International Small Cap Equity
Quarter-End Review—3Q2022

International equities fell in the third quarter, marking three straight quarters of negative returns, the first time this has happened since the global financial crisis in 2008–09. The strengthening U.S. dollar, rapidly rising interest rates, continued war in Ukraine, and China's lockdowns driven by its pursuit of zero-COVID all put pressure on equity prices during the quarter.

PERFORMANCE

	Quarter Ending 9/30/2022	Year-to-Date as of 9/30/2022
Institutional Composite (gross)	-7.12%	-24.02%
(net)	-7.14%	-24.07%
Vanguard FTSE All World ex US Small Cap ETF[1]	-9.94%	-30.36%

(1) Primary benchmark.
Source: Renaissance Research, Bloomberg, The Vanguard Group

The U.S. dollar continued to strengthen, posting its largest quarterly return in over seven years, as a decidedly hawkish U.S. Federal Reserve (the Fed) put pressure on currencies around the globe. Major currencies including the euro (lowest since 2002), British pound (lowest since 1985), Japanese yen (lowest since 1998), and Chinese yuan (lowest since 2020) all weakened significantly against the dollar, pushing the U.S. Dollar Index to its highest level since 2002. The currencies are weakening for differing reasons. The European Central Bank is considered to be behind the Fed in pushing rates higher in an attempt to fight inflation, while in the U.K., the new government announced plans to increase spending and cut taxes which are perceived to

GEOGRAPHICAL EXPOSURE & PORTFOLIO CHANGES[1][2]

Region	Ending Weight[3]	Change from 6/30/2022	International Small Cap Equity Additions & (International Small Cap Equity Deletions)[4]
North America	28.2%	-1.8%	(Triton International)
Asia/Pacific	27.2%	-0.4%	
Western Europe	21.3%	-4.6%	Société BIC (ProSiebenSat.1 Media, Rheinmetall, Thule)
Middle East & Africa	13.4%	+4.5%	Network International, Sapiens International
Central & South America	7.1%	+2.4%	Afya
Cash	2.8%	-0.1%	
Eastern Europe	0.0%	0.0%	
Developed Markets	74.5%	-4.3%	
Emerging Markets	22.7%	+4.4%	
Cash	2.8%	-0.1%	

(1) Based on a representative account of the strategy discussed and shown as supplemental information to the GIPS Report. Portfolio characteristics (e.g., sector weights, valuation, growth rate) are based on a representative account that we believe is illustrative of the strategy. All accounts in the strategy are invested identically in the same securities unless a client has imposed restrictions. Characteristics and/or holdings on a given date may vary due to pending trades.
(2) 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 iShares MSCI Emerging Markets ETF) or exhibits risk characteristics (e.g., economic, geopolitical and regulatory risks) similar to emerging market countries.
(3) 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.
(4) Any securities referenced should not be considered a recommendation to purchase or sell a particular security. These securities represent a portion of the companies held in a representative account in this strategy as of the date stated and are intended for informational purposes only. The reader should not assume that investments in the securities identified or discussed were or will prove to be profitable. 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. To request a complete list of holdings recommendations for this strategy over the past year or a list showing the contribution of every holding to the performance of the representative account for the time period stated, please contact Renaissance at compliance@reninv.com.

Source: Renaissance Research, FactSet

CONTRIBUTORS TO RETURN[(1)(2)]

Ticker	Company Name	Average Weight[(3)]	Contribution to Return
TOP FIVE CONTRIBUTORS—INTERNATIONAL SMALL CAP EQUITY			
EURN	Euronav	2.34%	0.54%
VTSCY	Vitesco Technologies	2.23%	0.47%
ERO	Ero Copper	1.58%	0.41%
BICEY	Societe BIC	1.73%	0.29%
ASAI	Sendas Distribuidora	2.09%	0.25%
BOTTOM FIVE CONTRIBUTORS—INTERNATIONAL SMALL CAP EQUITY			
RNMBY	Rheinmetall	1.81%	-0.85%
VLRS	Volaris	1.55%	-0.69%
NOMD	Nomad Foods	1.92%	-0.62%
APELY	Alps Alpine	1.78%	-0.56%
IMOS	ChipMOS Technologies	1.68%	-0.46%

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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 reader should not assume that investments in the securities identified or discussed were or will prove to be profitable. 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. To request a complete list of holdings recommendations for this strategy over the past year or a list showing the contribution of every holding to the performance of the representative account for the time period stated, please contact Renaissance at compliance@reninv.com.

(3) 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.

Sources: Renaissance Research, FactSet

likely add to inflationary pressures. The Bank of Japan continues its ultra-loose monetary policy, and China continues pushing down interest rates in an attempt to stimulate its economy. Several countries have attempted to slow the free-fall of their currencies including intervention by the Japanese government in the foreign exchange market for the first time since 1998. The Bank of England announced it would buy back government bonds to stabilize both the bond market and the British pound, and China is reportedly readying state-owned banks to sell dollars to support the yuan. While these moves have helped stabilize currencies in the short-term, more coordinated action may be required to halt the dollar's advance.

In the United States, the peak inflation and forthcoming Fed pivot narrative gained traction during much of the summer. However, Federal Reserve Chair Powell quashed hopes of a Fed pivot during his speech in Jackson Hole when he indicated the Fed would continue aggressively raising rates, focusing on bringing inflation back down toward its target even at the expense of economic growth. In addition, the August CPI report came in higher than expected, dashing hopes that inflation would ease quickly. While inflation in the United States has remained stubbornly elevated, it does appear to be decelerating. This contrasts with eurozone inflation which continues to accelerate, having come in hotter than expected for the last five months and reaching 10% in September, the first time that inflation in the eurozone has reached double-digits. While inflation continues to be uncomfortably high for central banks, a glimmer of hope is that commodity prices have come off their highs. The Bloomberg

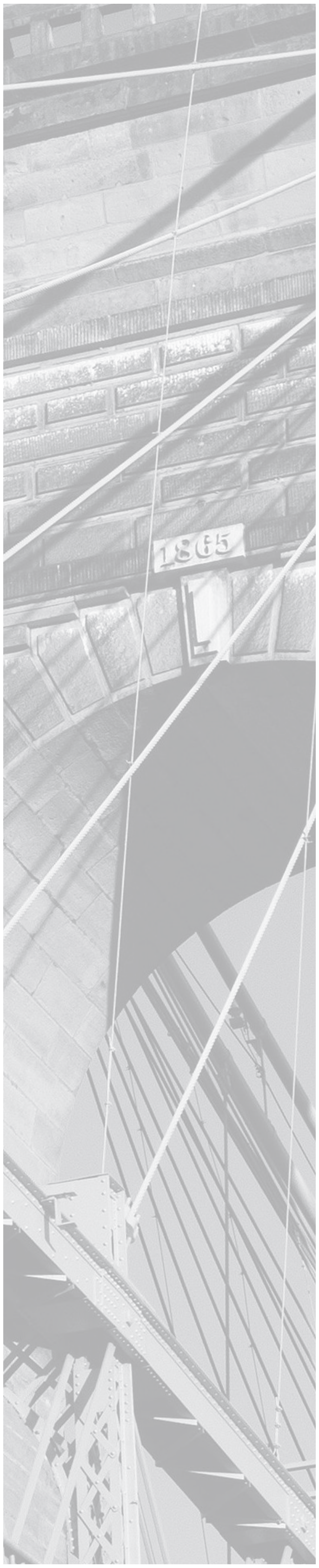
Commodity Index is now 18% off its high reached in early June, with important and diverse input costs including oil, corn, lumber, and cotton all significantly down from their peaks. While lower commodity prices won't solve the high inflation problem by itself, it should help ease some headline inflationary pressures in the future and help slow the pace of central bank interest rate increases.

The Russia/Ukraine war continues to have negative repercussions on the European economy. In retaliation to sanctions leveled against its economy and citizens, Russia has decreased and recently shut off natural gas supplies via its Nord Stream pipeline. Europeans, who had become overly reliant on Russian natural gas imports, have been forced to abruptly find alternative natural gas sources, including liquefied natural gas from the United States and Qatar, to fill up their storage ahead of winter. While storage has filled faster than initially expected and storage levels are in-line with five-year averages, the lack of Russian supply has caused energy costs in Europe to spike, adversely impacting consumers and forcing companies to curtail production. The continent has also been forced to revert to energy sources they were attempting to phase out, including a restart of coal power plants in Germany and nuclear reactors in France. Although these alternative energy supplies should provide some help during the energy crisis, much of the continent is at the mercy of the weather, with a colder-than-average winter likely to cause a drawdown of storage, a spike in energy costs, and potential factory shutdowns to conserve energy.

Our portfolio had a negative absolute return but was ahead of our benchmark for the quarter. The sell-off was broad based with every sector in the benchmark down during the quarter. Positive stock selection in Consumer Discretionary was offset by negative selection in Industrials. Belgium and India contributed the most to portfolio returns, while Japan and the United Kingdom detracted the most from returns. Our best-performing stock during the quarter was **Euronav** (Belgium). The Russia/Ukraine war has caused a dislocation in the energy markets, forcing tankers to travel longer distances, which has put upward pressure on energy shipping rates. **Rheinmetall** (Germany) was the largest detractor to performance. While increased military spending has boosted the prospects for Rheinmetall's defense division, the company's automotive component business (engine blocks, pistons, bearings) is struggling with semiconductor shortages and lower demand. As a result, organic sales growth is now expected to be around 15% in 2022, down from an earlier forecast of 15-20%.

During the quarter we purchased medical education company **Afya** (Brazil) as a scarcity of doctors in Brazil should lead to continued government support for the industry and strong demand for its classes. Margins should also expand as newer schools and seats mature over a six-year process. We sold container fleet leasing company **Triton** (Bermuda) as container rates are likely to continue dropping as demand for goods falls. The company also operates with a highly leveraged business model, which should lead to rising interest expenses as interest rates increase.

The impact of rising interest rates is beginning to be felt on economies across the globe as the percent of countries whose manufacturing PMI is in contractionary territory has risen from 14% in June to 57% in September. Volatility has returned to the markets as fears of a global recession have increased, causing 2022 to feel much more like 2020 when large swings in the market were common. With investors' decisively bearish positioning, a number of factors could cause markets to rally including more dovish-than-expected central banks or a milder-than-expected winter in Europe. In China, the National Congress meets in October with investors looking for signs that the government will ease its zero-COVID policy, which could unleash significant pent-up demand in the world's second largest economy. The sell-off in international equities has caused valuations (as measured by the next-twelve-months Price-to-Earnings Ratio) to contract from over 16x in early 2021 to under 11x at the end of the



third quarter. This not only puts international equities at over a 20% discount to their ten-year average, but a nearly 30% discount to their U.S. peers. We believe the sell-off has created opportunities to buy high-quality companies with good long-term growth prospects that are trading near trough valuations.

DISCLOSURES

The opinions stated in this presentation are those of Renaissance as of September 30, 2022 and are subject to change at any time due to changes in market or economic conditions.

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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 appropriate 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 ETFs

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.

Vanguard FTSE All World ex US Small Cap ETF—The Vanguard FTSE All World ex US Small Cap ETF seeks to track the performance of a benchmark index that measures the investment return of stocks of international small-cap companies.

STOCK REFERENCES

Any securities referenced should not be considered a recommendation to purchase or sell a particular security. These securities represent a portion of the companies held in a representative account in this strategy as of the date stated and are intended for informational purposes only. The reader should not assume that investments in the securities identified or discussed were or will prove to be profitable. 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. To request a complete list of holdings recommendations for this strategy over the past year or a list showing the contribution of every holding to the performance of the representative account for the time period stated, please contact Renaissance at compliance@reninv.com.

GIPS Report International Small Cap Equity Institutional Composite

Year	International Small Cap Equity Institutional Composite Gross-of-Fee Return	International Small Cap Equity Institutional Composite Net-of-Fee Return	Vanguard FTSE All World ex-US Small Cap ETF Return	Net Composite 3 Year Annualized Standard Deviation	Benchmark 3 Year Annualized Standard Deviation	--As of Year End or Current Quarter-- Annual Asset Weighted Composite Dispersion	Number of Portfolios in Composite	Market Value of Composite (Millions)	Market Value of Firm's GIPS Assets (Millions)	Market Value of Firm's AUA (Millions)	Market Value of Total Firm AUM (Millions) **
2010	23.97%	23.80%	25.60%			NMF*	2	$0.3	$3,800.2	$833.4	$4,633.6
2011	-16.40%	-16.47%	-19.63%	25.93%	23.37%	NMF*	6	$0.4	$2,862.3	$836.1	$3,698.4
2012	19.95%	19.84%	20.73%	20.15%	21.31%	0.40	6	$0.5	$2,409.8	$969.9	$3,379.7
2013	48.27%	48.13%	16.60%	19.51%	17.48%	0.56	7	$0.9	$2,767.7	$1,190.3	$3,958.0
2014	-11.58%	-11.95%	-5.06%	15.05%	13.75%	0.34	9	$11.8	$2,986.2	$1,347.8	$4,334.0
2015	-1.34%	-2.05%	-0.01%	14.06%	11.73%	0.28	9	$11.4	$2,703.8	$1,534.0	$4,237.8
2016	6.44%	5.66%	4.26%	12.91%	12.03%	0.14	10	$12.8	$1,762.0	$2,686.1	$4,448.1
2017	30.86%	29.93%	30.60%	11.77%	10.86%	NMF*	4	$15.7	$2,202.4	$3,281.7	$5,484.1
2018	-16.17%	-16.79%	-18.47%	13.55%	11.84%	NMF*	4	$12.9	$1,682.2	$2,517.0	$4,199.2
2019	19.04%	18.17%	21.36%	13.98%	11.88%	NMF*	4	$14.9	$883.1	$2,656.5	$3,539.6
2020	6.86%	6.47%	11.84%	24.95%	21.17%	NMF*	1	$0.6	$879.0	$2,177.1	$3,056.1
2021	29.13%	29.01%	13.07%	23.87%	20.05%	NMF*	1	$0.8	$977.0	$2,128.6	$3,105.6
	FINAL 12/31/2021										.

* Not meaningful figure due to five or fewer accounts invested for the entire year.

** Renaissance Total Firm assets under management include Non-Discretionary Assets (UMA Programs), for which Renaissance does not have trading authority. The Non-discretionary management of UMA Sponsor accounts consists of Renaissance providing the UMA Sponsor with changes to each participating Renaissance model portfolio on an ongoing basis.

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. RIM has been independently verified for the periods from January 1, 2006 through June 30, 2022.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite maintenance, as well as calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The International Small Cap Equity Institutional Composite has had a performance examination for the periods January 1, 2006 through June 30, 2022. The verification and performance examination reports are available upon request.

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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 list of all composite descriptions is available upon request.

Composite Composition: The International Small Cap Equity Institutional Composite (inception date: 11/1/2005) 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 American Depositary Receipts (ADRs) and U.S. listed shares of foreign corporations with a market capitalization between $100 million and $3 billion. The International Small Cap Equity Institutional Composite, created on November 1, 2005, includes all fee-paying, non-wrap International Small Cap Equity accounts.As of January 1, 2021, the composite was redefined to also include tax managed accounts which were previously excluded. 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 gross 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 International Small Cap 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 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 investments, calculating performance, and preparing GIPS Reports 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 Small Cap 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 Vanguard FTSE All-World ex-US Small-Cap ETF which seeks to track the performance of a benchmark index that measures the investment return of stocks of international small-cap companies. 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. Market performance is based upon the midpoint of the bid/ask spread at 4:00 p.m. Eastern time (when NAV is normally determined for most ETFs) and does not represent the performance you would receive if you traded shares at other times. 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 (from the MSCI All World Country ex USA Small Cap Index) 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 appropriate 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 not guaranteed by the U.S. government.

Risks of International Small Cap Equity Strategy: International Small Cap 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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