

International Equity ADR Month-End Performance Review



International equity markets continued their positive momentum in 2019 with the MSCI ACWI ex USA Index adding 2.6% during April, putting the year-to-date gain at 13.2%. Investors have favored growth stocks over value stocks so far this year, likely in response to the better-than-expected global economic environment.

Many markets slumped late last year on fears of a global slowdown brought on by a potentially weakening Chinese economy. Much to the market's liking, China announced in April that its 1Q19 GDP grew 6.4% year-over-year, matching the growth rate from 4Q18. In addition, the country's industrial production and retail sales were higher than expected, providing further evidence that China's numerous fiscal and monetary stimulus measures are working.

Markets also gained on easing of trade tensions between the U.S. and China, although negotiations remain fluid and could still break down. Also helping global equity markets was the U.S. Federal Reserve's more dovish tone indicating that further interest rate hikes are off the table for now. With no rate increases in the offing, it is our opinion that the U.S. economy should be poised to continue its growth trajectory, providing further support to the improving global economic outlook.

PERFORMANCE

	Month Ending 4/30/19	Year-to-Date 4/30/19
Institutional Composite (gross)	4.00%	15.21%
(net)	3.95%	15.02%
MSCI ACWI ex USA ⁽⁵⁾	2.64%	13.23%

Source: Renaissance Research, Bloomberg, MSCI

GEOGRAPHICAL EXPOSURE & PORTFOLIO CHANGES ⁽¹⁾⁽³⁾

Region	Ending Weight ⁽²⁾	Change from 3/31/19	International Equity ADR Additions & (International Equity ADR Deletions) ⁽⁴⁾
Asia/Pacific	37.4%	-0.3%	
Western Europe	36.0%	-1.3%	(Ferguson)
North America	13.6%	+0.6%	Enerplus (Banco Santander Mexico)
Central & South America	7.2%	-0.4%	
Eastern Europe	3.7%	+1.6%	Sberbank
Middle East & Africa	2.1%	-0.2%	
Developed Markets	70.9%	+0.7%	
Emerging Markets	29.1%	-0.7%	

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. Nonperformance-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

Infineon Technologies	2.10%	0.35%	Long-term structural trends including growth in electric vehicles and connected devices should lead to an expanding addressable market for the semiconductor company.
Sony	1.87%	0.33%	Fears of a steep drop in game earnings were dispelled after Sony reported rising subscribers for its PlayStation Now streaming service. An activist investor also began buying a position in the company as the firm looks to push the company to right size its portfolio of companies.
NXP Semiconductors	1.72%	0.31%	While the current macro environment is challenging due to weakness in China, management guided to a return to growth in many of its businesses in 2Q19 and provided cautiously optimistic commentary regarding its 2H19 recovery.
Banco Santander Mexico	1.41%	0.31%	Shares rallied after Banco Santander, the majority owner of Banco Santander Mexico, offered to acquire the remaining 25% of Banco Santander Mexico that they do not currently own.
Magna International	1.95%	0.26%	The auto parts supplier and assembler expects to continue to grow ahead of the market, leading to increased operating leverage and higher margins.

BOTTOM FIVE CONTRIBUTORS—INTERNATIONAL EQUITY ADR

Astellas Pharma	1.59%	-0.16%	Although sales of prostate drug Xtandi continues to be strong, management guided to a drop in operating profits due to the ending of the exclusive sales periods of certain drugs.
Jazz Pharmaceuticals	1.59%	-0.15%	Shares of the sleep disorder pharmaceutical company fell as increasing political calls for lower drug prices caused investor sentiment to turn negative towards healthcare stocks.
China Unicom	1.84%	-0.13%	Profits rose 25% year-over-year, but shares of the Chinese telecom company fell as mobile service revenues dropped due to heightened competition and the removal of domestic data roaming fees.
Seven & i Holdings	1.36%	-0.12%	Performance of the company's convenience stores remains solid, however, specialty stores and department stores in Japan continue to be a headwind.
Kirin Holdings	1.74%	-0.10%	Shares fell after the Japanese brewer announced that they would be recognizing an impairment loss on its Australian drinks business, which the company is looking to sell.

Source: Renaissance Research, FactSet

Strategy performance was positive on an absolute and relative basis for the month. Looking at contribution by country, our Developed Market stocks were led by Canada, while Israel detracted the most from returns. Within Emerging Markets, Mexico contributed the most, while Russia detracted the most. Similar to our benchmark, our Developed Market positions performed better than Emerging Markets for the month. Contributing the most to returns by sector were our Industrial holdings, helped by our exposure to the Electrical Equipment industry. Our Financials sector also contributed to returns, aided by our bank holdings. The two weakest performing sectors in our portfolio were Energy and Health Care, with our higher-than-benchmark allocation to both sectors resulting in a negative allocation effect.

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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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The global equity markets will likely remain jittery as we head into late spring. While some investors believe in the Wall Street adage of “Sell in May and Go Away,” we believe the international markets present ample opportunity to move higher in the coming months. Market valuations are not stretched by any means, and international equities are trading on average at valuation multiples well below U.S. equities. Company earnings estimates for 2019, while lower than what was predicted a few months ago, are indicating continued solid growth, giving us confidence that global company fundamentals remain positive. Furthermore, an eventual resolution to the U.S./China trade dispute would provide support for additional earnings growth for stocks. 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.

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. Nonperformance-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

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 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.

GICS SECTOR INFORMATION

MSCI and S&P Dow Jones 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	Benchmark Return	Standard Deviation	Standard Deviation	Standard Deviation	Composition 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 from January 1, 2006 through June 30, 2018.

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 from January 1, 2006 through June 30, 2018. 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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