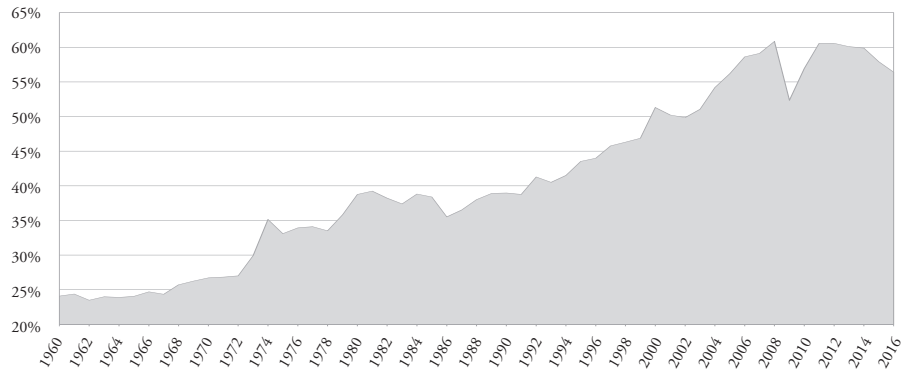


## City of Ormond Beach General Employees Pension - International Equity ADR Portfolio

The first quarter of 2018 was marked by the return of volatility following an extended period of rising equity markets. Although the global economy continues to expand, heightened trade tensions and rising interest rates resulting from less accommodative monetary policies caused equity markets to experience sharp swings during the quarter. Our benchmark, the MSCI ACWI ex U.S., finished the quarter down 1.3%, its first negative quarter since the end of 2016.

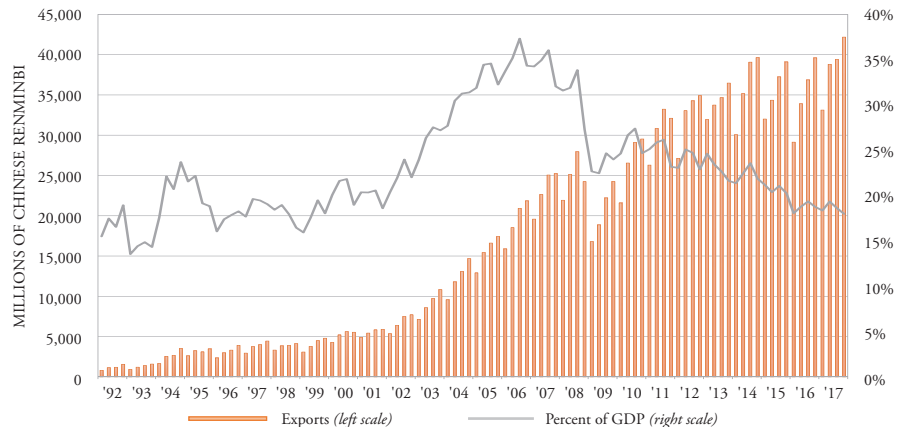
While trade contributed to less than 25% of the global economy in 1960, the increased adoption of free trade agreements has led to the removal of tariffs and opening of borders, resulting in an increased importance of trade to the global economy in recent years (CHART 1). However, trends are beginning to shift as protectionism is rising, which threatens this multi-decade source of global growth. In early March, President Trump declared tariffs on imports of steel and aluminum and directed his trade representative to level additional tariffs on \$50 billion worth of imports from China in response to alleged stealing of U.S. intellectual property. While Trump has said a trade war would be easy to win, the Chinese economy no longer depends on exports the way it once did (CHART 2). Furthermore, trade with China still plays an

**CHART 1: Trade is of Increasing Importance to Global Economy**  
Trade as a Percentage of Global GDP



Data from 12/31/60–12/31/16  
Source: World Bank

**CHART 2: Chinese Exports on the Rise, But Shrinking in Importance to Economy**



Data as of 12/31/17  
Source: Thomson Reuters Datastream, National Bureau of Statistics of China, China Customs

important role in the U.S. economy (CHART 3). Tariffs implemented on imports from China would amount to a tax on the U.S. consumer while retaliatory tariffs, which China has

already announced, on U.S. goods imported to China could result in lost jobs in the U.S. What remains to be seen is if these announcements are a change in U.S. trade policy or if they

### MARKET VALUE SUMMARY

	Quarter Ending 3/31/18
Equities	\$3,234,105
Cash	\$36,894
<b>Total Portfolio</b>	<b>\$3,270,999</b>

### PORTFOLIO PERFORMANCE<sup>(1)(2)</sup>

	Quarter Ending 3/31/18
<b>General Employees' Plan (net of fees)</b>	<b>0.1%</b>
MSCI ACWI ex US Index <sup>(3)</sup>	-1.3%

<sup>(1)</sup>Performance and Benchmark data sources: Renaissance Research, Bloomberg, MSCI  
<sup>(2)</sup>All portfolio and benchmark returns stated through 3/29/18.  
<sup>(3)</sup>Renaissance primary benchmark.

are a starting point for negotiations to improve the U.S. trade balance. The exemptions on the metal tariffs given to many U.S. allies along with an ongoing dialogue between Chinese and U.S. officials keep us hopeful that an all-out trade war will not occur.

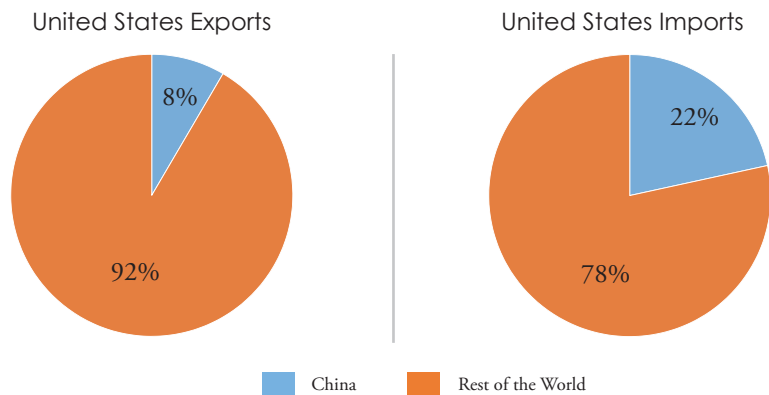
There were also positive signs on the trade front during the first quarter. The U.S. backed off some of its most severe demands, helping U.S., Canadian and Mexican negotiators inch closer to a reworked NAFTA agreement, while the U.S. and South Korea

quickly wrapped up a bilateral trade deal. Outside of the U.S., the Trans-Pacific Partnership (TPP), thought to be dead when President Trump backed the U.S. out of the deal, was signed by 11 nations. This could be a significant turning point in global trade as the U.S. shifts from a champion of free trade towards a more nationalistic approach to trade and geopolitics.

The U.S. dollar fell 2% during the quarter (according to the ICE U.S. Dollar Index) and is now 13% off its highs set near the end of 2016. A major reason for the dollar weakness is the deteriorating U.S. fiscal situation. While other countries, including many Western European nations, have improved their fiscal budgets with the help of austerity measures, the recent U.S. tax bill could add significantly to the federal deficit. This could cause the U.S. dollar to lose its safe haven status and result in the dollar depreciating further. Even with the recent underperformance of the U.S. dollar, U.S.-based international investors have nonetheless experienced a headwind over the past five years due to the sharp dollar rally in 2014 and 2015 (CHART 4).

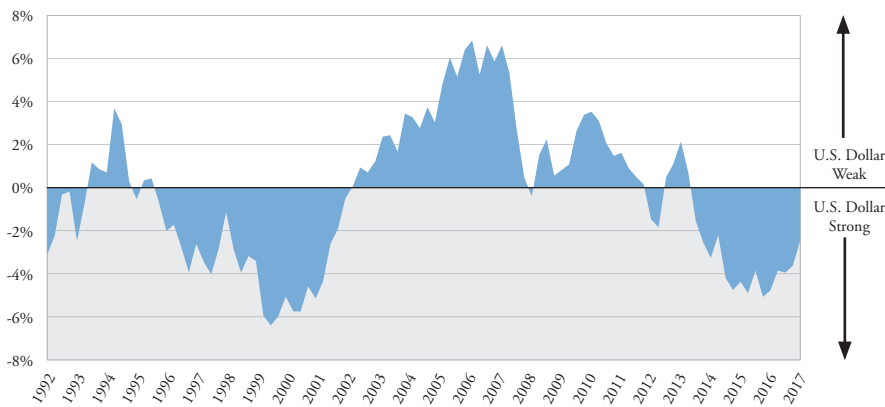
Although several recent economic data points announced during March came in below investors' expectations, the growth story that helped power stock markets higher in 2017 still appears to be on sound footing. While the Eurozone Economic Sentiment Indicator's March reading missed consensus forecasts, it remains at elevated levels that previously had not been seen since 2000, indicating that the Eurozone remains strong. In Japan, the easy-money "Abenomics" policies of Prime Minister Shinzo Abe have allowed GDP to grow for 12 consecutive quarters, its longest run without a negative quarter since before the global financial crisis in 2008 (CHART 5). However, while the Japanese economy is in good shape, repeated cronyism scandals

**CHART 3: U.S. Trade**



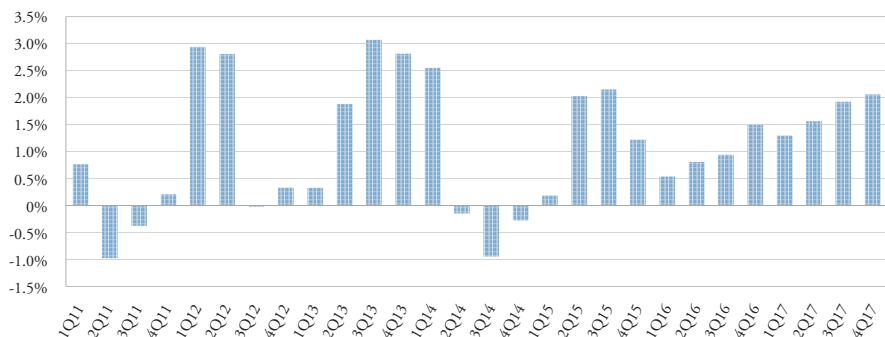
Data as of: 12/31/17  
Source: International Monetary Fund

**CHART 4: Rolling 5-Year Annualized Excess Returns: U.S. Dollar vs. Local Currency**  
MSCI ACWI ex US Index



Data as of 12/31/92–3/31/18  
Source: Renaissance Research, FactSet, MSCI

**CHART 5: Japanese Economy Improving**  
Percent Change in Real GDP vs. 12 Months Prior



Data as of 12/31/17  
Source: FactSet, Japanese Cabinet Office

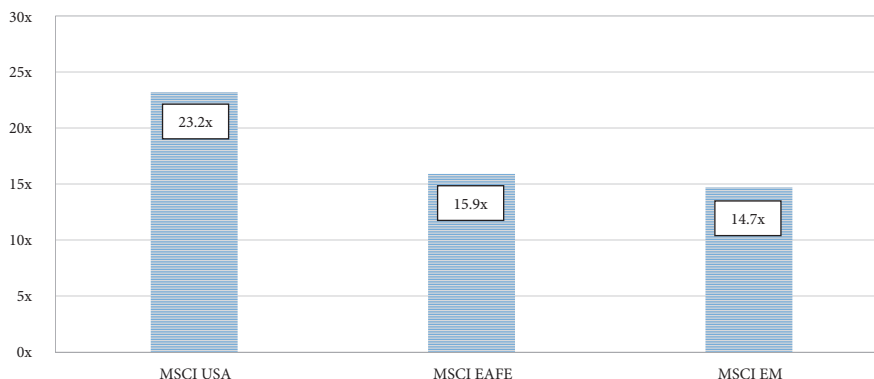
have caused Abe's approval rating to plummet. With party elections coming up for Abe's Liberal Democratic Party in September, a continuation of falling popularity could put Abe's possible third consecutive term as prime minister in jeopardy. A leadership change could hurt the momentum of "Abenomics" and would be a negative for a Japanese economy that appears to be on the cusp of breaking out of a decades-long battle with deflation.

Portfolio performance for the quarter was positive on both an absolute and relative basis. Our overweight towards emerging markets helped boost relative performance as emerging markets outperformed developed markets by nearly 3% during the first quarter, marking the fifth consecutive quarter of outperformance. Even with recent returns, emerging market valuations remain relatively favorable versus developed markets (CHART 6). Making the case even more attractive is that emerging markets are expected to continue to see higher GDP growth rates than developed markets.

Positive stock selection in developed markets was more than enough to offset negative selection in emerging markets. Within developed markets, the UK-based engineering company **GKN** (GKNLY, +50.3%) saw shares rise after a takeover offer was made by Melrose Industries. The company should be a beneficiary of increased adoption of electric vehicles (CHART 7), a major long-term theme that we are attempting to capitalize on in the portfolio. Stock selection in emerging markets was hurt by poor performance from **NetEase** (NTES, -18.7%) as the Chinese online gaming company saw margins fall due to changes in its sales mix and higher sales and marketing spending.

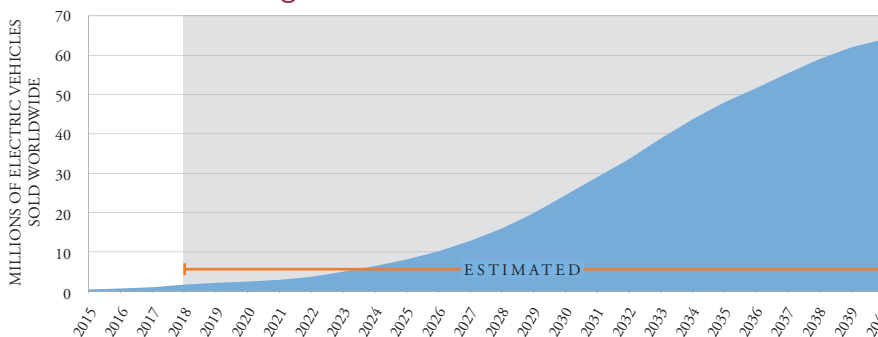
As the global economy continues to improve, central banks are beginning to transition away from the easy money policies of the past decade towards

**CHART 6: U.S. Equities Trade at Premium to International Equities**  
Trailing 12-Month Price-to-Earnings Ratio



Data as of 3/31/18  
Source: FactSet, MSCI

**CHART 7: Electric Vehicle Sales Expected to Soar in Coming Years**



Data as of 12/31/17  
Source: Bloomberg New Energy Finance

**CHART 8: Central Bankers Beginning to Raise Rates in Some Nations**

	12/31/2016	Current as of 3/31/18	Change from 2016
United Kingdom ( <i>Bank Rate</i> )	0.25%	0.50%	▲
United States ( <i>Federal Funds</i> )	0.75%	1.75%	▲
Canada ( <i>Target Rate</i> )	0.50%	1.25%	▲
China ( <i>1 Year or Less Rate on RMB Loans</i> )	4.35%	4.35%	▬
Eurozone ( <i>Main Refinancing Operations Minimum Base Rate</i> )	0.00%	0.00%	▬
Japan ( <i>Policy Rate</i> )	-0.10%	-0.10%	▬
Brazil ( <i>Target Selic Rate</i> )	13.75%	6.50%	▼

Data as of 3/31/18  
Source: Thomson Reuters Datastream

tighter monetary policy. Several major central banks have already raised interest rates (CHART 8) while the European Central Bank (ECB) looks likely to end asset purchases in 2018 with the possibility of raising interest rates in 2019. We have been adding to the

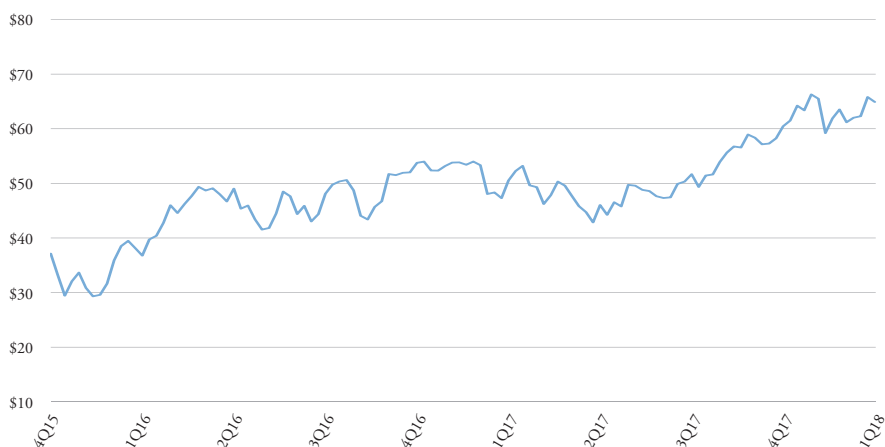
Financials sector since the end of 2016 in order to take advantage of rising interest rates, and it is now our largest single sector weight in the portfolio. **DBS Group** (DBSDY, +12.8%), a Singapore-based bank, was the top-performing holding within Financials

as higher interest rates began to flow through to its net interest margin, which rose 5 basis points quarter-over-quarter. On the downside, **AXA** (AXAHY, -10.4%) saw shares fall after the company announced a \$15 billion acquisition of reinsurer XL Group.

We have also increased our weighting to the Materials sector to capitalize on the strong global economy. While we had no exposure to the sector for a portion of 2015, the weighting in the portfolio has increased to nearly 13%. Our focus within Materials has been on chemical companies that produce value-added products. Higher raw material costs, including oil (CHART 9), hurt the profitability of some of these companies in 2017. However, this headwind could abate in 2018 as companies such as **Akzo Nobel** (AKZOY, +7.6%) are able to pass along their rising costs to customers in the form of higher prices. Negatively, the lack of an infrastructure spending bill in the U.S.

**CHART 9: Oil Has Rallied Since 2015**

Crude Oil—West Texas Intermediate, U.S. Dollars Per Barrel



Data from 12/31/15–3/31/18

Source: Thomson Reuters Datastream, Fathom Consulting

has hurt **CRH** (CRH, -4.1%) as additional infrastructure spending would increase demand for the company's concrete and cement.

While the global economy continues to look healthy, investors should remain aware of the risks facing the markets. The threat of a trade war, ele-

vated valuations in certain sectors and the tightening of monetary policy are all sources of uncertainty in the market that could lead to periods of volatility. As an active manager, we believe we are able to position the portfolio to take advantage of emerging long-term trends while mitigating risk.

The opinions stated in this presentation are those of the authors as of the date listed on this presentation and are subject to change at any time due to changes in market or economic conditions. Past performance is not indicative of future results. Performance for periods of less than a year is not annualized. All returns are shown in U.S. dollars unless otherwise stated.

Individual securities and their returns listed in the commentary are based upon a representative account of the strategy discussed. These securities and returns may not be the same for all accounts due to factors such as pending trades or account restrictions.

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Portfolio Manager



Joe G. Bruening, CFA

Client Services



Mary C. Meiners

Portfolio Administrator



Steve M. Frakes

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City of Ormond Beach General Employees Pension - International Equity ADR Portfolio

Ticker	Security Description	Shares/Face	Unit Cost	Total Cost	Price	Market Value	% of Total Assets
<b>DEVELOPED</b>							
<b>Canada</b>							
CNI	Canadian National Railway	779	53.93	\$42,014	73.13	\$56,968	1.7%
MGA	Magna International	1,053	49.01	\$51,604	56.35	\$59,337	1.8%
MFC	Manulife Financial	2,848	19.50	\$55,546	18.58	\$52,916	1.6%
TECK	Teck Resources	2,133	23.83	\$50,838	25.76	\$54,946	1.7%
	<b>TOTAL Canada</b>			<b>\$200,002</b>		<b>\$224,167</b>	<b>6.9%</b>
<b>Denmark</b>							
PANDY	Pandora	2,431	21.62	\$52,557	26.80	\$65,158	2.0%
	<b>TOTAL Denmark</b>			<b>\$52,557</b>		<b>\$65,158</b>	<b>2.0%</b>
<b>Finland</b>							
SEOAY	Stora Enso OYJ	3,275	18.61	\$60,950	18.36	\$60,116	1.8%
	<b>TOTAL Finland</b>			<b>\$60,950</b>		<b>\$60,116</b>	<b>1.8%</b>
<b>France</b>							
ARKAY	Arkema	489	89.78	\$43,903	130.36	\$63,748	1.9%
AXAHY	AXA	1,876	30.90	\$57,976	26.58	\$49,864	1.5%
CGEMY	Capgemini	2,140	12.93	\$27,661	24.89	\$53,269	1.6%
RNLSY	Renault	2,863	19.85	\$56,824	24.23	\$69,365	2.1%
SNY	Sanofi	1,412	47.51	\$67,091	40.08	\$56,593	1.7%
SCRYY	SCOR	13,910	3.72	\$51,762	4.09	\$56,906	1.7%
VLECY	Valeo	1,568	15.39	\$24,130	32.99	\$51,720	1.6%
	<b>TOTAL France</b>			<b>\$329,347</b>		<b>\$401,465</b>	<b>12.3%</b>
<b>Germany</b>							
AZSEY	Allianz	2,513	13.68	\$34,385	22.69	\$57,020	1.7%
DPSGY	Deutsche Post	1,276	36.36	\$46,399	43.97	\$56,106	1.7%
IFNNY	Infineon Technologies	2,255	16.36	\$36,890	26.74	\$60,292	1.8%
	<b>TOTAL Germany</b>			<b>\$117,674</b>		<b>\$173,418</b>	<b>5.3%</b>
<b>Ireland</b>							
CRH	CRH	1,697	35.79	\$60,738	34.02	\$57,732	1.8%
ICLR	ICON	560	67.31	\$37,694	118.14	\$66,158	2.0%
JAZZ	Jazz Pharmaceuticals	420	149.99	\$62,996	150.99	\$63,416	1.9%
RYAAY	Ryanair	526	77.17	\$40,590	122.85	\$64,619	2.0%
	<b>TOTAL Ireland</b>			<b>\$202,018</b>		<b>\$251,925</b>	<b>7.7%</b>
<b>Israel</b>							
CHKP	Check Point Software Technologies	605	55.49	\$33,569	99.34	\$60,101	1.8%
	<b>TOTAL Israel</b>			<b>\$33,569</b>		<b>\$60,101</b>	<b>1.8%</b>
<b>Japan</b>							
BRDCY	Bridgestone	2,532	19.21	\$48,642	21.76	\$55,091	1.7%
KDDIY	KDDI	5,074	11.31	\$57,364	12.72	\$64,541	2.0%
MIELY	Mitsubishi Electric	1,627	27.69	\$45,046	31.96	\$52,001	1.6%
NTTY	Nippon Telephone & Telegraph	1,343	33.28	\$44,692	46.09	\$61,903	1.9%
IX	Orix	659	82.88	\$54,618	89.86	\$59,218	1.8%
SMCAY	SMC Corp.	2,522	13.06	\$32,941	20.02	\$50,501	1.5%
SNE	Sony	1,210	50.90	\$61,585	48.34	\$58,491	1.8%
TRYIY	Toray Industries	3,130	18.12	\$56,709	18.83	\$58,922	1.8%
	<b>TOTAL Japan</b>			<b>\$401,598</b>		<b>\$460,668</b>	<b>14.1%</b>
<b>Netherlands</b>							
AER	AerCap Holdings	1,163	26.56	\$30,892	50.72	\$58,987	1.8%
AKZOY	Akzo Nobel	2,041	24.28	\$49,552	31.46	\$64,210	2.0%
NXPI	NXP Semiconductors	523	109.51	\$57,275	117.00	\$61,191	1.9%
	<b>TOTAL Netherlands</b>			<b>\$137,719</b>		<b>\$184,388</b>	<b>5.6%</b>
<b>Singapore</b>							
DBSDY	DBS Group	688	58.79	\$40,445	83.89	\$57,714	1.8%

City of Ormond Beach General Employees Pension - International Equity ADR Portfolio

Ticker	Security Description	Shares/Face	Unit Cost	Total Cost	Price	Market Value	% of Total Assets
UOVEY	United Overseas Bank	1,469	42.25	\$62,063	41.94	\$61,614	1.9%
	<b>TOTAL Singapore</b>			<b>\$102,508</b>		<b>\$119,328</b>	<b>3.6%</b>
<b>Spain</b>							
ACSAY	ACS	7,257	7.97	\$57,833	7.79	\$56,496	1.7%
	<b>TOTAL Spain</b>			<b>\$57,833</b>		<b>\$56,496</b>	<b>1.7%</b>
<b>United Kingdom</b>							
CUK	Carnival plc	900	59.70	\$53,728	65.50	\$58,950	1.8%
FERGY	Ferguson	8,070	7.82	\$63,124	7.58	\$61,130	1.9%
GKNLY	GKN plc	10,124	4.93	\$49,931	6.50	\$65,755	2.0%
PSMMY	Persimmon	848	56.24	\$47,695	70.98	\$60,193	1.8%
	<b>TOTAL United Kingdom</b>			<b>\$214,479</b>		<b>\$246,028</b>	<b>7.5%</b>
	<b>TOTAL DEVELOPED</b>			<b>\$1,910,252</b>		<b>\$2,303,257</b>	<b>70.4%</b>
<b>EMERGING</b>							
<b>China</b>							
BIDU	Baidu	246	244.02	\$60,028	223.19	\$54,905	1.7%
CICHY	China Construction Bank	2,859	22.89	\$65,447	20.54	\$58,724	1.8%
CEA	China Eastern Airlines	1,429	31.45	\$44,941	36.80	\$52,587	1.6%
CEO	CNOOC	398	132.79	\$52,849	147.87	\$58,852	1.8%
NTES	NetEase	195	152.38	\$29,714	280.39	\$54,676	1.7%
SHI	Sinopec Shanghai Petrochemical	1,014	62.29	\$63,157	61.32	\$62,178	1.9%
YY	YY Inc.	516	116.21	\$59,966	105.20	\$54,283	1.7%
	<b>TOTAL China</b>			<b>\$376,103</b>		<b>\$396,206</b>	<b>12.1%</b>
<b>Hong Kong</b>							
WHGLY	WH Group	2,804	13.49	\$37,814	21.30	\$59,736	1.8%
	<b>TOTAL Hong Kong</b>			<b>\$37,814</b>		<b>\$59,736</b>	<b>1.8%</b>
<b>Mexico</b>							
BSMX	Banco Santander Mexico	8,138	8.07	\$65,673	7.17	\$58,349	1.8%
	<b>TOTAL Mexico</b>			<b>\$65,673</b>		<b>\$58,349</b>	<b>1.8%</b>
<b>Russia</b>							
LUKOY	Lukoil	920	60.43	\$55,597	69.22	\$63,682	1.9%
	<b>TOTAL Russia</b>			<b>\$55,597</b>		<b>\$63,682</b>	<b>1.9%</b>
<b>South Korea</b>							
KB	KB Financial	1,008	46.80	\$47,171	57.94	\$58,404	1.8%
SKM	SK Telecom	2,174	19.95	\$43,366	24.17	\$52,546	1.6%
	<b>TOTAL South Korea</b>			<b>\$90,538</b>		<b>\$110,949</b>	<b>3.4%</b>
<b>Taiwan</b>							
ASX	Advanced Semiconductor Engineering	8,728	5.70	\$49,723	7.26	\$63,365	1.9%
TSM	Taiwan Semiconductor Manufacturing	1,416	14.37	\$20,347	43.76	\$61,964	1.9%
	<b>TOTAL Taiwan</b>			<b>\$70,070</b>		<b>\$125,329</b>	<b>3.8%</b>
<b>Thailand</b>							
KPCPY	Kasikornbank	2,167	28.14	\$60,987	27.12	\$58,767	1.8%
	<b>TOTAL Thailand</b>			<b>\$60,987</b>		<b>\$58,767</b>	<b>1.8%</b>
<b>Turkey</b>							
TKC	Turkcell Iletisim Hizmetleri	6,049	9.73	\$58,878	9.56	\$57,828	1.8%
	<b>TOTAL Turkey</b>			<b>\$58,878</b>		<b>\$57,828</b>	<b>1.8%</b>
	<b>TOTAL EMERGING</b>			<b>\$815,660</b>		<b>\$930,848</b>	<b>28.5%</b>
	<b>TOTAL EQUITIES</b>			<b>\$2,725,912</b>		<b>\$3,234,105</b>	<b>98.9%</b>
	<b>Total Cash</b>			<b>\$36,894</b>		<b>\$36,894</b>	<b>1.1%</b>

Portfolio Holdings as of 3/31/2018

City of Ormond Beach General Employees Pension - International Equity ADR Portfolio

<u>Ticker</u>	<u>Security Description</u>	<u>Shares/Face</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>% of Total Assets</u>
	Total Portfolio			\$2,762,806		\$3,270,999	100.0%
	Accrued Income					\$3,947	
	Total Portfolio plus Accrued Income					\$3,274,946	

City of Ormond Beach General Employees Pension - International Equity ADR Portfolio

<b>Broker</b>	<b>Shares</b>	<b>Value</b>	<b>Cents Per Share</b>	<b>Commission Recapture</b>	<b>Directed</b>	<b>Execution Only</b>	<b>Minority</b>	<b>Research</b>	<b>Soft Dollar</b>	<b>Total Commission</b>
Cowen & Company	34,386	888,143	2.00	0.00	0.00	687.72	0.00	0.00	0.00	687.72
Instinet	411	61,706	1.00	0.00	0.00	4.11	0.00	0.00	0.00	4.11
Jefferies	5,382	174,663	1.50	0.00	0.00	80.73	0.00	0.00	0.00	80.73
Liquidnet	10,823	61,295	1.50	0.00	0.00	162.35	0.00	0.00	0.00	162.35
Lynch, Jones, and Ryan	24,433	344,998	5.00	1,221.65	0.00	0.00	0.00	0.00	0.00	1,221.65
NatAlliance Securities	3,511	80,658	1.50	0.00	0.00	52.67	0.00	0.00	0.00	52.67
<b>TOTALS</b>	<b>78,946</b>	<b>1,611,463</b>	<b>2.80</b>	<b>1,221.65</b>	<b>0.00</b>	<b>987.58</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,209.23</b>