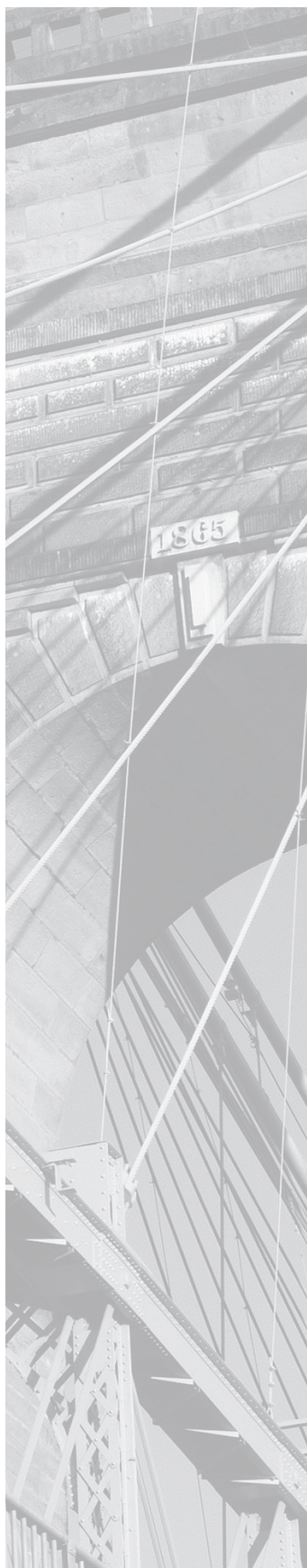


Emerging Markets Equity Quarter-End Review—1Q2024



International equities picked up where they left off in 2023, rising in the first quarter and notching their fifth gain in the last six quarters. The expectation that most major central banks will cut interest rates later this year helped offset the continued gloom of the Chinese economy. The U.S. Dollar Index rose 3% during the quarter, with particular strength against the Japanese yen, as the solid U.S. economy and higher-than-expected inflation led the Federal Reserve to continue pushing its “higher for longer” messaging.

Inflation in Japan has been above the Bank of Japan’s (BOJ) 2% target for over a year, allowing the BOJ to raise its benchmark interest rate out of negative territory for the first time in eight years. This marked the end of an era for negative interest rates globally, a dramatic turnaround from just over three years ago when the total dollar amount of negative yielding debt peaked at over \$18 trillion. Japanese stocks reached new all-time highs during the quarter for the first time in over three decades, rallying on the back of corporate governance reforms that have led to higher shareholder returns and the belief that the country may have finally broken free of the deflationary environment that hurt economic growth for over a decade. Indeed, rising wages, the last piece of the puzzle, seemed to be achieved after the country’s largest union group announced a 5.28% increase in wages for 2024. With incomes now rising faster than inflation, spending and economic growth should improve, which could give additional legs to the stock market rally. Persistently low interest rates in Japan have also kept the Japanese yen weak, which has helped the country’s many export-oriented companies. The yen fell to its lowest level since 1990 after the BOJ increased interest rates, but more importantly, the central bank also indicated that accommodative financial conditions will be maintained. While the initial rate increase went smoothly, the BOJ will be faced with tougher decisions later in the year when it may be raising interest rates at a time when many other central banks will be lowering rates. This could cause the yen to appreciate, presenting one of the key risks to Japanese equities over the next year. Another risk lies in what the BOJ will choose to do with its large holdings of Japanese stocks. The holdings, which were accumulated through purchases of ETFs beginning in 2010, now account for 7% of the

GEOGRAPHICAL EXPOSURE & PORTFOLIO CHANGES ⁽¹⁾ ⁽²⁾

Region	Ending Weight ⁽³⁾	Change from 12/31/2023	Emerging Markets Equity Additions & (Emerging Markets Equity Deletions) ⁽⁴⁾
Asia/Pacific	56.0%	+0.2%	Genting Berhad, PT Bank Mandiri (ENN Energy Holdings, Hong Kong Exchanges & Clearing, POSCO)
North America	19.1%	+0.3%	CEMEX
Central & South America	18.4%	-1.9%	(Sociedad Quimica y Minera de Chile)
Middle East & Africa	3.7%	+2.0%	Mr. Price Group
Cash	1.5%	-0.5%	
Western Europe	1.3%	0.0%	
Eastern Europe	0.0%	0.0%	

⁽¹⁾ Based on a representative account of the strategy discussed. 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.

Sources: 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

TSM	Taiwan Semiconductor Manufacturing	3.62%	1.02%
SIMO	Silicon Motion Technology	2.24%	0.54%
KB	KB Financial Group	2.06%	0.49%
TGLS	Tecnoglass	2.65%	0.35%
YUEIY	Yue Yuen Industrial (Holdings)	1.37%	0.34%

BOTTOM FIVE CONTRIBUTORS—EMERGING MARKETS EQUITY

AFYA	Afya	2.71%	-0.45%
VLRS	Volaris	1.43%	-0.38%
VALE	Vale	1.45%	-0.35%
LNVGY	Lenovo Group	1.52%	-0.33%
ARCO	Arcos Dorados	2.66%	-0.33%

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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⁾Average weights over the presentation period.

Sources: Renaissance Research, FactSet

overall Japanese stock market. While the BOJ indicated that it will no longer purchase Japanese stocks, it did not give a clear indication of what it will do with its current holdings.

Emerging markets lagged developed markets in the first quarter, continuing a trend of underperformance that has lasted more than three years. The underperformance has largely been due to weakness in Chinese equities, which have fallen nearly 50% since the end of 2020. This has become an enormous headwind to emerging market performance as China's weight in the iShares MSCI Emerging Markets ETF was 36% at the end of 2020. The drop in Chinese equities was due in part to unpredictable government policies and geopolitical issues that led to an outflow of foreign direct investment, which fell 8% year over year in 2023. However, some emerging markets, including India and Mexico, have had favorable returns over the past three years, as their economies have benefited from companies shifting supply chains away from China.

Although Chinese officials have attempted to stimulate the property market in China, the impact of their effort has yet to be seen as prices of both new and second-hand homes continue to fall. Home prices are extremely important to the Chinese economy, as an estimated 70% of household wealth is related to real estate. According to Bloomberg Economics, every 5% decline in home prices wipes out \$2.7 trillion in housing wealth. Add this to the steep drop in stock prices and it explains much about why consumer sentiment remains low and Chinese consumers continue to hoard cash instead of spending. The Chinese government has so far been reluctant to implement large-scale stimulus measures, but it faces a tough balancing act as it attempts to stem the decline in the economy while avoiding reinflating the housing bubble.

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Our portfolio returns were positive on an absolute basis but trailed our benchmark in the first quarter. Our portfolio benefited from positive stock selection in the Financials and Consumer Staples sectors, offset by weak selection in the Industrials and Consumer Discretionary sectors. Taiwan, South Korea, and Hong Kong contributed to returns, while China, Brazil, and Uruguay detracted from returns. Our allocation effect was negative from a regional perspective as our overweight to Central & South America detracted from returns, while our underweight to Middle East & Africa helped relative returns.

Valuations of international equities continue to look attractive, trading roughly in line with their ten-year averages and at a 35% discount to their U.S. peers. However, not all countries are cheap, as rallies in Japan and India have caused valuations to re-rate above their ten-year averages. On the other hand, the sharp sell-off in Chinese equities has left the country with very attractive valuations. With weak investor sentiment toward China, any positive data on the Chinese economy, large-scale stimulus announcements, or cooling of geopolitical tensions could result in a sharp rally.

DISCLOSURES

The opinions stated in this presentation are those of Renaissance as of March 31, 2024 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.

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If Renaissance or benchmark performance is shown, it represents historically achieved results, and is no guarantee of future performance. All performance is shown in U.S. dollars unless otherwise stated. Future investments may be made under materially different economic conditions, in different securities and using different investment strategies and these differences may have a significant effect on the results portrayed. Each of these material market or economic conditions may or may not be repeated. Therefore, there may be sharp differences between the benchmark or Renaissance performance shown and the actual performance results achieved by any particular client. Benchmark results are shown for comparison purposes only. The benchmark presented represents unmanaged portfolios whose characteristics differ from the composite portfolios; however, they tend to represent the investment environment existing during the time periods shown. The benchmark cannot be invested in directly. The returns of the benchmark do not include any transaction costs, management fees or other costs. The holdings of the client portfolios in our composites may differ significantly from the securities that comprise the benchmark shown. The benchmark has been selected to represent what Renaissance believes is an appropriate benchmark with which to compare the composite performance.

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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.

Continued

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REFERENCED INDEX

U.S. Dollar Index—The U.S. Dollar Index is a measure of the value of the U.S. dollar relative to the value of a basket of currencies of the majority of the U.S.'s most significant trading partners.

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.