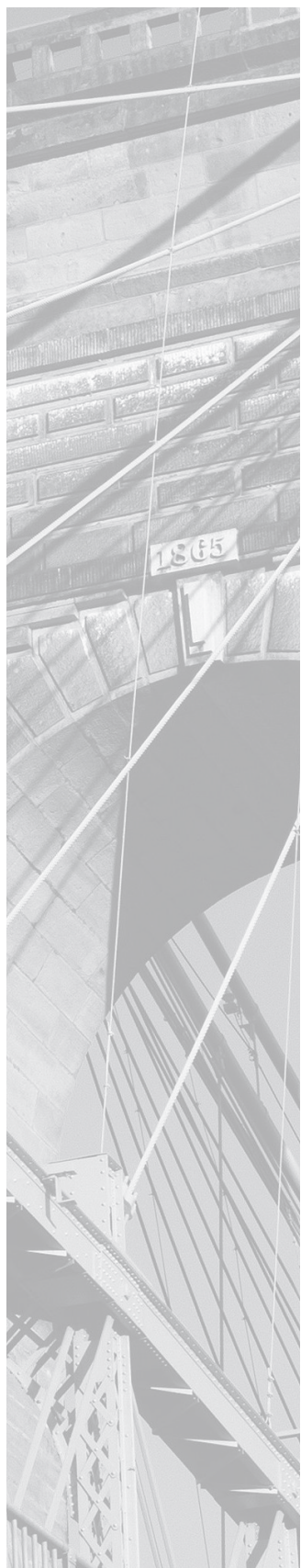


# Small Cap Growth Month-End Performance Review



The U.S. economy remains solid with continued support from U.S. consumers, who account for approximately 70% of the U.S. economy. While U.S. consumer confidence slipped slightly in November, it is still elevated, helped by a strong labor market and record low unemployment.

Consumer strength matters at this stage in the business cycle, because if the Fed tightens again in December, it will be the fourth increase in 2018, for a total increase of 100 basis points. Add to that quantitative tightening, as the Fed continues to reduce its balance sheet, and a stronger U.S. dollar, both of which act as tightening mechanisms, and it is not surprising to see interest-rate sensitive sectors such as housing and autos underperform. More recently, trade concerns are starting to impact business confidence, resulting in lower capital spending. This is important, since growth in manufacturing has contributed to recent strong economic growth and tariffs could cause manufacturing firms to pause expansion plans.

## PERFORMANCE

	Month Ending 11/30/18	Year-to-Date 11/30/18
Institutional Composite (gross)	1.99%	6.24%
(net)	1.97%	6.08%
Russell 2000 Growth <sup>(4)</sup>	1.56%	2.69%

Source: Renaissance Research, Bloomberg, FTSE Russell

## SECTOR WEIGHTS & PORTFOLIO CHANGES<sup>(1)</sup>

Sector	Ending Weight <sup>(2)</sup>	Change from 10/31/18	Small Cap Growth Additions & (Small Cap Growth Deletions) <sup>(3)</sup>
Information Technology	29.5%	+0.9%	
Health Care	22.0%	+1.8%	
Consumer Discretionary	18.4%	-1.5%	
Industrials	13.8%	-1.1%	
Financials	12.0%	+0.6%	
Energy	1.4%	-0.1%	No Small Cap Growth portfolio additions or deletions in November 2018.
Communication Services	1.4%	-0.4%	
Consumer Staples	1.4%	-0.1%	
Utilities	0.0%	0.0%	
Real Estate	0.0%	0.0%	
Materials	0.0%	0.0%	

Source: Renaissance Research, FactSet

<sup>(1)</sup>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.

<sup>(2)</sup>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.

<sup>(3)</sup>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](mailto:compliance@reninv.com).

<sup>(4)</sup>Primary benchmark.

## Small Cap Growth Month-End Performance Review



### CONTRIBUTORS TO RETURN<sup>(1)(3)</sup>

Company Name	Average Weight <sup>(2)</sup>	Contribution to Return	Comments
--------------	-------------------------------	------------------------	----------

#### TOP FIVE CONTRIBUTORS—SMALL CAP GROWTH

BioTelemetry	2.14%	0.43%	The company reported better-than-expected results in October and saw the momentum continue into November.
LendingTree	1.65%	0.41%	Even though the mortgage market is slowing, the company continues to report solid growth driven by new product offerings.
Tivity Health	2.25%	0.40%	Expectations for 2019 are improving as the company rolls out new products and stronger advertising support.
PRA Health Sciences	2.03%	0.40%	Solid bookings with improving margins led to a bright outlook for the company.
Ubiquiti Networks	2.37%	0.35%	A strong earnings beat with less impact expected from tariffs drove the stock higher during the month.

#### BOTTOM FIVE CONTRIBUTORS—SMALL CAP GROWTH

Weight Watchers International	1.32%	-0.40%	Softer-than-expected subscriber growth hit the stock but we believe the trends are still positive and continue to hold the stock.
John Bean Technologies	1.51%	-0.39%	The company reported a soft quarter, but we are optimistic on their growth outlook in the future.
Yelp	1.54%	-0.37%	Yelp missed earnings expectations and guided the next quarter lower, as well, due to a change to shorter contract lengths. We are reviewing the implications of the change while we continue to hold our position.
Carbonite	1.51%	-0.30%	The company saw weakness in their legacy business during the quarter. We see this issue diminishing over time and retain a positive outlook.
Ebix	1.50%	-0.30%	Ebix reported a small miss for the quarter due to currencies, while showing strong international growth. We remain holders in the company.

Source: Renaissance Research, FactSet

Also concerning at this stage in the business cycle is the deceleration in global growth that has been partially driven by the yearlong slowdown in China. The current trade war with the U.S. is contributing to some of China's weakness, but the strong U.S. dollar has required the People's Bank of China to tighten in order to defend the currency, offsetting some of the benefits from recent monetary stimulus. It is worrisome that the second largest economy in the world is already in a bear market, with the Shanghai Stock Exchange Composite down over 20% this year. This has exacerbated the slowdown in other developed economies such as Germany and Japan, which are also dealing with auto-related weakness and extreme weather conditions, respectively.

The S&P 500 returned 2.0% in November, reversing last month's market declines. Traditionally low beta sectors (e.g., Health Care and Real Estate) outperformed, while Technology and Energy underperformed, suggesting that investors continue to position more defensively and take risk off the table. Technology's weakness in the month was largely attributed to Apple following an earnings report that showed iPhone unit growth decelerating. Meanwhile, the precipitous decline in oil prices that was driven by a combination of waivers to Iranian sanctioned oil, strong U.S. production and declining global growth resulted in the Energy sector's weakness. Fortunately, this may

<sup>(1)</sup>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.

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

<sup>(3)</sup>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](mailto:compliance@reninv.com).



## Small Cap Growth Month-End Performance Review



help prolong U.S. economic growth by allowing U.S. consumers to keep more of their disposable income in the midst of the holiday shopping season. We do not believe the recent turmoil in the market is indicating the start of a recession, as company earnings remain strong and the U.S. economy has never had a recession with corporate profits up. More likely, investors reducing risk is resulting in a contraction of stock valuation multiples.

The Small Cap Growth Strategy posted a positive return for the month of November and outperformed the Russell 2000 Growth Index. The best-performing sectors in the Index during the month were Utilities followed by Real Estate, whereas Energy and Communication Services were the worst. The outperformance by the Small Cap Growth portfolios was driven by stock selection in both the Health Care and Information Technology sectors. Stock selection in Consumer Discretionary and Industrials detracted the most from relative performance.

November was a volatile period for stocks in general and, in particular, the Russell 2000 Growth Index. After suffering a sell-off during the month of October, the Index gained just under 5% to start the period. However, after this gain, the Index turned around and quickly fell 8.5% within just over a week. The Index then changed directions once more and rallied from that point to the end the month slightly higher than it started. Rising interest rates and comments from the Federal Reserve Chairman about the anticipated pace of additional rate increases played a significant role in the market's volatility along with apprehension regarding what effect tariffs could have on many companies. Unfortunately, these issues have yet to be resolved and could continue to lead to more uncertainty going forward.

There were no changes to our holdings this month as we feel we are generally well positioned as we finish out 2018 and look forward to the new year.

### 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](mailto:compliance@reninv.com).

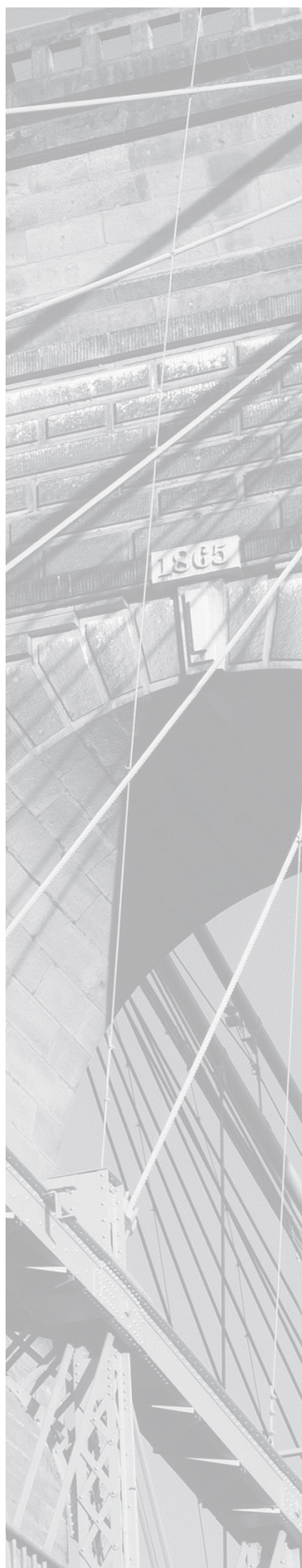
### PERFORMANCE

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

*Continued*

# Small Cap Growth Month-End Performance Review



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.

## RUSSELL DATA

FTSE Russell is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell<sup>®</sup> is a trademark of FTSE Russell. This presentation may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a presentation of Renaissance Investment Management. FTSE Russell is not responsible for the formatting or configuration of this material or for any inaccuracy in Renaissance's presentation thereof.

## S&P DATA

S&P is the source and owner of the trademarks, service marks and copyrights related to the S&P Indexes. S&P<sup>®</sup> is a trademark of S&P. This presentation may contain proprietary S&P data and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a presentation of Renaissance Investment Management. S&P is not responsible for the formatting or configuration of this material or for any inaccuracy in Renaissance's presentation thereof. This data is to be used for the recipient's internal use only.

## REFERENCED INDICES

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

**Russell 2000 Growth Index**—The Russell 2000 Growth Index is composed of the smallest 2,000 of the 3,000 largest U.S. companies based on total market capitalization with higher price-to-book ratios and higher forecast growth values.

**S&P 500 Index**—The S&P 500 Stock Index is a market capitalization weighted index and consists of 500 stocks chosen for market size, liquidity and industry group representation.

## GICS<sup>®</sup> 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 reflect the new sector classifications. 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 Small Cap Growth Institutional Composite

Year	As of Year End or Current Quarter									
	Small Cap Growth Institutional Composite		Russell 2000 Growth Benchmark		Net Composite 3 Year Annualized Standard Deviation		Benchmark 3 Year Annualized Standard Deviation		Market Value of Composite (Millions)	
	Gross-of-Fee Return	Net-of-Fee Return	Benchmark Return	3 Year Annualized Standard Deviation	3 Year Annualized Standard Deviation	Asset Weighted Composite Dispersion	Number of Portfolios in Composite	Market Value of Composite (Millions)	Market Value of Firm's Assets (Millions) **	
1996	27.01%	26.28%	11.28%			NMF*	2	\$1.2	\$1,525.4	
1997	27.68%	26.88%	12.95%			2.13	7	\$3.6	\$1,373.3	
1998	-12.41%	-13.02%	1.23%			3.37	8	\$5.2	\$1,390.0	
1999	2.49%	1.85%	43.09%			1.67	6	\$4.7	\$1,211.9	
2000	9.81%	9.19%	-22.43%			NMF*	5	\$4.3	\$736.7	
2001	15.86%	15.26%	-9.23%			NMF*	4	\$6.6	\$526.7	
2002	-12.75%	-13.24%	-30.26%			1.21	16	\$8.7	\$415.7	
2003	56.14%	55.37%	48.54%			2.04	13	\$53.7	\$575.2	
2004	17.29%	16.35%	14.31%			1.03	24	\$77.1	\$908.2	
2005	6.31%	5.46%	4.15%			0.74	28	\$215.9	\$2,796.6	
2006	7.96%	7.15%	13.35%			0.50	28	\$318.6	\$5,450.2	
2007	-1.12%	-1.89%	7.05%			1.13	19	\$275.2	\$7,661.8	
2008	-42.52%	-43.06%	-38.54%			0.08	8	\$39.9	\$4,358.6	
2009	19.76%	18.72%	34.47%			NMF*	2	\$1.1	\$4,403.0	
2010	30.12%	29.16%	29.09%			NMF*	2	\$1.2	\$3,800.2	
2011	0.03%	-0.72%	-2.91%	22.86%	24.31%	NMF*	2	\$1.0	\$2,862.3	
2012	15.38%	14.48%	14.59%	21.15%	20.72%	NMF*	1	\$1.1	\$2,409.8	
2013	57.63%	56.42%	43.30%	17.61%	17.27%	NMF*	1	\$1.5	\$2,767.7	
2014	7.78%	6.96%	5.60%	13.98%	13.82%	NMF*	3	\$1.5	\$2,986.2	
2015	5.10%	4.47%	-1.38%	14.56%	14.95%	NMF*	5	\$1.7	\$2,703.8	
2016	13.04%	12.66%	11.32%	14.44%	16.67%	NMF*	7	\$0.7	\$1,762.0	
2017	28.25%	27.91%	22.17%	12.74%	14.59%	NMF*	3	\$0.9	\$2,202.4	
<b>FINAL 12/31/2017</b>										

\* 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. The verification report is available upon request.

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 Small Cap Growth Institutional Composite has been examined for the periods January 1, 2006 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 Small Cap Growth Institutional Composite portfolios consist of approximately 50-60 mainly small cap domestic equities, which focus on companies demonstrating financial strength, attractive growth potential, rising earnings expectations and attractive valuation. The Small Cap Growth Institutional Composite was created on January 31, 2001 and includes all fee paying, fully discretionary, non-tax managed, non-wrap Small Cap Growth 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 for gross- and net-of-fees. The gross-of-fees performance returns are presented before deductions 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 Small Cap Growth 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 Small Cap Growth 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:** The Russell 2000 Growth Index is composed of the smallest 2,000 of the 3,000 largest U.S. companies based on total market capitalization with higher price-to-book ratios and higher forecast growth values. The Russell index names are registered trademarks of FTSE Russell. RIM compares its composite returns to a variety of market indices such as the Russell 2000 Growth. 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, they tend to represent the investment environment existing during the time periods shown. The index cannot be invested in directly. The returns of the 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 is 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 loss of principal and are not guaranteed by the U.S. government.

**Risks of Small Cap Growth Strategy:** Small Cap Growth 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.

**Sources:** FTSE Russell is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of FTSE Russell. This presentation may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a presentation of Renaissance Investment Management. FTSE Russell is not responsible for the formatting or configuration of this material or for any inaccuracy in Renaissance's presentation thereof.