

International Small Cap Equity

Quarter-End Review—4Q2022



After three negative quarters in a row, international markets turned positive for the final quarter of 2022, capping a tumultuous year for both equity and fixed income investors. Many equity indices across the globe saw their best quarterly results since the end of 2020,

with developed markets faring better than emerging markets and value-oriented stocks outpacing growth-oriented stocks for the quarter and the year. Market sentiment improved during the quarter after two major headwinds—China and inflation—turned into tailwinds. While many investors were looking for a so-called Fed pivot away from rate increases, the market instead welcomed a China COVID pivot. After almost three years of harsh pandemic-related controls, the Chinese government finally ended most restrictions and began opening their economy. As the coronavirus winds its way through the Chinese population, economic activity will be stunted at first, but global growth could see a boost from China later in 2023, with China GDP growth expected to rebound to 4.8% in 2023 versus 3.1% in 2022, according to estimates compiled by FactSet.

PERFORMANCE

	Quarter Ending 12/31/2022	Year Ending 12/31/2022
Institutional Composite (gross)	14.34%	-13.12%
(net)	14.32%	-13.20%
Vanguard FTSE All World ex US Small Cap ETF ⁽¹⁾	12.76%	-21.47%

⁽¹⁾Primary benchmark.

Source: Renaissance Research, Bloomberg, The Vanguard Group

GEOGRAPHICAL EXPOSURE & PORTFOLIO CHANGES ^{(1) (2)}

Region	Ending Weight ⁽³⁾	Change from 9/30/2022	International Small Cap Equity Additions & (International Small Cap Equity Deletions) ⁽⁴⁾
North America	27.4%	-0.8%	(Masonite International)
Western Europe	25.2%	+4.0%	Playa Hotels & Resorts
Asia/Pacific	23.4%	-3.8%	(Capcom)
Middle East & Africa	12.1%	-1.2%	
Central & South America	9.1%	+2.0%	Tecnoglass
Cash	2.8%	-0.1%	
Eastern Europe	0.0%	0.0%	
Developed Markets	73.2%	-1.2%	
Emerging Markets	24.0%	+1.3%	
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.

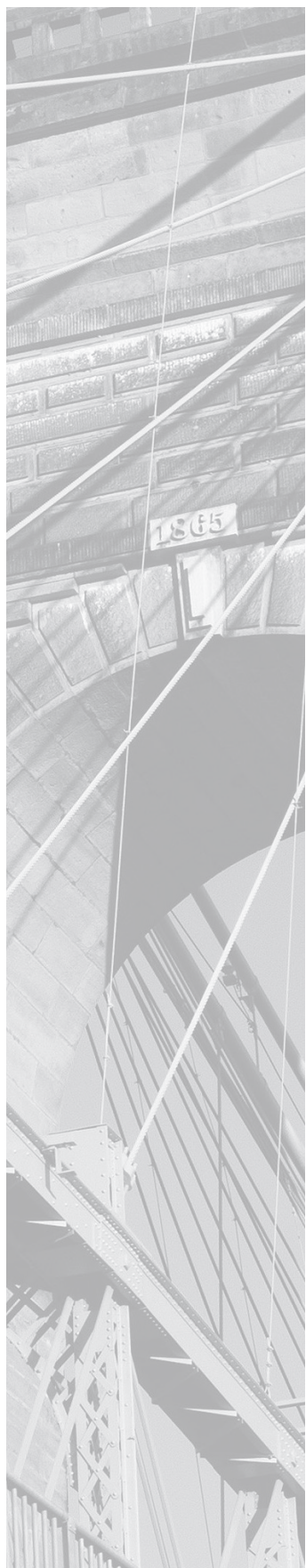
⁽³⁾Weights as of the end of the presentation period. Cumulative total weighting may not add up to 100% due to rounding of percentages to the nearest decimal place.

⁽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

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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—INTERNATIONAL SMALL CAP EQUITY

IGT	International Game Technology	2.33%	0.84%
INVVY	Indivior	2.34%	0.81%
NOA	North American Construction Group	2.09%	0.74%
OEC	Orion Engineered Carbons	2.41%	0.73%
CLS	Celestica	2.21%	0.68%

BOTTOM FIVE CONTRIBUTORS—INTERNATIONAL SMALL CAP EQUITY

VET	Vermilion Energy	2.05%	-0.31%
AITUY	Anritsu	1.46%	-0.17%
TSEM	Tower Semiconductor	3.41%	-0.11%
NTB	The Bank of N.T. Butterfield & Son Ltd.	1.91%	-0.10%
MX	Magnachip Semiconductor	1.10%	-0.10%

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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

Record high inflation rates, which have been the bane of many central bankers, have also started to come down in a number of countries. This trend is expected to continue in 2023 as supply chain bottlenecks ease and commodity prices such as crude oil remain well off their 2022 highs. Meanwhile, higher interest rates have started to dampen economic spending in areas such as housing and auto sales, putting further downward pressure on prices. Based on current price trends, global inflation looks to finish 2023 much lower than current levels. However, as signaled by central bankers, interest rates will need to remain high to ensure that inflation stays low. Most central banks are expected to raise rates higher in 2023, putting pressure on economic growth, with economists expecting a recession in some countries and regions including Europe.

Dovetailing with 2023 economic recession fears has been a deterioration in manufacturing Purchasing Managers' Indices (PMIs), with many country indices at levels below 50, indicating a contraction in economic activity. PMI indices declined for most of 2022, with the United States peaking in April 2022 and other countries' PMIs sliding since mid-2022. While the PMI decline coincided with equity market weakness, there is a bit of optimism that economic growth and company earnings may see a rebound, albeit slight, starting in the latter half of 2023. Estimated earnings for international companies have increased since October, suggesting that analysts are becoming more optimistic that the earnings nadir has been reached.

Our strategy performance for the quarter was positive on both a relative and an absolute basis. Sector returns were on the plus side across all eleven economic sectors in our benchmark.

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This was in stark contrast to benchmark year-to-date returns through the end of September when only the Energy sector saw gains. Within our strategy, the broad-based rally was led by contributions from the Consumer Discretionary, Materials, and Industrials sectors. Least additive to returns were our holdings in the Financials, Energy, and Health Care sectors. Regionally, North America and Western Europe contributed the most to returns led by Canada and the United Kingdom, while the Middle East & Africa and Central and South America added the least. As with our benchmark, our developed market holdings performed better than our emerging market stocks.

From a positioning standpoint, we maintain a relative overweight to the Information Technology sector, which was the weakest contributing sector for the year. We believe the long-term prospects for tech stocks have not changed, and we are overweight semiconductor companies. While smartphones and personal computers remain the largest segment for chip sales, the highest growth segment is expected to be automotive related. We believe that our positioning in semiconductor-related companies should bode well for the portfolio given the growing demand in areas such as automotive chips required for electric cars as well as for ADAS (Advanced Driver Assistance Systems) features.

Looking at individual positions, our best contributing stocks for the quarter were **International Game Technology** (United Kingdom), **Indivior** (United Kingdom), and **North American Construction** (Canada). Investors grew more encouraged about the 2023 prospects for global lottery and gaming company International Game Technology which recently signed contracts with the states of Georgia and Texas as well as Ontario, Canada. In addition, demand for more advanced gaming machines has helped to push gross margins higher in its Gaming unit. Indivior, a pharmaceutical company specializing in opioid dependence treatments, reported strong third quarter sales for its two growth drugs, Sublocade (+66% year-over-year) and Perseris (+60% year-over-year). North American Construction, which provides construction and mining services, reported a third quarter beat across the board, giving investors confidence that the company has worked its way through the COVID-induced skilled labor shortages that hurt results earlier in the year.

Vermilion Energy (Canada), **Anritsu** (Japan), and **Tower Semiconductor** (Israel) were our weakest performing stocks for the quarter. Oil and gas producer Vermilion Energy was lower during the quarter as European natural gas prices declined and government officials drew closer to imposing a windfall tax on energy companies with operations in Europe. Higher component prices and personnel expenses caused Anritsu's margins to drop in the testing & measurement division in the fiscal second quarter. However, management expects that margins will bounce back in the second half of the fiscal year as they pass along higher costs. Tower Semiconductor shares sold off as fears increased that Chinese regulators would reject Intel's pending acquisition of the company.

While 2022 was a year for the record books given the decline in both equity and fixed income markets, history does tell us that international markets have rebounded in the past after suffering large declines. In fact, after the last three double-digit international equity market declines in 2008, 2011, and 2018, the markets rebounded by double-digits the following year. Relative valuations of non-U.S. stocks also look attractive going into 2023. Based on trailing price-to-earnings ratios, international markets trade at a 31% discount to the S&P 500, compared to an average 25% discount over the last 10 years. Another positive for international markets is the possible weakening of the U.S. dollar, which may decline as the U.S. Fed looks to scale back its pace of interest rate increases. Geopolitical tensions between the United States and China remain high, but progress has been made in some areas of disagreement such as company audits.

We believe that our Growth At a Reasonable Price (GARP) investment philosophy lends itself to favorable returns as markets seek companies that exhibit growth in a slowing economy but also trade at attractive valuations.

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DISCLOSURES

The opinions stated in this presentation are those of Renaissance as of December 31, 2022 and are subject to change at any time due to changes in market or economic conditions.

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.

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.

REFERENCED INDEX

Manufacturing Purchasing Managers' Index—The Manufacturing Purchasing Managers' Index (PMI) measures the activity level of purchasing managers in the manufacturing sector. A reading above 50 indicates expansion in the sector; below 50 indicates contraction.

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. Nonperformance-based criteria have been used to select the securities listed unless otherwise stated. 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	As of Year End or Current Quarter										
	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	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
2022	-13.12%	-13.20%	-21.47%	26.54%	23.19%	NMF*	2	\$0.8	\$845.4	\$1,743.4	\$2,588.8
FINAL 12/31/2022											

* 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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