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# 2<sup>nd</sup> Quarter 2020 Newsletter

## Showing Signs of a Prolonged Recovery

In the second quarter, the MSCI World Net Index advanced 19.36% overcoming mixed economic data, climbing infection rates, and escalating political tensions. Despite recent economic indicators suggesting a rebound in areas within the global economy, the path to recovery is likely to remain uneven. In June, the International Monetary Fund revised downward its global growth forecast and now expects a contraction of 4.9% in 2020, which is notably below the -3.0% forecast made in April. A return to normalcy in economic activity likely hinges on a more permanent solution such as a vaccine.

Credit facilities launched to bridge near-term corporate liquidity gaps powered a strong rally in companies with high financial risk profiles. Although an immediate credit crisis has largely been averted, a resurgence of the virus may lead to further financial stress in credit markets as aggregate demand remains weak and traditional business models are challenged. In May, Standard & Poor's reported a notable jump in year-over-year global corporate default rates and expects defaults to continue through 2020. Economic challenges will likely persist; however, we believe that our investment process based primarily on company fundamentals and a disciplined quantitative process should perform well in an environment where high quality companies with sound fundamentals are needed to ride out periods of elevated volatility and uncertainty.

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

## Strategy Update

International Equity Inception Date: 11/30/2005	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
SGA (Gross)	12.47%	-6.39%	19.97%	26.39%	2.59%	2.11%	0.43%	25.28%	-15.34%	19.76%	-11.89%
SGA (Net)	11.36%	-7.32%	18.80%	25.16%	1.57%	1.10%	-0.57%	24.13%	-15.98%	18.88%	-12.23%
MSCI EAFE (Net)	7.75%	-12.14%	17.32%	22.78%	-4.90%	-0.81%	1.00%	25.03%	-13.79%	22.01%	-11.34%
SGA Excess (Gross)	4.72%	5.75%	2.65%	3.61%	7.49%	2.92%	-0.57%	0.25%	-1.55%	-2.25%	-0.55%

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<b>International ADR Equity</b> Inception Date: 6/30/2006	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
SGA (Gross)	9.79%	-8.54%	24.50%	24.38%	0.67%	4.67%	0.72%	23.69%	-14.33%	22.46%	-10.94%
SGA (Net)	8.76%	-9.41%	23.34%	23.22%	-0.28%	3.68%	-0.23%	22.60%	-14.98%	21.56%	-11.28%
MSCI EAFE (Net)	7.75%	-12.14%	17.32%	22.78%	-4.90%	-0.81%	1.00%	25.03%	-13.79%	22.01%	-11.34%
SGA Excess (Gross)	2.04%	3.60%	7.18%	1.60%	5.57%	5.48%	-0.28%	-1.34%	-0.54%	0.45%	0.40%
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<b>International ACWI ex-U.S. Equity</b> Inception Date: 6/30/2015	2015*	2016	2017	2018	2019	2020 YTD
SGA (Gross)	-6.97%	1.61%	29.59%	-14.72%	22.08%	-11.21%
SGA (Net)	-7.44%	0.60%	28.38%	-15.45%	21.06%	-11.60%
MSCI ACWI ex USA (Net)	-9.32%	4.50%	27.19%	-14.20%	21.51%	-11.00%
SGA Excess (Gross)	2.35%	-2.89%	2.40%	-0.52%	0.57%	-0.21%
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\*2015 represents partial year return starting from inception on June 30, 2015.

<b>International Small Cap Equity</b> Inception Date: 3/31/2010	2010*	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
SGA (Gross)	18.95%	-5.09%	20.15%	37.17%	-3.43%	11.95%	2.40%	38.54%	-21.57%	22.58%	-14.30%
SGA (Net)	17.64%	-6.51%	18.39%	35.18%	-4.87%	10.30%	0.88%	36.73%	-22.29%	21.50%	-14.70%
MSCI World ex USA Small Cap (Net)	18.12%	-15.81%	17.48%	25.55%	-5.35%	5.46%	4.32%	31.04%	-18.07%	25.41%	-12.87%
SGA Excess (Gross)	0.83%	10.72%	2.67%	11.62%	1.92%	6.49%	-1.92%	7.50%	-3.50%	-2.83%	-1.43%
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\*2010 represents partial year return starting from inception on March 31, 2010.

<b>International All Cap Equity</b> Inception Date: 4/30/2008	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
SGA (Gross)	13.95%	-8.76%	21.00%	26.63%	1.01%	4.47%	1.30%	30.07%	-16.78%	23.22%	-11.25%
SGA (Net)	12.82%	-9.68%	19.81%	25.40%	0.01%	3.43%	0.30%	28.85%	-17.50%	22.19%	-11.64%
MSCI World ex USA IMI (Net)	10.66%	-12.66%	16.55%	21.57%	-4.46%	-1.95%	2.95%	25.17%	-14.68%	22.91%	-11.68%
SGA Excess (Gross)	3.29%	3.90%	4.45%	5.06%	5.47%	6.42%	-1.65%	4.90%	-2.10%	0.31%	0.43%
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<b>International SMID Cap Equity</b> Inception Date: 9/30/2006	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
<b>SGA (Gross)</b>	20.37%	-5.38%	20.55%	34.20%	0.48%	11.71%	2.51%	38.33%	-17.84%	20.20%	-14.31%
<b>SGA (Net)</b>	18.60%	-6.80%	18.78%	32.25%	-1.01%	10.06%	0.98%	36.52%	-18.59%	19.14%	-14.70%
<b>MSCI EAFE SMID Cap (Net)</b>	17.37%	-14.91%	18.96%	26.48%	-3.31%	6.61%	1.32%	30.78%	-16.95%	24.37%	-12.46%
<b>SGA Excess (Gross)</b>	3.00%	9.53%	1.59%	7.72%	3.79%	5.10%	1.19%	7.55%	-0.89%	-4.17%	-1.85%
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<b>Global Equity</b> Inception Date: 10/31/2013	2013*	2014	2015	2016	2017	2018	2019	2020 YTD
<b>SGA (Gross)</b>	6.64%	12.81%	0.86%	5.16%	26.46%	-11.77%	25.85%	-7.35%
<b>SGA (Net)</b>	6.46%	11.70%	-0.15%	4.12%	25.30%	-12.44%	24.92%	-7.70%
<b>MSCI World (Net)</b>	3.93%	4.94%	-0.87%	7.51%	22.40%	-8.71%	27.67%	-5.77%
<b>SGA Excess (Gross)</b>	2.71%	7.87%	1.73%	-2.35%	4.06%	-3.06%	-1.82%	-1.58%
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\*2013 represents partial year return starting from inception on October 31, 2013.

<b>U.S. Large Cap Equity</b> Inception Date: 6/30/2007	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
<b>SGA (Gross)</b>	18.87%	5.85%	16.02%	36.54%	14.12%	0.88%	9.44%	27.42%	-8.03%	29.99%	-4.26%
<b>SGA (Net)</b>	18.00%	5.06%	15.16%	35.54%	13.28%	0.12%	8.63%	26.55%	-8.54%	29.29%	-4.52%
<b>Russell 1000 (Gross)</b>	16.10%	1.50%	16.42%	33.11%	13.24%	0.92%	12.05%	21.69%	-4.78%	31.43%	-2.81%
<b>SGA Excess (Gross)</b>	2.77%	4.35%	-0.40%	3.43%	0.88%	-0.04%	-2.61%	5.73%	-3.25%	-1.44%	-1.45%
	<a href="#">Click for the attribution and review</a>					<a href="#">Click for Factsheet and additional disclosures</a>					

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