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# 3<sup>rd</sup> Quarter 2020 Newsletter

## Signs of Recovery Overshadow Elevated Volatility

In the third quarter, most major equity benchmarks delivered positive returns, extending the recovery off March lows. Corporate earnings are projected to stage a sharp rebound from the declines reported in the second quarter and are estimated to recoup much of those losses by the end of 2021. Nevertheless, rising levels of sovereign debt could render additional stimulus measures less likely, potentially weighing on consumer spending and business activity. Substantial progress has been made in the recovery; however, near-term equity market volatility may stay elevated as geopolitical, health, and economic risks remain.

Record-low global interest rates have contributed to the narrative for higher valuations of growth stocks as these companies are expected to generate more of their free cash flow in the distant future. The gap between global growth and value stocks has reached levels not seen since the late 1990's technology bubble. Part of this relative performance can be justified as economies shift to a digital world, and the demand for work-from-home solutions are likely to persist well after the pandemic subsides. On the other hand, a portion of the relative outperformance can be attributed to speculation and increased risk taking which has created a challenging environment for investors that focus on long-term fundamentals. In some cases, traditional measures of a company's intrinsic value have been abandoned. In this environment, having a proven framework for stock selection and managing risk is increasingly important.

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## 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%	-7.51%
SGA (Net)	11.36%	-7.32%	18.80%	25.16%	1.57%	1.10%	-0.57%	24.13%	-15.98%	18.88%	-8.04%
MSCI EAFE (Net)	7.75%	-12.14%	17.32%	22.78%	-4.90%	-0.81%	1.00%	25.03%	-13.79%	22.01%	-7.09%
SGA Excess (Gross)	4.72%	5.75%	2.65%	3.61%	7.49%	2.92%	-0.57%	0.25%	-1.55%	-2.25%	-0.42%

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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
<b>SGA (Gross)</b>	9.79%	-8.54%	24.50%	24.38%	0.67%	4.67%	0.72%	23.69%	-14.33%	22.46%	-5.66%
<b>SGA (Net)</b>	8.76%	-9.41%	23.34%	23.22%	-0.28%	3.68%	-0.23%	22.60%	-14.98%	21.56%	-6.20%
<b>MSCI EAFE (Net)</b>	7.75%	-12.14%	17.32%	22.78%	-4.90%	-0.81%	1.00%	25.03%	-13.79%	22.01%	-7.09%
<b>SGA Excess (Gross)</b>	2.04%	3.60%	7.18%	1.60%	5.57%	5.48%	-0.28%	-1.34%	-0.54%	0.45%	1.43%
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<b>International ACWI ex-U.S. Equity</b> Inception Date: 6/30/2015	2015*	2016	2017	2018	2019	2020 YTD
<b>SGA (Gross)</b>	-6.97%	1.61%	29.59%	-14.72%	22.08%	-6.22%
<b>SGA (Net)</b>	-7.44%	0.60%	28.38%	-15.45%	21.06%	-6.83%
<b>MSCI ACWI ex USA (Net)</b>	-9.32%	4.50%	27.19%	-14.20%	21.51%	-5.44%
<b>SGA Excess (Gross)</b>	2.35%	-2.89%	2.40%	-0.52%	0.57%	-0.78%
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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
<b>SGA (Gross)</b>	18.95%	-5.09%	20.15%	37.17%	-3.43%	11.95%	2.40%	38.54%	-21.57%	22.58%	-5.67%
<b>SGA (Net)</b>	17.64%	-6.51%	18.39%	35.18%	-4.87%	10.30%	0.88%	36.73%	-22.29%	21.50%	-6.32%
<b>MSCI World ex USA Small Cap (Net)</b>	18.12%	-15.81%	17.48%	25.55%	-5.35%	5.46%	4.32%	31.04%	-18.07%	25.41%	-4.05%
<b>SGA Excess (Gross)</b>	0.83%	10.72%	2.67%	11.62%	1.92%	6.49%	-1.92%	7.50%	-3.50%	-2.83%	-1.62%
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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
<b>SGA (Gross)</b>	13.95%	-8.76%	21.00%	26.63%	1.01%	4.47%	1.30%	30.07%	-16.78%	23.22%	-4.81%
<b>SGA (Net)</b>	12.82%	-9.68%	19.81%	25.40%	0.01%	3.43%	0.30%	28.85%	-17.50%	22.19%	-5.46%
<b>MSCI World ex USA IMI (Net)</b>	10.66%	-12.66%	16.55%	21.57%	-4.46%	-1.95%	2.95%	25.17%	-14.68%	22.91%	-6.70%
<b>SGA Excess (Gross)</b>	3.29%	3.90%	4.45%	5.06%	5.47%	6.42%	-1.65%	4.90%	-2.10%	0.31%	1.89%
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International SMID Cap Equity Inception Date: 9/30/2006	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
SGA (Gross)	20.37%	-5.38%	20.55%	34.20%	0.48%	11.71%	2.51%	38.33%	-17.84%	20.20%	-7.75%
SGA (Net)	18.60%	-6.80%	18.78%	32.25%	-1.01%	10.06%	0.98%	36.52%	-18.59%	19.14%	-8.38%
MSCI EAFE SMID Cap (Net)	17.37%	-14.91%	18.96%	26.48%	-3.31%	6.61%	1.32%	30.78%	-16.95%	24.37%	-4.73%
SGA Excess (Gross)	3.00%	9.53%	1.59%	7.72%	3.79%	5.10%	1.19%	7.55%	-0.89%	-4.17%	-3.02%

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Global Equity Inception Date: 10/31/2013	2013*	2014	2015	2016	2017	2018	2019	2020 YTD
SGA (Gross)	6.64%	12.81%	0.86%	5.16%	26.46%	-11.77%	25.85%	-2.48%
SGA (Net)	6.46%	11.70%	-0.15%	4.12%	25.30%	-12.44%	24.92%	-3.03%
MSCI World (Net)	3.93%	4.94%	-0.87%	7.51%	22.40%	-8.71%	27.67%	1.70%
SGA Excess (Gross)	2.71%	7.87%	1.73%	-2.35%	4.06%	-3.06%	-1.82%	-4.18%

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

U.S. Large Cap Equity Inception Date: 6/30/2007	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
SGA (Gross)	18.87%	5.85%	16.02%	36.54%	14.12%	0.88%	9.44%	27.42%	-8.03%	29.99%	1.21%
SGA (Net)	18.00%	5.06%	15.16%	35.54%	13.28%	0.12%	8.63%	26.55%	-8.54%	29.29%	0.78%
Russell 1000 (Gross)	16.10%	1.50%	16.42%	33.11%	13.24%	0.92%	12.05%	21.69%	-4.78%	31.43%	6.40%
SGA Excess (Gross)	2.77%	4.35%	-0.40%	3.43%	0.88%	-0.04%	-2.61%	5.73%	-3.25%	-1.44%	-5.19%

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