

Emerging Markets Equity Quarter-End Performance Review—3Q18



Emerging market equities ended the quarter marginally lower as negative trade headlines between the United States and China were offset by more positive trade developments elsewhere. The developed market MSCI EAFE Index outperformed the MSCI Emerging Markets Index for the second consecutive quarter as investors grew increasingly concerned about the impact that a trade war could have on Chinese economic growth.

Trade tensions between China and the United States continued to ratchet higher during the quarter as rhetoric turned into action. The United States imposed tariffs on a total of \$250 billion worth of goods imported from China, while the Chinese retaliated by imposing tariffs on \$110 billion worth of goods imported from the United States. Any hopes of a near-term resolution were crushed when the scheduled negotiations between the two countries were cancelled after the United States imposed \$200 billion of tariffs late in the quarter. While China has now put tariffs on over 80% of goods imported from the United States, the United States still has additional firepower with President Trump threatening to place tariffs on an additional \$267 billion of imports from China, which would effectively cover all Chinese goods imported into the United States. As

PERFORMANCE

	Quarter Ending 9/30/18	Year-to-Date 9/30/18
Institutional Composite (gross)	-0.22%	-10.78%
(net)	-0.24%	-10.84%
MSCI Emerging Markets ⁽⁵⁾	-1.09%	-7.68%

Source: Renaissance Research, Bloomberg, MSCI

GEOGRAPHICAL EXPOSURE & PORTFOLIO CHANGES ⁽¹⁾ ⁽³⁾

Region	Ending Weight ⁽²⁾	Change from 6/30/18	Emerging Markets Equity Additions & (Emerging Markets Equity Deletions) ⁽⁴⁾
Asia/Pacific	59.1%	-10.8%	JD.com (Air China, China Construction Bank, China Eastern Airlines, Dongfeng Motor Group, PT Bank Rakyat Indonesia)
Central & South America	22.4%	+6.1%	GeoPark, Petroleo Brasileiro
Eastern Europe	9.1%	+0.2%	Gazprom (TAV Havalimanlari)
North America	7.9%	+4.4%	Grupo Aeroportuario del Centro Norte, Grupo Televisa
Middle East & Africa	1.6%	+0.1%	
Western Europe	0.0%	0.0%	

Source: Renaissance Research, FactSet

⁽¹⁾Based on a representative account of the strategy discussed and shown as supplemental information to the GIPS compliant presentation. Portfolio characteristics (e.g., sector weights, valuation, growth rate) are based on a representative account that we believe is illustrative of the strategy. Characteristics and/or holdings may not be the same for all accounts invested in the strategy due to factors such as pending trades or account restrictions. Additions/Deletions reflect security transactions completed by the date stated on this presentation, and the securities mentioned may not be held by all accounts invested in the strategy.
⁽²⁾Weights as of the end of the presentation period, which only include the equity portion of the portfolio. Cumulative total weighting may not add up to 100% due to weights being rounded to the nearest decimal place.

⁽³⁾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.

⁽⁴⁾Any securities referenced should not be considered a recommendation to purchase or sell a particular security. These securities may represent a portion or all of the companies held in a representative account in this strategy as of the date stated and are intended for informational purposes only. Non-performance based criteria have been used to select the securities listed. The past performance of these securities is no guarantee of future results. The specific securities identified and described may not represent all of the securities purchased, sold or recommended for this strategy. The reader should not assume that investments in the securities identified or discussed were or will prove to be profitable. Portfolio holdings may not be current recommendations to buy or sell any security, and may no longer be held in the representative account. To request a complete list of portfolio holdings recommendations for the past year, the calculation methodology, or a list showing the contribution of every holding to the representative account's performance for the time period stated, please contact Renaissance at compliance@reninv.com.

⁽⁵⁾Primary benchmark.

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CONTRIBUTORS TO RETURN⁽¹⁾⁽³⁾

Company Name	Average Weight ⁽²⁾	Contribution to Return	Comments
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TOP FIVE CONTRIBUTORS—EMERGING MARKETS EQUITY

Ecopetrol	2.43%	0.71%	Rising oil prices helped the Colombian oil company generate its highest first quarter net income since 2014.
KunLun Energy	2.17%	0.65%	Improving usage of the company's liquefied natural gas (LNG) terminals, new LNG contracts signed and management's ability to cut costs helped drive the firm's operating margin higher in the most recent quarter.
Taiwan Semiconductor Manufacturing	2.29%	0.41%	Semiconductor manufacturer Advanced Micro Devices announced that it will use TSM for its 7nm manufacturing, which includes the company's upcoming "Zen 2" CPU and new "Navi" GPU architecture. This news, as well as further ramp up in 7nm production, should result in earnings increasing by more than 10% year-over-year in 2019.
Vale	2.26%	0.39%	A continued improvement in mining costs and elevated iron ore price premiums for its pellets is setting Vale up for a strong 2019, as global iron ore prices are trending higher.
SK Telecom	2.06%	0.38%	Excitement from investors drove the stock higher this quarter, as management continues to drive growth from outside the historical telecom-related operations with recent acquisitions focused on e-commerce and the potential for SK Broadband to be spun-off.

BOTTOM FIVE CONTRIBUTORS—EMERGING MARKETS EQUITY

Sogou	1.79%	-0.76%	Heightened search competition from the likes of Baidu is driving costs higher for the firm, which caused management to cut its 3Q18 outlook.
Haier Electronics Group	2.22%	-0.56%	After reaching a multi-year high earlier this year, the stock of this Chinese white goods manufacturer dropped as the market began to price in a drop in product sales resulting from a slowing Chinese economy.
JD.com	1.38%	-0.55%	Softer product sales and rising investment costs are expected to pressure the company's results as we move into the final quarter of the year. The recent legal issue for the Chief Executive Officer has weighed on the shares as well.
Wynn Macau	1.68%	-0.52%	The gaming operator suffered in the quarter when VIP volumes dipped at their casinos as competitors re-entered this lucrative market and future VIP table capacity is set to come online later in the year.
YY, Inc.	1.67%	-0.51%	Shares of the Chinese live-streaming company fell as investors worried that the Chinese government's interference in the online gaming industry would slow growth at its Huya subsidiary.

Source: Renaissance Research, FactSet

the trade imbalance appears to favor the United States in a tit-for-tat trade war, China has looked towards other methods to retaliate, including delaying approval of mergers and lowering tariffs on imports from countries other than the United States. Trade headlines aside from China were more positive as the United States, Canada and Mexico came to an agreement on a revamped NAFTA, which will now be called the United States-Mexico-Canada Agreement (USMCA). The United States is also moving forward on talks with the European Union and Japan and completed a revised free-trade agreement with South Korea, all positives on the trade front.

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⁽²⁾Average weights over the presentation period, which only include the equity portion of the portfolio.

⁽³⁾The securities listed should not be considered a recommendation to purchase or sell a particular security. These securities represent the top five and bottom five contributors by weight to the performance of a representative account in this strategy as of the date stated and are intended for informational purposes only. The past performance of these securities is no guarantee of future results. The specific securities identified and described may not represent all of the securities purchased, sold or recommended for this strategy. The reader should not assume that investments in the securities identified or discussed were or will prove to be profitable. Portfolio holdings may not be current recommendations to buy or sell a security and may no longer be held in the representative account. To request a complete list of portfolio holdings recommendations for the past year, the calculation methodology, or a list showing the contribution of every holding to the representative account's performance for the time period stated, please contact Renaissance at compliance@reninv.com.

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Many emerging market currencies have witnessed bouts of volatility during the year. The Argentine peso continued its free fall that began earlier in the year due to worries over the fiscal deficit in Argentina. In order to combat their depreciating currency, the Central Bank of Argentina lifted its key interest rate from 45% to 60%. However, this did little to stop its plunge as the Argentine peso ended the quarter down 29% against the dollar and now has fallen over 50% against the dollar during 2018. Already reeling from fears that the Central Bank of Turkey had lost its independence due to President Erdogan's heavy hand in the economy, the standoff between Turkey and the United States over the detainment of a United States pastor and subsequent sanctions of two top Turkish officials put further pressure on the economy. This negativity caused a sell-off in the Turkish stock market and the Turkish lira, which fell 24% against the dollar during the quarter and has now fallen 37% against the dollar during 2018. While we have no holdings in either Turkey or Argentina and the contagion to other emerging markets has been limited, we are keeping a close eye on the global impact of these crises. The Chinese yuan has also depreciated against the dollar during the year as slower economic growth and heightened trade tensions have caused investors to move money out of China. However, there is a silver lining for China as the weakened currency should help the global competitiveness of its exports and help to stimulate its economy.

Energy was the top-performing sector in the benchmark during the quarter as oil prices rebounded to levels not seen since 2014. We have increased our exposure to the energy sector over the past year, as we believe supply growth will be limited by the OPEC production cuts, years of underinvestment in Venezuelan oil assets and geopolitical issues in countries such as Libya. The recent period of low oil prices forced oil companies to improve efficiencies, leading to lower operating costs for many of these companies. The rising price of oil along with lower operating expenses should lead to significantly higher profits for oil companies.

International equities are currently trading at attractive relative valuations when compared to United States equities. Supporting the case for owning international equities is the fact that the United States is in the midst of a monetary tightening phase with rising interest rates that could begin to negatively impact growth in 2019. Contrary to the United States, many other central banks are expected to maintain an accommodative monetary policy for the foreseeable future. The Bank of Japan expects to continue its ultra-loose monetary policy indefinitely as it struggles to meet inflation targets. The European Central Bank is winding down its asset purchases, but interest rate increases are not expected until the end of 2019 at the earliest. This accommodative monetary policy should continue to provide a tailwind to many international economies.

The portfolio ended the quarter with negative absolute returns, but did finish ahead of the benchmark. The portfolio had a positive allocation effect due to our overweight to the Energy sector. This was partially offset by negative stock selection due to weakness from the Consumer Discretionary sector. Taiwan and Colombia contributed the most to returns while China and Hong Kong detracted the most from returns.

While investors focus on the deteriorating relationship between the United States and China, other risks, including the potential for a "hard" Brexit, could cause volatility in markets as we close out 2018. However, continued monetary easing and attractive valuations should help to support international equities. As an active manager, we will continue to monitor the portfolio for risks while identifying growing companies trading at attractive valuations.

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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.

STOCK REFERENCES

If securities are referenced, they should not be considered a recommendation to purchase or sell a particular security. These securities may represent a portion or all of the companies held in a representative account in this strategy as of the date stated and are intended for informational purposes only. Non-performance based criteria have been used to select the securities listed. The past performance of these securities is no guarantee of future results. The specific securities identified and described may not represent all of the securities purchased, sold or recommended for this strategy. The reader should not assume that investments in the securities identified or discussed were or will prove to be profitable. Portfolio holdings may not be current recommendations to buy or sell any security, and may no longer be held in the representative account. To request a complete list of portfolio holdings recommendations for the past year, the calculation methodology or a list showing the contribution of every holding to the representative account's performance for the time period stated, please contact Renaissance at compliance@reninv.com.

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If Renaissance or benchmark performance is shown, it represents historically achieved results, and is no guarantee of future performance. All performance is shown in U.S. dollars unless otherwise stated. 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.

The value of an investment may fall as well as rise. Please note that different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will either be suitable or profitable for a client or prospective client's investment portfolio. Investor principal is not guaranteed and investors may not receive the full amount of their investment at the time of sale if asset values have fallen. No assurance can be given that an investor will not lose invested capital. Consultants supplied with these performance results are advised to use this data in accordance with SEC guidelines. The actual performance achieved by a client portfolio may be affected by a variety of factors, including the initial balance of the account, the timing and amount of any additions to or withdrawals from the portfolio, changes made to the account to reflect the specific investment needs or preferences of the client, durations and timing of participation as a RIM client, and a client portfolio's risk tolerance, investment objectives, and investment time horizon. All investments carry a certain degree of risk, including the loss of principal and are not guaranteed by the U.S. government.

MSCI DATA

MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.

REFERENCED INDICES

(Indices are unmanaged and are not available for direct investment.)

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.

MSCI EAFE—The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of the developed markets excluding the United States and Canada.

GICS[®] SECTOR INFORMATION

The S&P Dow Jones and MSCI Indices have updated their Global Industry Classification Standard (GICS) sector scheme. Under the changes, certain companies from Consumer Discretionary and Information Technology sectors were combined with the existing Telecommunication Services companies to form the new Communication Services sector. For Renaissance reporting purposes, all strategies will reflect the new sector classifications as of 9/30/18. The historical sector weights were not retroactively adjusted to reflect the new scheme.

MSCI and S&P do not make any express or implied warranties or representations and shall have no liability whatsoever with respect to any GICS data contained herein.

GIPS Compliant Presentation Emerging Markets Equity Institutional Composite

Year	Emerging Markets Equity Institutional Composite		MSCI Emerging Markets Benchmark	Net Composite 3 Year Annualized Standard	Benchmark 3 Year Annualized Standard	Annual Asset Weighted Composite	As of Year End or Current Quarter		
	Gross-of-Fee Return	Net-of-Fee Return	Return	Deviation	Deviation	Dispersion	Number of Portfolios in Composite	Market Value of Composite (Millions)	Market Value of Firm's Assets (Millions) **
2008	-49.44%	-49.57%	-53.33%			NMF*	1	\$0.1	\$4,358.6
2009	77.13%	76.69%	78.51%			NMF*	1	\$0.1	\$4,403.0
2010	8.93%	8.78%	18.88%			NMF*	2	\$0.2	\$3,800.2
2011	-14.05%	-14.15%	-18.42%	24.52%	25.76%	NMF*	2	\$0.2	\$2,862.3
2012	14.93%	14.83%	18.22%	20.07%	21.50%	NMF*	1	\$0.2	\$2,409.8
2013	10.98%	10.87%	-2.60%	18.07%	19.04%	NMF*	1	\$0.3	\$2,767.7
2014	-2.15%	-2.25%	-2.19%	14.19%	15.00%	NMF*	1	\$0.3	\$2,986.2
2015	-11.98%	-12.07%	-14.92%	14.36%	14.06%	NMF*	1	\$0.2	\$2,703.8
2016	8.02%	7.91%	11.19%	14.62%	16.07%	NMF*	1	\$0.2	\$1,762.0
2017	33.06%	32.93%	37.28%	13.98%	15.35%	NMF*	1	\$0.6	\$2,202.4
	FINAL 12/31/2017								

* Not meaningful figure due to five or fewer accounts invested for the entire year.
** Firm Assets do not include UMA program assets for GIPS purposes.
As of 12/31/2017, Renaissance managed an additional \$3,281.7 million in UMA programs, totaling \$5,484.1 in assets under management and shown as supplemental information to the GIPS compliant presentation.

Renaissance Investment Management (RIM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Renaissance has been independently verified for the periods January 1, 2006 through June 30, 2017.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Emerging Markets Equity Institutional Composite has been examined for the periods January 1, 2008 through June 30, 2017. The verification and performance examination reports are available upon request.

Firm Definition: The Renaissance Group LLC, which does business as Renaissance Investment Management (RIM), is a registered investment advisor established in 1978, with an office in Covington, KY. RIM is an affiliate of Affiliated Managers Group based in West Palm Beach, FL. RIM manages equity, tactical, balanced and fixed income assets for a variety of clients including high net worth, institutional and sub-advisory relationships. A complete list and description of the Firm's composites is available upon request.

Composite Composition: The Emerging Markets Equity Institutional Composite portfolios consist of approximately 45-55 equities exhibiting a combination of strong earnings growth, reasonable valuation, rising earnings expectations and profitability. The initial universe begins with all emerging markets domiciled American Depositary Receipts (ADRs) and U.S. listed shares of foreign corporations. The Emerging Markets Equity Institutional Composite was created as of January 1, 2008 and includes all fee paying, fully discretionary, non-tax managed, non-wrap Emerging Markets Equity accounts. RIM does not have non-fee paying portfolios. RIM will add new fully discretionary portfolios to the composite at the first full month under management. RIM will exclude terminated portfolios from the composite after the last full month they were under management. Composite dispersion is measured using an asset-weighted standard deviation of returns of the portfolios.

Calculation of Performance Returns: Performance is calculated using total returns. Monthly composite performance is asset-weighted using beginning-of-period values. Rates of return are time-weighted with geometric linking of monthly returns. Valuations and returns are computed and stated in U.S. dollars. Account performance is based on total assets in the account, including cash and cash equivalents. Performance is actual performance.

RIM has chosen to present performance both gross- and net-of-fees. The gross-of-fee performance returns are presented before deduction of management and custodial fees but after the deduction of all trading expenses. Net performance is reported after the deduction of all trading costs and actual RIM management fees. These gross- and net-of-fee investment results for the Renaissance Emerging Markets Equity Institutional Composite include reinvestment of dividends and other earnings. Clients' returns will be reduced by the advisory fee and any other expenses that may be incurred in the management of the client's investment advisory account. For example, if the gross annualized return of an account over a five-year period were 5.0%, deducting one twelfth of an annual advisory fee of 90 basis points each month on the ending monthly account balance would produce a cumulative net return of 22.7%. The cumulative gross return at 5.0% per annum over a five-year period would be 28.3%. A \$1 million starting portfolio would thus have an ending net market value of \$1,227,096, \$56,262 less than the gross return ending value of \$1,283,359. There is no minimum asset size for inclusion in the composite. RIM uses trade date accounting and income is accrued. Actual performance may differ from composite returns, depending on the size of the account, brokerage commissions, investment guidelines and/or restrictions, inception

date and other factors. After-tax results will vary from the returns presented herein for those accounts that are subject to taxation. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

Standard Deviation: The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. According to the GIPS Standards, this is not required for periods prior to 2011.

Investment Management Fees: RIM's fees are based on account size. The standard RIM fee schedule for the Emerging Markets Equity Strategy for direct-managed accounts is as follows: All amounts – 1.00%. Investment advisory fees are described in Part 2A of RIM's Form ADV.

Benchmark: RIM compares its composite returns to the MSCI Emerging Markets Index. The MSCI Emerging Markets Index (net of foreign withholding taxes) 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 800 securities from 23 countries. This index is shown for comparison purposes only. We are not trying to explicitly manage to this benchmark. This index represents unmanaged portfolios whose characteristics differ from the composite portfolios; however, it tends to represent the investment environment existing during the time periods shown. This index cannot be invested in directly. The returns of this index 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 index shown. The index has been selected to represent what RIM believes to be an appropriate benchmark with which to compare the composite performance.

Other: Performance data quoted in any Renaissance presentation 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 performance shown and the actual performance results achieved by any particular client. The value of an investment may fall as well as rise. Please note that different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will either be suitable or profitable for a client or prospective client's investment portfolio. Investor principal is not guaranteed and investors may not receive the full amount of their investment at the time of sale if asset values have fallen. No assurance can be given that an investor will not lose invested capital. Consultants supplied with these performance results are advised to use this data in accordance with SEC guidelines. The actual performance achieved by a client portfolio may be affected by a variety of factors, including the initial balance of the account, the timing and amount of any additions to or withdrawals from the portfolio, changes made to the account to reflect the specific investment needs or preferences of the client, duration and timing of participation as a RIM client, and a client portfolio's risk tolerance, investment objectives, and investment time horizon. All investments carry a certain degree of risk, including the loss of principal and are not guaranteed by the U.S. government.

Risks of Emerging Markets Equity Strategy: Emerging Markets Equity Institutional Composite returns may show a high level of variability. In addition to market risk, the majority of any additional risk in these portfolios is related to specific stock selection, and RIM will have significant exposure to individual securities.

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