.39%	3.39%	4.88%
SGA (Net)	2.73%	-0.62%	7.50%	2.48%	3.96%
MSCI EAFE (Net)	3.68%	1.08%	9.11%	2.25%	3.27%
SGA Excess (Gross)	-0.75%	-0.95%	-0.72%	1.14%	1.61%

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<b>International ACWI ex-U.S. Equity</b>	<b>2Q-19</b>	<b>1 Yr</b>	<b>3 Yrs*</b>	<b>5 Yrs*</b>	<b>Since Inception* (6/30/15)</b>
SGA (Gross)	3.35%	1.49%	10.71%	-	4.57%
SGA (Net)	3.14%	0.63%	9.71%	-	3.60%
MSCI ACWI ex USA (Net)	2.98%	1.29%	9.39%	-	4.11%
SGA Excess (Gross)	0.37%	0.20%	1.32%	-	0.46%

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<b>International Small Cap Equity</b>	<b>2Q-19</b>	<b>1 Yr</b>	<b>3 Yrs*</b>	<b>5 Yrs*</b>	<b>Since Inception* (3/31/10)</b>
SGA (Gross)	0.80%	-8.93%	8.80%	4.92%	10.51%
SGA (Net)	0.58%	-9.75%	7.56%	3.58%	9.00%
MSCI World ex USA Small Cap (Net)	1.76%	-6.17%	8.38%	3.39%	6.88%
SGA Excess (Gross)	-0.96%	-2.76%	0.42%	1.53%	3.62%

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<b>International All Cap Equity</b>	<b>2Q-19</b>	<b>1 Yr</b>	<b>3 Yrs*</b>	<b>5 Yrs*</b>	<b>Since Inception* (4/30/08)</b>
SGA (Gross)	2.24%	-1.14%	9.47%	4.27%	4.62%
SGA (Net)	2.02%	-1.98%	8.48%	3.29%	3.60%
MSCI World ex USA IMI (Net)	3.50%	0.16%	8.92%	2.22%	2.16%
SGA Excess (Gross)	-1.26%	-1.30%	0.55%	2.05%	2.46%

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<b>International SMID Cap Equity</b>	<b>2Q-19</b>	<b>1 Yr</b>	<b>3 Yrs*</b>	<b>5 Yrs*</b>	<b>Since Inception* (9/30/06)</b>
SGA (Gross)	-0.12%	-4.09%	11.27%	6.22%	6.40%
SGA (Net)	-0.35%	-4.95%	10.01%	4.86%	4.91%
MSCI EAFE SMID Cap (Net)	2.42%	-4.26%	8.92%	3.94%	4.24%
SGA Excess (Gross)	-2.54%	0.17%	2.35%	2.28%	2.16%

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<b>Global Equity</b>	<b>2Q-19</b>	<b>1 Yr</b>	<b>3 Yrs*</b>	<b>5 Yrs*</b>	<b>Since Inception* (10/31/13)</b>
SGA (Gross)	2.35%	1.84%	11.16%	6.79%	9.02%
SGA (Net)	2.16%	1.08%	10.22%	5.83%	8.02%
MSCI World (Net)	4.00%	6.33%	11.77%	6.60%	7.66%

<b>SGA Excess (Gross)</b>	<b>-1.65%</b>	<b>-4.49%</b>	<b>-0.61%</b>	<b>0.19%</b>	<b>1.36%</b>
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U.S. Large Cap Equity	2Q-19	1 Yr	3 Yrs*	5 Yrs*	Since Inception* (6/30/07)
<b>SGA (Gross)</b>	<b>4.23%</b>	<b>6.37%</b>	<b>14.71%</b>	<b>10.25%</b>	<b>8.62%</b>
<b>SGA (Net)</b>	<b>4.09%</b>	<b>5.78%</b>	<b>13.99%</b>	<b>9.50%</b>	<b>7.85%</b>
<b>Russell 1000 (Gross)</b>	<b>4.25%</b>	<b>10.02%</b>	<b>14.15%</b>	<b>10.45%</b>	<b>8.10%</b>
<b>SGA Excess (Gross)</b>	<b>-0.02%</b>	<b>-3.65%</b>	<b>0.56%</b>	<b>-0.20%</b>	<b>0.52%</b>
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\*Denotes an annualized return.

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