

International Equity ADR Month-End Performance Review



International equities have continued their impressive rebound as the MSCI ACWI ex USA Index has posted its strongest start to the year since 2012. While the global growth outlook remains murky, improving relations between the United States and China have investors anticipating an end to the trade war, which should help provide a boost to the global economy.

While not yet complete, a trade deal between the United States and China is looking increasingly likely after the United States delayed increasing tariffs on \$200 billion worth of Chinese goods. The two sides have reportedly come to an agreement on Chinese currency manipulation and increased purchases of American goods in order to decrease the trade imbalance. However, sticking points involving the theft of intellectual property and state-owned enterprise subsidies still need to be resolved. A trade deal, along with the many stimulus measures the Chinese government has implemented, should help to improve investor sentiment and stabilize the Chinese economy, which recently posted its lowest official manufacturing PMI (Purchasing Managers' Index) in three years. Improvement in the Chinese economy should have ripple effects on a global scale

PERFORMANCE

	Month Ending 2/28/19	Year-to-Date 2/28/19
Institutional Composite (gross)	2.08%	11.39%
(net)	2.04%	11.30%
MSCI ACWI ex USA ⁽⁵⁾	1.95%	9.66%

Source: Renaissance Research, Bloomberg, MSCI

GEOGRAPHICAL EXPOSURE & PORTFOLIO CHANGES ⁽¹⁾⁽³⁾

Region	Ending Weight ⁽²⁾	Change from 1/31/19	International Equity ADR Additions & (International Equity ADR Deletions) ⁽⁴⁾
Western Europe	40.3%	+1.5%	
Asia/Pacific	38.0%	-1.6%	Lenovo (Baidu)
North America	13.2%	-0.2%	
Central & South America	4.1%	0.0%	
Middle East & Africa	2.2%	+0.2%	
Eastern Europe	2.1%	+0.1%	
Developed Markets	76.0%	+1.5%	
Emerging Markets	24.0%	-1.5%	

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—INTERNATIONAL EQUITY ADR

Check Point Software Technologies	2.14%	0.19%	The Israeli IT security company reported 4Q18 revenue and earnings above consensus estimates and projects 4% revenue growth in 2019, slightly better than the 3% growth achieved in 2018.
Jazz Pharmaceuticals	1.54%	0.17%	Strong sales from narcolepsy drug Xyrem helped Jazz report better-than-expected 4Q18 earnings. The company also issued positive 2019 guidance, helping push the stock higher.
Schneider Electric	1.79%	0.16%	Investors were encouraged by Schneider's 2019 fiscal guidance calling for 3–5% organic sales growth and 20–50 basis points improvement in margin. Additionally, the company announced a new 3-year stock buyback plan for €1.5–2.0bn.
ACS	2.22%	0.16%	The Spanish engineering and construction firm posted favorable 4Q18 results with good working capital management leading to positive cash flow generation and a possible dividend increase.
CRH	1.56%	0.15%	Demand for construction materials is proving resilient, helped by lower energy costs and positive pricing trends in many markets, leading management to forecast a healthy 2019.

BOTTOM FIVE CONTRIBUTORS—INTERNATIONAL EQUITY ADR

Teck Resources	2.11%	-0.19%	4Q18 financial results were in line with Street consensus estimates as the mining company benefitted from higher prices for its steelmaking coal; however, this was offset by falling copper and zinc prices.
Banco Santander (Mexico)	1.57%	-0.15%	The Mexican bank's stock price gave back some of its double-digit gains from January; however, the bank continues to perform well, as net interest income is rising and credit remains in check at this point in the cycle.
Kirin Holdings	1.87%	-0.12%	Earnings guidance from the company was weaker than expected with the Japanese brewer looking for 2019 earnings before tax of ¥190bn, less than the ¥200bn consensus.
Sony	1.97%	-0.10%	The company announced that third quarter revenues fell 10% year-over-year. Positive growth in Gaming (+11%) and Pictures (+6%) was unable to offset the weakness in Music (-4%), Home Entertainment (-10%), Mobile (-37%), Semiconductors (-8%) and Financial Services (-56%).
AerCap	2.08%	-0.09%	Aircraft lessor AerCap reported 4Q18 EPS of \$1.62, less than consensus estimates, due in part to an asset impairment charge related to a lease termination. However, the firm is well positioned with 95% of their lease rents contracted through 2021.

Source: Renaissance Research, FactSet

and should help provide a boost to weakening economies in Europe and Japan, both large trading partners of China.

However, all is not positive on the trade front as there is increasing concern that President Trump will turn his attention toward Europe once a deal with China is complete. Threats of auto tariffs have put European automakers on their heels and have already elicited a response from European Union leaders that they would respond with retaliatory tariffs. The implementation of tit-for-tat tariffs would be *déjà vu* for investors, as the global economy would likely suffer damage similar to

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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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that experienced as a result of the United States/China trade war.

Although we are quickly approaching Brexit Day (March 29), it looks increasingly likely that the divorce between the United Kingdom and the European Union will be delayed as Prime Minister Theresa May is still struggling to convince Parliament to vote for the Brexit agreement she made with the European Union. While the delay will prevent an imminent no-deal Brexit, and the negative consequences that would follow, it only serves to prolong a period of uncertainty. On a positive note, the United Kingdom's second largest political party has reversed course and said it would support a second referendum on membership in the European Union, which could potentially reverse Brexit and keep the United Kingdom as a member of the European Union.

Portfolio performance for the month of February was positive on an absolute basis and in line with the benchmark on a relative basis. Our lack of exposure to the Real Estate and Utilities sectors resulted in a positive allocation effect, a reversal from the fourth quarter of 2018 when these were the top two performing sectors in the benchmark. Similar to the benchmark, our developed market holdings outperformed our emerging market holdings, although both had positive performance for the month.

While positive trade headlines helped start the 2019 rally, equities received a further boost by a dovish pivot by central banks. The U.S. Federal Reserve signaled that they were pausing further interest rate increases and would likely end its balance sheet runoff later this year. The European Central Bank's cautious comments on the global economy pushed out expectations for its first interest rate increase into 2020 and raised the possibility that the bank may look to enact further easing measures. While both of these are positive for equities, it also sends a worrying signal about the state of the global economy without the assistance of easy money from central banks.

As we enter March, we expect that the Chinese stimulus measures along with the potential end of the trade war will begin to have positive impacts on the Chinese economy. While trade disputes and Brexit continue to be risks for the market, they can also lead to upside for markets as issues are resolved. As an active manager, we will continue to monitor the risks in the investment landscape while focusing on companies with good long-term growth prospects 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.

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 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

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REFERENCED INDICES

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

MSCI ACWI ex USA—The MSCI All Country World ex USA Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the United States.

Purchasing Managers' Index—The Purchasing Managers Index (PMI) is an indicator of economic health for manufacturing and service sectors. The purpose of the PMI is to provide information about current business conditions to company decision makers, analysts, and purchasing managers.

GICS SECTOR INFORMATION

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 International Equity ADR Institutional Composite

Year	International Equity ADR Institutional Composite		Net Composite 3 Year Annualized		Benchmark 3 Year Annualized		Annual Asset Weighted		As of Year End or Current Quarter	
	Gross-of-Fee Return	Net-of-Fee Return	Standard Deviation	Standard Deviation	Standard Deviation	Standard Deviation	Composite Dispersion	Number of Portfolios in Composite	Market Value of Composite (Millions)	Market Value of Firm's Assets (Millions) ***
1994*	10.80%	10.52%	-0.11%				NMF**	2	\$0.9	\$1,393.1
1995	15.74%	15.07%	9.94%				NMF**	4	\$1.7	\$1,538.1
1996	26.36%	25.60%	6.68%				1.35	6	\$2.6	\$1,525.4
1997	12.12%	11.32%	2.04%				0.91	17	\$8.8	\$1,373.3
1998	-12.04%	-12.73%	14.46%				2.65	14	\$7.7	\$1,390.0
1999	65.24%	64.17%	30.91%				4.60	12	\$7.6	\$1,211.9
2000	-16.41%	-17.07%	-15.09%				3.54	12	\$6.3	\$736.7
2001	-13.42%	-13.97%	-19.73%				1.25	7	\$2.7	\$526.7
2002	-21.94%	-22.53%	-14.95%				0.74	7	\$2.0	\$415.7
2003	38.05%	37.23%	40.83%				0.68	9	\$3.1	\$575.2
2004	23.50%	22.60%	20.91%				1.67	12	\$4.7	\$908.2
2005	25.66%	24.83%	16.62%				1.02	10	\$3.7	\$2,796.6
2006	28.61%	27.98%	26.65%				0.70	10	\$6.7	\$5,450.2
2007	42.10%	41.39%	16.65%				0.44	10	\$8.9	\$7,661.8
2008	-45.85%	-46.09%	-45.53%				0.24	14	\$17.8	\$4,358.6
2009	34.75%	34.09%	41.45%				1.84	26	\$78.1	\$4,403.0
2010	9.04%	8.39%	11.15%				0.59	25	\$86.4	\$3,800.2
2011	-9.28%	-9.83%	-13.71%	21.98%	22.71%		0.38	29	\$78.5	\$2,862.3
2012	11.32%	10.65%	16.83%	18.86%	19.26%		0.40	33	\$106.0	\$2,409.8
2013	32.82%	32.03%	15.29%	16.73%	16.23%		0.53	31	\$106.5	\$2,767.7
2014	-4.39%	-4.95%	-3.87%	12.81%	12.81%		0.24	32	\$106.2	\$2,986.2
2015	0.45%	-0.13%	-5.66%	12.20%	12.13%		0.49	37	\$115.7	\$2,703.8
2016	-1.36%	-1.95%	4.50%	12.06%	12.51%		0.30	34	\$103.8	\$1,762.0
2017	27.66%	26.94%	27.19%	11.42%	11.87%		0.31	27	\$164.2	\$2,202.4
2018	-18.83%	-19.27%	-14.20%	12.34%	11.40%		0.20	27	\$136.4	\$1,682.2
FINAL 12/31/2018										

* For period July 1, 1994 through December 31, 1994.
** 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 12/31/2018, Renaissance managed an additional \$2,157.0 million in UMA programs, totaling \$4,199.2 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 International Equity ADR 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 International Equity ADR Institutional Composite portfolios consist of approximately 50-60 equities exhibiting a combination of strong earnings growth, reasonable valuation, rising earnings expectations and profitability. The initial universe begins with all American Depositary Receipts (ADRs) and U.S. listed foreign corporations. RIM created the International Equity ADR Institutional Composite as of April 1, 2005 and it includes all fee paying, fully discretionary, non-tax managed, non-wrap International Equity ADR accounts. RIM does not have non-fee paying portfolios. Returns are net of any performance-based fee arrangements where applicable. 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. As of July 1, 2017, the International Equity Institutional Composite has been renamed the International Equity ADR Institutional Composite.

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 International Equity ADR 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 International Equity ADR 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 All Country World ex USA. The MSCI All Country World ex USA Index (net of foreign withholding taxes) is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the United States. The index consists of approximately 1800 securities from 45 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 International Equity ADR Strategy: International Equity ADR 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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