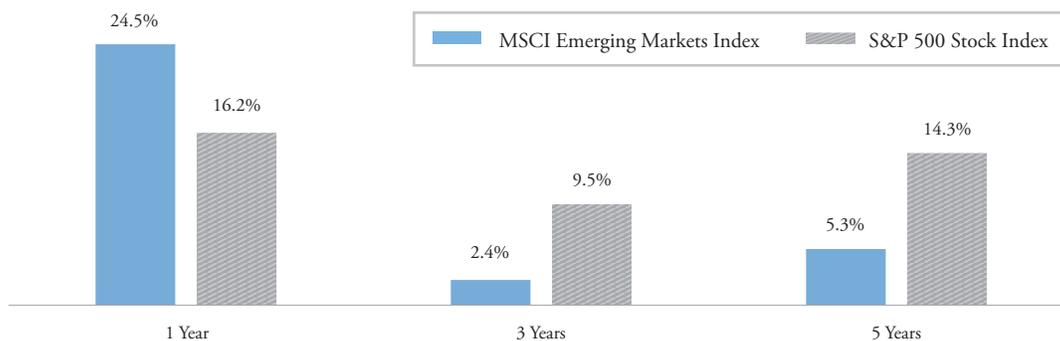


Are Emerging Markets Still a Buy?

Over the first eight months of 2017, Emerging Market (EM) equities have been among the strongest performing asset classes. The MSCI Emerging Markets Index posted a 28.3% return through the end of August, compared with 17.0% for the MSCI EAFE Index, and 11.9% for the S&P 500 (all figures in U.S. dollars). Does this strong performance suggest that Emerging Markets have had their run and are likely to decline from here?

Of course, it's impossible to accurately predict near-term movements in any stock market, much less those comprising the Emerging Markets. However, we believe that the longer-term outlook for many EM stocks remains very attractive. One reason for optimism is that even though recent returns have been robust, returns over the trailing three- and five-year time frames have been significantly below that of other asset classes such as U.S. stocks (see chart below). This suggests that there might be an extended period of "catch-up" for EM stocks to outperform other alternatives.

ANNUALIZED RETURNS AS OF 8/31/17

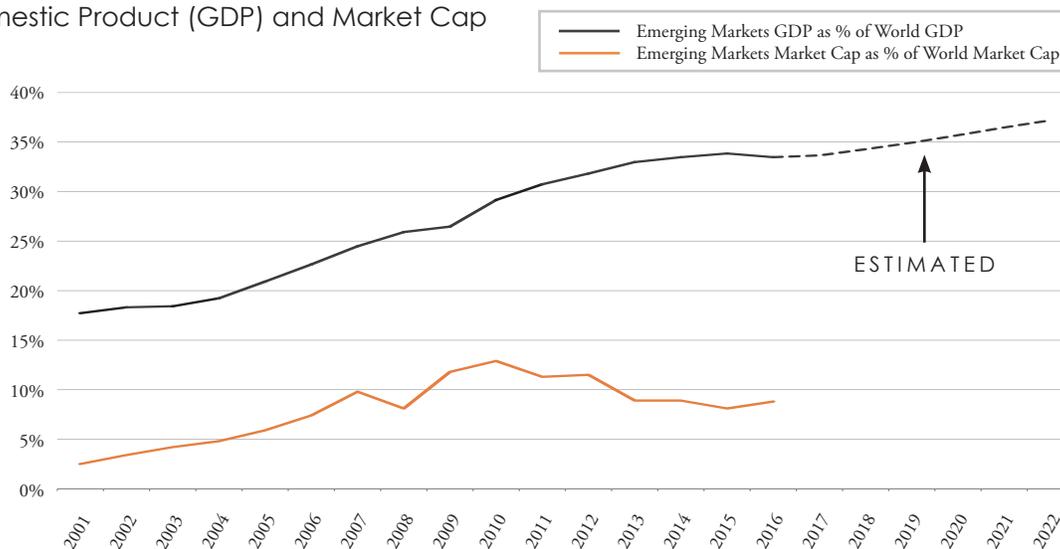


⁽¹⁾ Past performance is not indicative of future results. Performance for periods of less than a year is not annualized. All returns are shown in U.S. dollars.
Source: Bloomberg, MSCI, Standard & Poor's

From a fundamental perspective, Emerging Markets have accounted for an increasing share of world Gross Domestic Product (GDP) in recent years. The International Monetary Fund predicts that emerging and developing economies will account for 37% of world GDP by 2022, compared to 18% in 2001. Over time, a rising contribution to world GDP by EM economies has corresponded with a rising share of world market capitalization by EM stocks, but this relationship has weakened in recent years (see chart below). Longer term, however, a rising contribution to world GDP should again be a positive contributor to EM stock's share of world market capitalization. Emerging and developing economies are expected to grow 4.5% in 2017, versus 2.0% for advanced economies.

EMERGING MARKETS

Gross Domestic Product (GDP) and Market Cap



Data as of April 2017

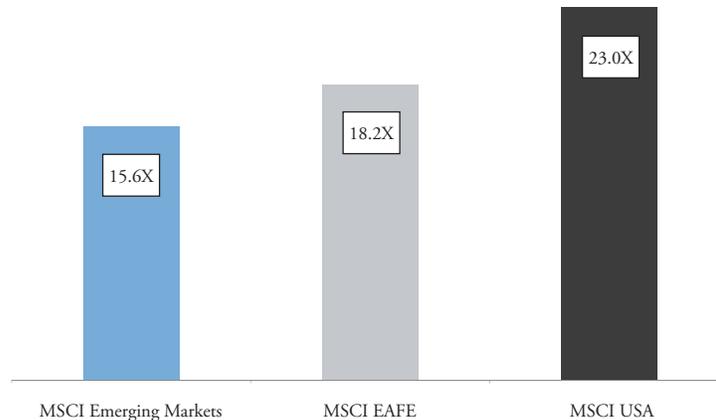
Source: International Monetary Fund, FTSE, Renaissance Research

Lastly, nine years into the recovery from the financial crisis of 2008–2009, EM stocks appear very attractively valued as they currently trade at a 14% discount to the MSCI EAFE and a 32% discount to the MSCI USA, again suggesting good investment opportunity.

Our International Equity ADR strategy includes EM equities in our analysis, and our portfolios today hold just over 30% in EM stocks (our upper limit by policy is 33%). We continue to believe that many Emerging Market stocks are both fundamentally sound and attractively priced.

MARKET VALUATIONS AROUND THE WORLD

Trailing 1-Year Price-to-Earnings Ratios as of 8/31/17



Source: MSCI

DISCLOSURES

The opinions stated in this presentation are those of the authors as of the date listed on this presentation and are subject to change at any time due to changes in market or economic conditions.

Performance

If Renaissance or benchmark performance is shown, it represents historically achieved results, and is no guarantee of future performance. Future investments may be made under materially different economic conditions, in different securities and using different investment strategies and these differences may have a significant effect on the results portrayed. Each of these material market or economic conditions may or may not be repeated. Therefore, there may be sharp differences between the benchmark or Renaissance performance shown and the actual performance results achieved by any particular client. Benchmark results are shown for comparison purposes only. The benchmark presented represents unmanaged portfolios whose characteristics differ from the composite portfolios; however, they tend to represent the investment environment existing during the time periods shown. The benchmark cannot be invested in directly. The returns of the benchmark do not include any transaction costs, management fees or other costs. The holdings of the client portfolios in our composites may differ significantly from the securities that comprise the benchmark shown. The benchmark has been selected to represent what Renaissance believes is an appropriate benchmark with which to compare the composite performance.

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Emerging Markets Country Classification

Renaissance determines an issuer's country classification based on company filings and data provided by third-party sources such as Bloomberg or FactSet. Renaissance considers an issuer to be located in an emerging market country if the issuer is domiciled or incorporated in an emerging market country (as defined by the MSCI Emerging Market Index) or exhibits risk characteristics (e.g., economic, geopolitical and regulatory risks) similar to emerging market countries.

MSCI Data

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Referenced Indices

MSCI EAFE—The MSCI EAFE Index is designed to measure international equity performance for U.S. investors. It comprises the MSCI country indexes capturing large and mid-cap equities across developed markets in Europe, Australasia and the Far East, excluding U.S. and Canada. The index consists of approximately 925 securities from 21 countries.

MSCI Emerging Markets—The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the emerging markets. The index consists of approximately 850 securities from 24 countries.

MSCI USA Index—The MSCI USA Index is designed to measure the performance of the large and mid-cap segments of the U.S. market. The index consists of approximately 630 securities and covers 85% of the float adjusted market capitalization in the U.S.

S&P 500 Index—The S&P 500 Index consists of 500 stocks chosen for market size, liquidity and industry group representation. It is a market-value weighted index (stock price times number of shares outstanding), with each stock's weight in the Index proportionate to its market value. It is calculated by Standard & Poor's Corporation, and reflects reinvestment of all dividends and capital gains.