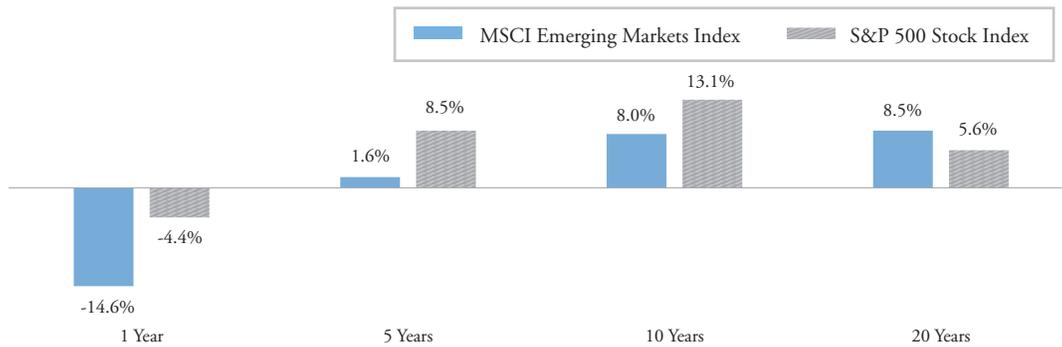


Last year, emerging market (EM) equities were among the worst performing asset classes. The MSCI Emerging Market Index posted a -14.6% return in 2018 compared with -13.8% for the MSCI EAFE Index and -4.4% for the S&P 500 (all figures in U.S. dollars). Does this weak performance suggest further disappointment for EM equities?

Of course, it is impossible to predict near-term movements in any stock market accurately, much less those comprising emerging markets. However, we believe when taking a long-term view, EM stocks provide investors with a compelling investment opportunity. One reason for optimism is that even though the recent returns of EM equities have been disappointing relative to U.S. stocks, their long-term returns have still been very strong. Over time, we believe EM stocks should perform in line with their fundamentals.

ANNUALIZED RETURNS AS OF 12/31/18⁽¹⁾

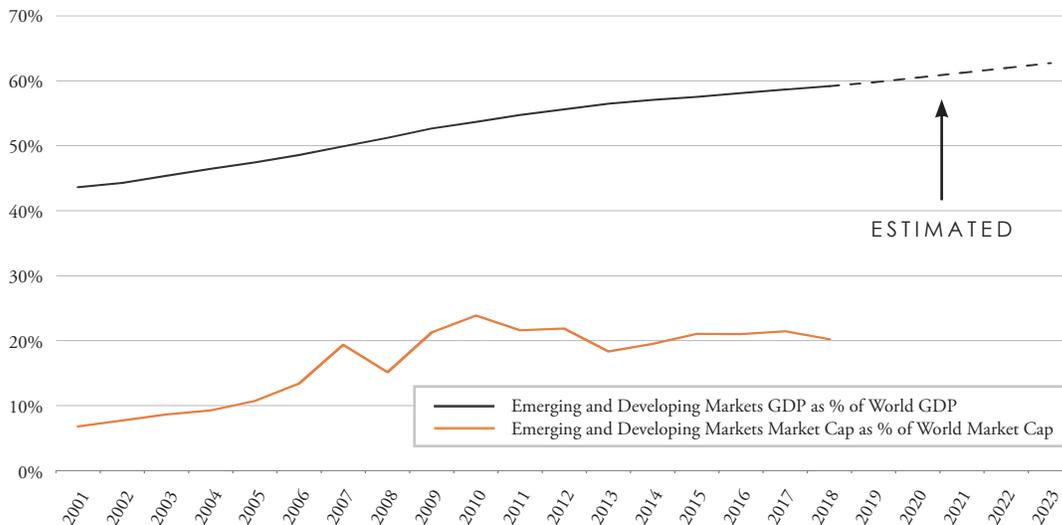


⁽¹⁾Past performance is not indicative of future results. Performance for periods of less than a year is not annualized. All returns are shown in U.S. dollars.
Sources: FactSet, MSCI, S&P Global

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 (IMF) predicts that emerging and developing economies will account for 63% of world GDP by 2023, compared to 44% 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 stocks' share of world market capitalization. Emerging and developing economies are expected to grow 4.5% in 2019, versus 2.0% for advanced economies, according to the January 2019 IMF forecasts.

EMERGING AND DEVELOPING MARKETS

Gross Domestic Product (GDP) and Market Cap



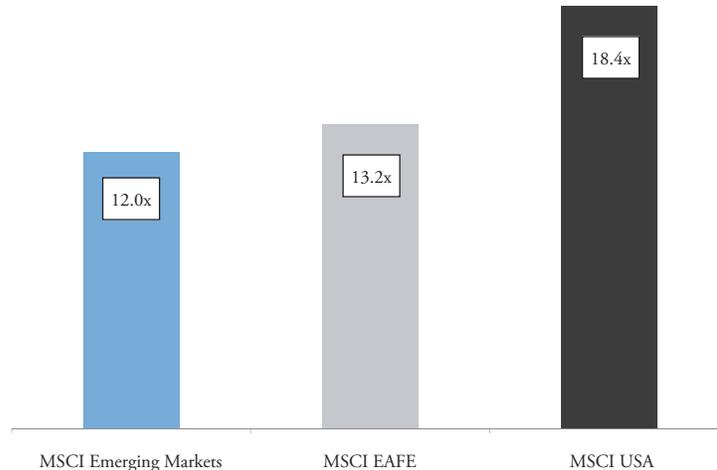
Sources: International Monetary Fund (IMF) World Economic Outlook, October 2018, FactSet, MSCI

Lastly, ten years into the recovery from the financial crisis of 2008-2009, EM stocks appear very attractively valued as they currently trade at a 9% discount to the MSCI EAFE Index and a 35% discount to the MSCI USA Index, again suggesting good investment opportunity.

Our International Equity ADR Strategy includes EM equities in our analysis, and our portfolios hold just over 22% in EM stocks as of December 31, 2018. We have not wavered on our positive viewpoint of emerging markets. As we look to the future, we believe that many EM stocks are both fundamentally sound and attractively priced, providing a good entry point for long-term investors.

MARKET VALUATIONS AROUND THE WORLD

Trailing 1-Year Price-to-Earnings Ratios as of 12/31/18



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.

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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.

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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.

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REFERENCED INDICES

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

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.

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 USA Index—The MSCI USA Index is a free float adjusted market capitalization index that is designed to measure the performance of the large and mid-cap segments of the U.S. equity market.

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.