

Emerging Markets Equity Quarter-End Review—3Q2020



Emerging market equities continued their rally from the market bottom in March, posting their strongest two-quarter performance since 2009. However, it was not entirely an upward trajectory for the quarter, as markets lost ground in September. The September weakness was caused, in part, by a resurgence in COVID-19 cases in Europe as investors fear that governments, particularly with the flu season approaching, could once again be forced to impose restrictions to stem the spread of the virus. On the other hand, vaccine news has been increasingly positive. Many vaccines are in late-stage trials, and potentially, one or more may be approved for at-risk populations in early 2021.

Given the closures related to COVID-19 across the globe, it is not a surprise that the global economy is expected to contract during 2020 at the fastest rate since World War II. Geographically, damage has been widespread with every major economy outside of China expected to shrink this year. Growth is expected to return in 2021, as pent-up demand along with unprecedented fiscal and monetary stimulus continue to boost economies. However, the stimulus has come at a cost, as government balance sheets that were stretched before the pandemic have had to take on massive amounts of additional debt to support unemployed workers and prevent a

PERFORMANCE

	Quarter Ending 9/30/2020	Year-to-Date 9/30/2020
Institutional Composite (gross)	9.25%	-15.54%
(net)	9.23%	-15.60%
iShares MSCI Emerging Markets ETF ⁽¹⁾	10.25%	-1.16%

⁽¹⁾ Primary benchmark.
Source: Renaissance Research, Bloomberg, BlackRock

GEOGRAPHICAL EXPOSURE & PORTFOLIO CHANGES⁽¹⁾

Region	Ending Weight ⁽²⁾	Change from 6/30/2020	Emerging Markets Equity Additions & (Emerging Markets Equity Deletions) ⁽³⁾
Asia/Pacific	69.9%	+2.0%	United Microelectronics (China Telecom, Sogou)
North America	9.6%	+3.0%	Wal-Mart de Mexico
Eastern Europe	9.4%	-1.4%	
Central & South America	5.4%	-3.4%	(GeoPark, Telefonica Brasil)
Middle East & Africa	1.9%	-1.0%	
Cash	1.9%	+0.9%	
Western Europe	1.8%	0.0%	

⁽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. Cumulative total weighting may not add up to 100% due to rounding of percentages to the nearest decimal place.

⁽³⁾ 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.

Source: Renaissance Research, FactSet

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CONTRIBUTORS TO RETURN⁽¹⁾⁽²⁾

Ticker	Company Name	Average Weight ⁽³⁾	Contribution to Return
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TOP FIVE CONTRIBUTORS—EMERGING MARKETS EQUITY

SOGO	Sogou	2.50%	2.38%
BYDDY	BYD Company	2.99%	2.28%
TSM	Taiwan Semiconductor Manufacturing	3.01%	1.04%
UMC	United Microelectronics	0.75%	0.67%
RDY	Dr. Reddy's Laboratories	2.15%	0.59%

BOTTOM FIVE CONTRIBUTORS—EMERGING MARKETS EQUITY

KHOLY	Koç	1.54%	-0.49%
VIPS	Vipshop	2.11%	-0.40%
TLK	PT Telekomunikasi Indonesia	1.71%	-0.31%
LUKOY	Lukoil	1.67%	-0.29%
IDCBY	Industrial and Commercial Bank of China	1.65%	-0.25%

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⁽²⁾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.

⁽³⁾Average weights over the presentation period.

Source: Renaissance Research, FactSet

wave of business closures. Monetary stimulus has been effective in combating the slowdown, but with interest rates already at or near zero, many investors view monetary stimulus as increasingly pushing on a string.

Global economic activity has seen a dramatic pickup since the shutdown induced slowdowns in the spring. The Manufacturing Purchasing Managers' Indices in the Eurozone, China and the United States have all seen a sharp, V-shaped recovery back to expansionary territory with the September Eurozone reading at the highest level in over two years, while China was at a six-month high. Although the rebound in manufacturing has been strong, some industries, such as travel and leisure, physical retail and food services, remain well below pre-pandemic levels and are likely to continue to be a drag on employment and the overall strength of the economy until the COVID-19 threat has fully passed.

The rising tensions between China and much of the developed world, particularly the United States, has caused a decoupling of economies and led companies to shift manufacturing away from China. While the shift was already occurring prior to COVID-19, the pandemic exposed many companies' overreliance upon China as a manufacturing base, causing this shift to accelerate. While this is negative for parts of China's economy, the nation has been slowly transforming its economy to become driven more by domestic demand than by a reliance on exports. Domestic demand in China is supported by the rapid rise in Chinese per capita income, which provides its citizens significantly more discretionary income to spend. The focus on domestic demand also allows China to be less dependent on the ebbs and flows of other economies and less concerned

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about global perceptions of its government, which were tarnished in the spring with the passing of the widely condemned Hong Kong national security law.

The U.S. dollar was down 3.6% during the quarter, its largest quarterly drop in over three years. One factor in the recent weakness has been the sharp decrease in interest rates in the United States. The U.S. Federal Reserve lowered benchmark interest rates by 1.5% this year and guided that rates will remain near zero through 2023. A significant cause of the strength of the U.S. dollar since 2013 had been higher interest rates in the U.S. relative to other countries, which made the U.S. dollar more attractive. However, with the recent Federal Reserve moves, the interest rate differentials between the United States and other countries, such as Germany, have shrunk back to levels last seen in 2014, which immediately preceded the dollar's multi-year rally. This has caused a reversal for the U.S. dollar, which has fallen nearly 9% from the multi-year highs it reached in March when investors bid up the safe-haven currency. The last time the dollar experienced this large a drawdown was in 2017, coinciding with the last calendar year that international equities outpaced their U.S. counterparts.

Despite positive absolute performance, the portfolio trailed the benchmark during the quarter. The top contributing sectors in the portfolio were Consumer Discretionary and Communication Services, while Energy and Utilities were the only sectors to have negative returns. Positive stock selection in Communication Services helped to offset the negative allocation effect from our underweight to the Consumer Discretionary sector. China and Taiwan contributed the most to portfolio returns, while Turkey and Indonesia were the largest detractors to returns.

With fears of rising COVID-19 cases, ongoing Brexit negotiations and a potentially contested U.S. presidential election, volatility is likely to continue in the final quarter of 2020. However, approval of a COVID-19 vaccine could quickly alter the investing landscape in favor of value stocks, which have been significant laggards over the past year. We believe that our portfolio continues to offer good long-term investment potential in the current environment.

DISCLOSURES

The opinions stated in this presentation are those of Renaissance 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

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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.

REFERENCED INDEX

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

iShares MSCI Emerging Markets ETF—The iShares MSCI Emerging Markets ETF seeks to track the investment results of an index composed of large- and mid-capitalization emerging market equities.

GICS[®] SECTOR INFORMATION

Sector Listing according to MSCI and S&P Dow Jones data: 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 Emerging Markets Equity Institutional Composite

Year	As of Year End or Current Quarter								
	Emerging Markets Equity Institutional Composite	Emerging Markets Equity Institutional Composite	iShares MSCI Emerging Markets ETF Benchmark	Net Composite 3 Year Annualized Standard Deviation	Benchmark 3 Year Annualized Standard Deviation	Annual Asset Weighted Composite Dispersion	Number of Portfolios in Composite	Market Value of Composite (Millions)	Market Value of Firm's Assets (Millions) **
	Gross-of-Fee Return	Net-of-Fee Return	Return	Deviation	Deviation				
2010	8.93%	8.78%	16.51%			NMF*	2	\$0.2	\$3,800.2
2011	-14.05%	-14.15%	-18.82%	24.52%	28.58%	NMF*	2	\$0.2	\$2,862.3
2012	14.93%	14.83%	19.10%	20.07%	23.74%	NMF*	1	\$0.2	\$2,409.8
2013	10.98%	10.87%	-3.70%	18.07%	20.67%	NMF*	1	\$0.3	\$2,767.7
2014	-2.15%	-2.25%	-3.92%	14.19%	15.46%	NMF*	1	\$0.3	\$2,986.2
2015	-11.98%	-12.07%	-16.18%	14.36%	14.31%	NMF*	1	\$0.2	\$2,703.8
2016	8.02%	7.91%	10.87%	14.62%	16.06%	NMF*	1	\$0.2	\$1,762.0
2017	33.06%	32.93%	37.28%	13.98%	15.11%	NMF*	1	\$0.6	\$2,202.4
2018	-20.45%	-20.53%	-15.31%	13.51%	15.04%	NMF*	1	\$0.4	\$1,682.2
2019	19.22%	19.10%	18.20%	14.56%	15.18%	NMF*	1	\$0.5	\$883.1
FINAL 12/31/2019									

* 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 12/31/2019, Renaissance managed an additional \$2,656.5 million in UMA programs, totaling \$3,539.6 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 December 31, 2019.

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 from January 1, 2008 through December 31, 2019. 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. The composite does not include non-fee paying managed accounts. 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 iShares MSCI Emerging Markets ETF which seeks to track the investment results of an index composed of large- and mid-capitalization emerging market equities. iShares ETF names are registered trademarks of Blackrock, Inc. Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce performance.

Beginning August 10, 2020, market price returns for BlackRock and iShares ETFs are calculated using the closing price and account for distributions from the fund. Prior to August 10, 2020, market price returns for BlackRock and iShares ETFs were calculated using the midpoint price and accounted for distributions from the fund. The midpoint is the average of the bid/ask prices at 4:00 PM ET (when NAV is normally determined for most ETFs). The ETF performance has not been examined. This benchmark is shown for comparison purposes only. We are not trying to explicitly manage to this benchmark. This benchmark represents holdings whose characteristics may differ from the composite portfolios; however, it tends to represent the investment environment existing during the time periods shown. The holdings of the client portfolios in our composites may differ significantly from the securities that comprise the index shown. Renaissance changed the benchmark retroactively as of 6/30/2020. 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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