



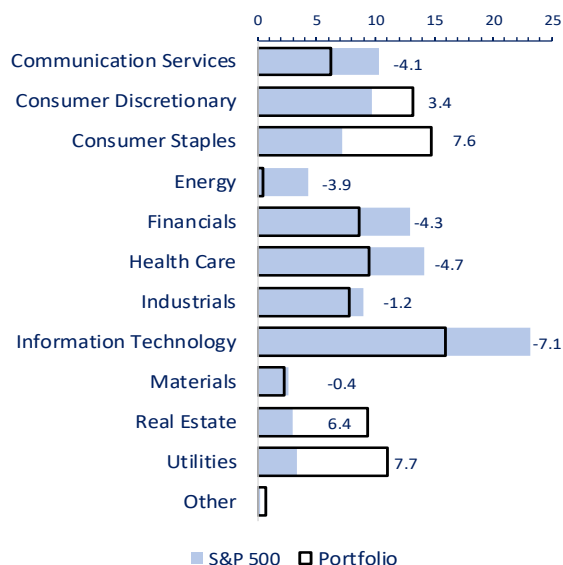
# U.S. LARGE CAP EQUITY

SGI Performance	4Q19	1 Yr	3 Yrs	5 Yrs
US Large Cap Gross	3.78%	28.23%	15.12%	11.91%
US Large Cap Net	3.57%	27.20%	14.28%	11.06%
S&P 500 Total Return	9.06%	31.47%	15.26%	11.69%

The equity markets had a very strong 4<sup>th</sup> quarter and full year. On a gross basis, the SGI US Large Cap equity strategy underperformed its benchmark, the S&P 500 Index, by 3.24% for the year all of it coming during the 4<sup>th</sup> quarter 5.28% underperformance. All SGI equity strategies maintain lower overall portfolio risk than their respective benchmarks.

During December the House of Representatives impeached President Trump. The Senate trial is unlikely to remove him from office. A “phase one” trade deal has been agreed upon by the U.S. and China. The economy continues its modest growth averaging 2.1% during the previous quarter. Industrial production and manufacturing have been weak, but consumer and services sectors continue to grow modestly. Although the effective Fed funds rate fell from 2.40% to 1.55% during the year, the futures markets have already priced in a 96.3% probability of at least another 25 basis point cut during 2020.

Portfolio sector weights are shown below:



The three best performing companies were:

- **Humana (HUM)** up 43.57% as the government finalized a new fee disclosure rule with low non-compliance fees.
- **UnitedHealth (UNH)** up 35.80% as the government finalized a new fee disclosure rule with low non-compliance fees.
- **Apple (AAPL)** up 31.50% as analysts increased target prices due to successes in their Wearables, Accessories, and Services businesses.

The three worst performing companies were:

- **Public Storage (PSA)** declined 12.32% as analysts expressed concerns over the company’s low earnings visibility amid elevated industry supply.
- **W.P. Carey (WPC)** declined 9.40% as acquisition and investment volumes lag street expectations, resulting in a cut to growth outlook by the company management.
- **Essex Property Trust (ESS)** declined 7.30% as analysts expect new supply in West Coast residential real estate to limit blended rent growth for the company.

Characteristics	Portfolio	S&P 500
Strategy Assets (\$ Million)	736.1	-
Number of Holdings	104	506
Beta*	0.85	1.00
Standard Deviation*	10.8%	11.9%
Market Cap. (\$ Billion)	30.5	127.1
Price to Trailing Earnings	25.8	24.1
Price to Cash Flow	18.7	17.5
Price to Book	4.8	4.8
Enterprise Value to Sales	4.4	4.6
Debt as % of Assets	38.7	30.6
Dividend Yield (%)**	1.86	1.82
Return on Equity (%)	20.1	20.6

\* Beta & Standard Deviation 36 months

\*\* Dividend Yield index method, all other data weighted median

Top 10 Holdings	Ticker	Position
NVR INC	NVR	2.8%
S&P GLOBAL INC	SPGI	2.7%
VERIZON COMMUNICATIONS INC	VZ	2.6%
ESSEX PROPERTY TRUST INC	ESS	2.6%
WALMART INC	WMT	2.6%
FLOWERS FOODS INC	FLO	2.5%
AMERICAN WATER WORKS CO INC	AWK	2.4%
TORO CO	TTC	2.2%
EQUITY LIFESTYLE PROPERTIES	ELS	2.2%
TJX COMPANIES INC	TJX	2.2%

This document is provided to you solely as an informational piece. It does not constitute an offer, a solicitation of an offer, advice, or a recommendation to invest with Summit Global Investments and may not be construed as such. This informational piece should not serve as the only basis of any investment decision. This document is intended exclusively for the use of those to whom it was delivered. Please refer to the Summit Global Investments ADV Part 2 for information regarding fees. Past performance is no guarantee of future results. Your actual returns may vary. Factors which will impact returns include, but are not limited to, the advisory fee charged by SGI, directed brokerage costs and fees charged by the Custodian. Other factors which may affect the return of your investment include, but are not limited to, the custodian selected, additional fees on transactions, timing of your investment, timing of trades placed with the custodian and when advisory fees are taken out of your account. See SGI’s ADV for additional information regarding this strategy. Before investing, consider the investment objectives, risks, charges, and expenses of the strategy’s various investment options. See [www.summitglobalinvestments.com](http://www.summitglobalinvestments.com) for a fund prospectus and statement of additional information. Please read carefully.