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# 4<sup>th</sup> Quarter 2020 Newsletter

## Low Rates and High Valuations Press On

Following the largest economic declines since the Great Depression, the recovery has exceeded earlier expectations with the promise of several successful vaccines supporting a positive 2021 outlook. The full effect of monetary and fiscal stimulus policies is likely to extend throughout next year, with growing optimism that pent-up consumer demand for service industries hampered by restrictions could deliver a wave of growth. The year 2020 was unprecedented, marked by a global pandemic, extraordinarily low to negative interest rates, and record amounts of fiscal stimulus and liquidity. SGA's outlook at the beginning of the year called for an environment where elevated valuation levels could create a better opportunity to identify undervalued stocks. In many ways, valuations and fundamentals took a backseat to the pandemic and liquidity. Driven by suppressed interest rates and rising inflation expectations, the quantity of global bonds with negative yields now exceeds \$18 trillion. The narrative for sustaining high valuations is partially dependent on interest rates staying anchored to the lower bound.

Most major equity indices will begin 2021 at higher valuation levels than in 2020; nonetheless, investing opportunities exist as many stocks have not fully participated in the rally and have yet to reflect the rebound in demand. In this environment, we welcome a possible shift in focus from exogenous factors towards company fundamentals.

[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
SGA (Gross)	12.47%	-6.39%	19.97%	26.39%	2.59%	2.11%	0.43%	25.28%	-15.34%	19.76%	4.87%
SGA (Net)	11.36%	-7.32%	18.80%	25.16%	1.57%	1.10%	-0.57%	24.13%	-15.98%	18.88%	4.07%
MSCI EAFE (Net)	7.75%	-12.14%	17.32%	22.78%	-4.90%	-0.81%	1.00%	25.03%	-13.79%	22.01%	7.82%
SGA Excess (Gross)	4.72%	5.75%	2.65%	3.61%	7.49%	2.92%	-0.57%	0.25%	-1.55%	-2.25%	-2.95%

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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
<b>SGA (Gross)</b>	9.79%	-8.54%	24.50%	24.38%	0.67%	4.67%	0.72%	23.69%	-14.33%	22.46%	6.86%
<b>SGA (Net)</b>	8.76%	-9.41%	23.34%	23.22%	-0.28%	3.68%	-0.23%	22.60%	-14.98%	21.56%	6.05%
<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%	7.82%
<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%	-0.96%
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<b>International ACWI ex-U.S. Equity</b> Inception Date: 6/30/2015	2015*	2016	2017	2018	2019	2020
<b>SGA (Gross)</b>	-6.97%	1.61%	29.59%	-14.72%	22.08%	6.91%
<b>SGA (Net)</b>	-7.44%	0.60%	28.38%	-15.45%	21.06%	5.99%
<b>MSCI ACWI ex USA (Net)</b>	-9.32%	4.50%	27.19%	-14.20%	21.51%	10.65%
<b>SGA Excess (Gross)</b>	2.35%	-2.89%	2.40%	-0.52%	0.57%	-3.74%
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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
<b>SGA (Gross)</b>	18.95%	-5.09%	20.15%	37.17%	-3.43%	11.95%	2.40%	38.54%	-21.57%	22.58%	7.17%
<b>SGA (Net)</b>	17.64%	-6.51%	18.39%	35.18%	-4.87%	10.30%	0.88%	36.73%	-22.29%	21.50%	6.19%
<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%	12.78%
<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%	-5.61%
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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
<b>SGA (Gross)</b>	13.95%	-8.76%	21.00%	26.63%	1.01%	4.47%	1.30%	30.07%	-16.78%	23.22%	8.24%
<b>SGA (Net)</b>	12.82%	-9.68%	19.81%	25.40%	0.01%	3.43%	0.30%	28.85%	-17.50%	22.19%	7.23%
<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%	8.32%
<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%	-0.08%
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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
<b>SGA (Gross)</b>	20.37%	-5.38%	20.55%	34.20%	0.48%	11.71%	2.51%	38.33%	-17.84%	20.20%	5.40%
<b>SGA (Net)</b>	18.60%	-6.80%	18.78%	32.25%	-1.01%	10.06%	0.98%	36.52%	-18.59%	19.14%	4.44%
<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%	11.34%
<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%	-5.94%
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<b>Global Equity</b> Inception Date: 10/31/2013	2013*	2014	2015	2016	2017	2018	2019	2020
<b>SGA (Gross)</b>	6.64%	12.81%	0.86%	5.16%	26.46%	-11.77%	25.85%	10.22%
<b>SGA (Net)</b>	6.46%	11.70%	-0.15%	4.12%	25.30%	-12.44%	24.92%	9.39%
<b>MSCI World (Net)</b>	3.93%	4.94%	-0.87%	7.51%	22.40%	-8.71%	27.67%	15.90%
<b>SGA Excess (Gross)</b>	2.71%	7.87%	1.73%	-2.35%	4.06%	-3.06%	-1.82%	-5.68%
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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
<b>SGA (Gross)</b>	18.87%	5.85%	16.02%	36.54%	14.12%	0.88%	9.44%	27.42%	-8.03%	29.99%	12.77%
<b>SGA (Net)</b>	18.00%	5.06%	15.16%	35.54%	13.28%	0.12%	8.63%	26.55%	-8.54%	29.29%	12.15%
<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%	20.96%
<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%	-8.19%
	<a href="#">Click for the attribution and review</a>					<a href="#">Click for Factsheet and additional disclosures</a>					

Please note that net of fees performance for 2008 was misstated in presentation material provided to prospective clients from 3Q2016 - 4Q2020. The corrected performance is included here. Please contact SGA if you have questions.

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

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