

International Equity ADR Intra-Quarter Commentary—July 2024



International equities had a strong start to the third quarter despite a selloff in tech stocks which have largely powered market gains this year. Investors rotated into other sectors, as expectations for rate cuts uplifted industries that have been impacted by central bank tightening cycles worldwide. Economic weakness across the globe lends support to the belief that central banks will start easing monetary policy in the coming months.

The eurozone showed modest growth in services in July, but a significant decline was seen in manufacturing activity according to the Purchasing Managers' Index (PMI). Germany, in particular, saw a drop in manufacturing activity due to continued weakness in new orders that caused its Composite PMI to fall back into contraction after three straight months of growth. France saw slight services growth due to hosting the Paris Olympics, while manufacturing declined due to political uncertainty and weak demand. Overall, the eurozone faces stagnation risks, with manufacturing struggling since June 2022 as a result of the Russia-Ukraine conflict. In addition, energy costs and competition from China continue to challenge the region. The European Central Bank is signaling that it is monitoring the economy closely, keeping interest rates high but hinting at further potential rate cuts as inflation has been easing. On a positive note, the U.K. saw a significant expansion in manufacturing, reaching a two-year high.

China's manufacturing activity declined for the third consecutive month in July, with the NBS Manufacturing PMI dropping slightly from June's level. The continued economic slowdown comes despite the Chinese Communist Party's pledge to implement pro-growth measures, including boosting consumption and addressing overcapacity issues. However, further stimulus from the Chinese government may be necessary if sluggish economic data persists, especially given potential trade tensions and impending tariffs.

GEOGRAPHICAL EXPOSURE & PORTFOLIO CHANGES⁽¹⁾⁽²⁾

| Region | Ending Weight ⁽³⁾ | Change from 6/30/2024 | International Equity ADR Additions & (International Equity ADR Deletions) ⁽⁴⁾ |
|-------------------------|------------------------------|-----------------------|--|
| Western Europe | 45.9% | -1.6% | (Infineon Technologies) |
| Asia/Pacific | 29.9% | +1.0% | Flex |
| North America | 15.0% | +0.2% | |
| Central & South America | 5.8% | 0.0% | |
| Middle East & Africa | 1.8% | +0.1% | |
| Cash | 1.6% | +0.2% | |
| Eastern Europe | 0.0% | 0.0% | |
| Developed Markets | 75.1% | +0.4% | |
| Emerging Markets | 23.3% | -0.7% | |
| Cash | 1.6% | +0.3% | |

⁽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 |
|--|------------------------------------|-------------------------------|------------------------|
| TOP FIVE CONTRIBUTORS—INTERNATIONAL EQUITY ADR | | | |
| CRH | CRH | 2.59% | 0.35% |
| SHECY | Shin-Etsu Chemical | 2.23% | 0.33% |
| PRYMY | Prysmian | 2.28% | 0.25% |
| GLNG | Golar LNG | 2.29% | 0.24% |
| GIB | CGI | 1.67% | 0.23% |
| BOTTOM FIVE CONTRIBUTORS—INTERNATIONAL EQUITY ADR | | | |
| STLA | Stellantis | 1.68% | -0.28% |
| LNVGY | Lenovo Group | 1.75% | -0.15% |
| RNECY | Renesas Electronics | 1.75% | -0.14% |
| TSM | Taiwan Semiconductor Manufacturing | 3.24% | -0.13% |
| STNG | Scorpio Tankers | 2.00% | -0.12% |

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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

Our portfolio performance was positive on both an absolute and relative basis. Strong stock selection in Materials and Information Technology offset weak selection in Financials and Communication Services. As was the case with the benchmark, our developed markets holdings outperformed our emerging markets holdings. Strong stock selection in Western Europe helped relative performance as it offset weak stock selection in the Asia/Pacific region. Notably, Ireland and Singapore were the top relative performing countries for the portfolio, while Japan and Marshall Islands detracted the most from performance.

Our best performing stock for the month was **CRH** (Ireland). CRH specializes in providing building materials solutions worldwide. Trends of reindustrialization and onshoring, coupled with increased government infrastructure spending, are anticipated to further enhance CRH's growth prospects and financial performance. Our weakest performing stock for the month was **Stellantis** (Netherlands). Stellantis is one of the largest auto manufacturers in the world. The company reported earnings that missed analysts' expectations, leading to a selloff in the stock. Despite a disappointing first half of the year, management reiterated their focus on cost-saving measures, revitalization of the company's brands, and improvement in inventory management, particularly in the United States.

International equity and currency markets are expected to remain volatile as investors adjust to the conclusion of the synchronized tightening cycle, with central banks worldwide shifting to more localized policy measures. Weakness in the manufacturing sector across much of the globe has hurt economic growth and should lead to additional calls for stimulus in China and interest rate cuts in the eurozone.



DISCLOSURES

The opinions stated in this presentation are those of Renaissance as of July 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.

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 ETF

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.

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.