



## **Form ADV Part 2A**

**March 13, 2012**

**Item 1 – Cover Page**

# Renaissance Investment Management

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March 13, 2012

Throughout this document Renaissance Investment Management will be referred to as “Renaissance.”

This Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Renaissance. If you have any questions about the contents of this Brochure, please contact us at 513-723-4500 and/or [compliance@reninv.com](mailto:compliance@reninv.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Renaissance and our parent company, Affiliated Managers Group, Inc. (“AMG”), and other affiliated advisers is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Further information about both AMG and AMG’s Affiliates is provided in Item 10.

Although Renaissance is registered as an investment adviser under the Investment Advisers Act of 1940, this registration does not imply that Renaissance or our personnel have a certain level of skill or training.

## Item 2 – Material Changes

The following changes have been made to the brochure since our last annual filing, April 14, 2011. The changes listed below are incorporated in this filing effective March 13, 2012.

### ■ Item 4 – Advisory Business

- *Subsection: Tax Harvesting Policy.* Included text stating that Renaissance uses the FIFO accounting method for taxable accounts for tax lots. If a Renaissance client wants their custodian to use a different method for their account, it is the client's responsibility to notify the custodian of their wishes. The custodian is the official 1099 reporter for tax purposes.
- *Subsection: Assets Under Management.* Updated assets under management as of December 31, 2011.

### ■ Item 5 – Fees and Compensation

- *Subsection: Standard Fee Schedule and Fee Calculation Methodology.* Updated the standard fee schedule table to include the fee rate for the Global Growth Strategy. Also stated Renaissance may receive written notification from a client's broker, which will promptly be followed up by a written notification to the client to confirm the client's desire to close their account.
- *Subsection: Additional Fees and Expenses Payable to Clients.* Added language stating that when buying/selling ADRs, if Renaissance trades the ordinary shares and converts them, you may be charged additional fees such as foreign brokerage fees, ADR conversion fees, exchange fees or stamp taxes associated with this conversion process. Also listed step out commissions as a potential additional fee.
- *Subsection: Fees for Sale of Securities.* Added that Renaissance receives benefits from soft dollar transactions for research services.

### ■ Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

- *Subsection: Foreign Investing Risks.* Included a description of Exchange Rate Risk explaining that American Depositary Receipts (ADRs) are exposed to exchange rate risk when the foreign denominated dividends are converted into U.S dollars. The creation or cancellation of ADRs may also result in exchange rate risk;
- *Subsection: Strategy Overview.* Included a description of the Global Growth Strategy and the risks associated with the strategy; and,
- *Subsection: Strategy Overview.* Modified the number of stocks utilized in the REIT strategy and clarified that the benchmark is the FTSE NAREIT Index.

### ■ Item 10 – Other Financial Industry Activities and Affiliations. *Subsection: Affiliations, Other Contractual Relationships.* Added text stating Renaissance may also purchase or sell the publicly traded securities of a client.

### ■ Item 11 – Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

- *Subsection: Personal Trading.* Listed the exceptions to our Buy List transaction prohibition.
- *Subsection: Restricted List.* Added a Restricted List section that describes our policy to prevent the trading of public securities based on material, non-public information.
- *Subsection: Insider Trading/Material Non-Public Information.* Added text stating that rumor spreading is prohibited.

■ **Item 12 – Brokerage Practices**

- *Subsection: ADR Conversion Fees.* Added language stating that when buying/selling ADRs, if Renaissance trades the ordinary shares and converts them, you may be charged additional fees such as foreign brokerage fees, ADR conversion fees, exchange fees or stamp taxes associated with this conversion process.
- *Subsection: Soft Dollars, Types of Products/Services Received.* Clarified that we do not obtain soft dollar benefits from affiliated brokers;
- *Subsection: Soft Dollars, General Guidelines for Soft Dollar Arrangements.* Added that Renaissance may receive soft dollar credit for all trades done with proprietary brokers regardless of commission rate charged; and,
- *Subsection: Soft Dollars, CFA Institute Soft Dollar Standards.* Added a CFA Institute Soft Dollar Standards section that states that if a client wishes to abide by the CFA Institute Soft Dollar Standards, they must advise us in writing. Soft Dollar trades are not conducted on a principal basis but may be executed by the broker dealer on a riskless principal basis where the securities are bought and sold at the same price. For more information on the CFA Institute Soft Dollar Standards, please refer to Appendix II Definitions, CFA Institute Soft Dollar Standards or the CFA Institute website: <http://www.cfainstitute.org/ethics/codes/softdollar>.

- **Item 15 – Custody.** Clarified that our quarterly reports may vary from custodial statements based on accounting procedures, reporting dates, and/or pricing sources of certain securities. However, please note that custodian statements reflect the official books and records for the accounts we manage.

■ **Item 17 – Voting Client Securities**

- Included information regarding how proxies received from a client with less than 10 business days prior to the voting deadline date will be voted on a best effort basis;
- Clarified that Renaissance does not recall shares to vote them if they are lent out as part of a securities lending program;
- *Subsection: Abstention from Vote.* Included information regarding conditions under which we have the right to abstain from voting a proxy ballot; and,
- *Subsection: Proxy Ballot Technical Questions.* Included information regarding the perimeters under which we will answer technical questions listed on a proxy ballot.

The changes below were made to an interim filing dated November 18, 2011 and are also incorporated in this annual filing effective March 13, 2012.

■ **Item 5 – Fees & Compensation**

- Removed the Renaissance Small Mid Strategy from the standard fee schedule table because the strategy has closed and is no longer marketed by Renaissance.
- Removed the Renaissance Large Cap Core Strategy from the standard fee schedule table because the strategy has closed and is no longer marketed by Renaissance.
- Added the Renaissance Multi Asset Allocation Strategy to the standard fee schedule table. This is a new strategy being marketed by Renaissance.

■ **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

- *Subsection: Vehicle Risks.* Added a Commodities risk, ETF/ETN risk and Money Market risk description because these risks are associated with in the newly added Renaissance Multi Asset Allocation Strategy.
- Updated the strategy risks table to reflect:
  - the removal of the Renaissance Small Mid Strategy;
  - the removal of the Renaissance Large Cap Core Strategy;
  - the addition of the Renaissance Multi Asset Allocation Strategy; and,
  - the addition of the Commodities risk, ETF/ETN risk, and Money Market risk in the Vehicle Risk section of the table.

## Item 3 – Table of Contents

<b>Item 1 – Cover Page .....</b>	<b>i</b>
<b>Item 2 – Material Changes .....</b>	<b>ii</b>
<b>Item 3 – Table of Contents.....</b>	<b>v</b>
<b>Item 4 – Advisory Business.....</b>	<b>1</b>
Principal Ownership.....	1
Types of Advisory Services.....	1
Tailoring Advisory Services to Client Needs .....	2
Tax Harvesting Policy .....	2
Wrap/SMA Programs.....	3
Assets Under Management .....	3
<b>Item 5 – Fees and Compensation .....</b>	<b>3</b>
Standard Fee Schedule and Fee Calculation Methodology .....	3
Additional Fees and Expenses Payable by Clients.....	5
Direct Managed Clients – Discretionary Trade Arrangements.....	5
Direct Managed Clients – Individual Client Wrap Fee Arrangements .....	6
Fees for Investment of Client Assets in Third-Party Mutual Funds and Other Pooled Investment Vehicles .....	6
Wrap/SMA Fee Sponsor Programs .....	6
Sub-Advisory Arrangements .....	7
Non-Discretionary Programs.....	7
Mutual Funds.....	7
Fees for the Sale of Securities.....	8
<b>Item 6 – Performance-Based Fees and Side-By-Side Management.....</b>	<b>8</b>
Performance-Based Fees.....	8
Side-By-Side Management .....	8
<b>Item 7 – Types of Clients .....</b>	<b>9</b>
Minimum Account Size .....	9
<b>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....</b>	<b>10</b>
Investment Process Overview .....	10
Material Related Risks .....	10
Strategy Overview .....	14
<b>Item 9 – Disciplinary Information.....</b>	<b>18</b>
<b>Item 10 – Other Financial Industry Activities and Affiliations .....</b>	<b>19</b>
Affiliations .....	19
Family Relationships.....	20
Other Financial Activities .....	20
<b>Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading.....</b>	<b>20</b>
Code of Ethics .....	20
Personal Trading .....	21
Participation or Interest in Client Transactions.....	21
Restricted List .....	22
Insider Trading/Material Non-Public Information.....	23
Gifts and Business Entertainment.....	23
Charitable Contributions .....	23
Political Contributions .....	23
Distribution of the Code .....	24

<b>Item 12 – Brokerage Practices .....</b>	<b>24</b>
Brokerage Relationships.....	24
Selection Factors for Brokers.....	25
Liquidity Rebates .....	25
Directed Brokerage .....	25
Brokerage for Clients .....	26
Best Execution.....	26
Trading Rotation .....	27
Trade Aggregation/Allocation.....	27
Partial Allocations .....	28
Errors.....	28
Commission Recapture Monitoring.....	29
Step-Out Trades .....	29
Cross Trades .....	29
ADR Conversion Fees .....	29
Soft Dollars .....	29
Commission Sharing Arrangements .....	32
Wrap Fee Arrangements.....	32
MAP, UMA and Other Non-Discretionary Programs – Timing Of Model Delivery .....	33
Initial Public Offerings (“IPOs”) .....	33
<b>Item 13 – Review of Accounts.....</b>	<b>33</b>
Reporting .....	34
<b>Item 14 – Client Referrals and Other Compensation .....</b>	<b>34</b>
Relationships with Consultants .....	34
Investment Consultant Databases .....	35
Relationships with Solicitors .....	35
Compensation from Third Parties .....	35
<b>Item 15 – Custody.....</b>	<b>35</b>
<b>Item 16 – Investment Discretion .....</b>	<b>36</b>
Discretionary Authority.....	36
Class Action Suits.....	36
<b>Item 17 – Voting Client Securities .....</b>	<b>37</b>
Voting Agent .....	37
Proxy/Share Blocking.....	38
Abstention from Vote .....	38
Proxy Ballot Technical Questions .....	38
Conflicts of Interest .....	38
<b>Item 18 – Financial Information.....</b>	<b>39</b>
<b>Supplemental Information .....</b>	<b>40</b>
Appendix I – Privacy Notice .....	40
Appendix II – Definitions .....	42

## **Item 4 – Advisory Business**

Renaissance Investment Management is registered as an Investment Advisor under the Investment Advisors Act of 1940 and actively manages portfolios for a variety of institutions and individuals. We are engaged exclusively in the business of investment management and efforts are focused on delivering excellent long-term performance across a variety of asset classes and strategies. Our primary mission is to help our clients achieve their financial and investment objectives through the provision of systematic and disciplined investment strategies.

Renaissance has been in business since 1978 and currently has approximately 25 employees working at our office located in Covington, Kentucky. As of December 31, 2011, we had \$3.7 billion in assets under management.

We serve as an investment adviser or sub-adviser to various clients including corporations, charities, employee benefit plans, endowments, foundations, retirement plans, investment companies, banks, Wrap/SMA programs, UMA programs, individuals, and high net worth clients. Please see “Item 7 – Types of Clients” for more information regarding our clients.

### **Principal Ownership**

Renaissance’s principal owner is AMG. The remaining minority interest is owned by our employees (Partners of Renaissance).

AMG holds a majority equity interest in Renaissance and is a publicly-traded asset management company (NYSE: AMG) with equity investments in boutique investment management firms. AMG also holds equity interests in other investment management firms (“AMG Affiliates”). Further information about AMG and AMG’s Affiliates is provided in “Item 10 – Other Financial Industry Activities and Affiliations.”

### **Types of Advisory Services**

Renaissance specializes in domestic and international strategies across all market capitalization ranges for institutional, Wrap/SMA programs, individuals and model based (UMA) investors. We build portfolios of stocks using a system of computer generated screens, which look for companies with favorable characteristics that we believe will lead to further price appreciation. These characteristics include earnings growth rates, attractive valuation and rising estimate revisions. We also use fundamental analysis, which involves looking at company financial statements, company management, strengths and weaknesses of the company, market conditions and competitive advantages. Our bond portfolios are limited to high quality holdings such as U.S. Treasury securities, high quality Corporates and selected fixed income iShares securities.

We provide both discretionary and non-discretionary investment management services and products to institutional and individual investors.

**Discretionary:** We provide discretionary services where we have the discretion to purchase and sell the securities in the portfolio. However, we do not provide financial planning. We provide this investment advice to:

- individually managed accounts where we act as an advisor;
- accounts within broker/dealer sponsored platforms; or,
- mutual funds where we act as a sub-advisor.



**Non-Discretionary:** We also provide advice on a non-discretionary basis where we do not purchase or sell securities or provide financial planning, rather we provide the details of our model portfolio to the discretionary investment manager. In these instances, the other manager (which may or may not be affiliated with Renaissance) is the discretionary investment manager, has investment discretion over the account, and is responsible for monitoring the individual needs of the client. In non-discretionary programs, we amend and update the model portfolios when a model change occurs and provide this information to the discretionary manager. We do not have direct contact with the clients of these programs. We provide non-discretionary advice to:

- Unified Managed Accounts (“UMAs”);
- Multi-Style Programs (“MSPs”); and,
- Multi-Attribute Programs (“MAPs”).

For further information regarding our investment strategies and investment process, please refer to “Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.”

### **Tailoring Advisory Services to Client Needs**

As an asset manager for institutional, individual, wrap and non-discretionary clients, Renaissance recognizes that each client is unique and that individual client needs may be different. Therefore, we may modify our primary investment strategies to meet client specific goals, investment objectives and/or accompanying restrictions.

All direct managed clients must complete and sign an Investment Advisory Agreement when they open an account with us. The Investment Advisory Agreement details their investment objectives, the investment strategy and any investment restrictions affecting our management of their account.

Wrap/SMA program clients sign an agreement with the wrap sponsor which details their investment objectives, the investment strategy and any investment restrictions affecting our management of the client’s account. The Wrap/SMA sponsor provides Renaissance with a copy of the signed agreement.

We may customize any of our strategies to meet a client’s specific objectives and/or constraints. Direct managed clients with taxable accounts may be managed to minimize the tax impact of capital gains. Taxable client accounts in the Fixed Income Strategy may be managed to minimize the tax impact of interest income. These modifications of our buy/sell disciplines and other appropriate investment techniques may result in an increase or decrease in your performance as compared to non-taxable accounts invested in the same strategy.

Although we cannot necessarily offer the same level of portfolio customization to Wrap/SMA accounts that we offer to our direct managed accounts invested in the same strategy, Wrap/SMA clients can customize their portfolios by applying reasonable investment restrictions on their account to the extent that the sponsor is able to code the restriction on their platform.

### **Tax Harvesting Policy**

Renaissance may adjust strategy allocations to take advantage of Tax Harvesting opportunities for taxable client accounts that wish to do so. With regard to client-directed tax harvesting, we will endeavor to comply with requests made within a reasonable time period before the end of the calendar year. Wrap/SMA program clients may be subject to specific guidelines disclosed on a program-by-program basis. Renaissance uses the FIFO accounting method for taxable accounts for tax lots. If a Renaissance client wants their custodian to use a different method for their account, it is the client’s responsibility to notify the custodian of their wishes. The custodian is the official 1099 reporter for tax purposes.

### **Wrap/SMA Programs**

“Wrap arrangements,” “wrap fee programs,” and/or “wrap sponsor accounts” involve individually-managed accounts for individual or institutional clients. These accounts are offered as part of a larger program by a “sponsor,” usually a brokerage, banking or investment advisory firm, and are managed by one or more investment advisers. Renaissance has agreements with wrap fee program sponsors that offer our services as an investment option within the sponsors’ wrap program. We provide investment management services to clients who select us as part of the program. As described in “Item 5 – Fees and Compensation,” the sponsor typically pays a portion of its program fee to us for our services.

Generally, our management of wrap accounts and other accounts under the same investment strategy is consistent.

### **Assets Under Management**

As of December 31, 2011, we had the following assets under management.

<b>ASSETS</b>	
Discretionary Assets	\$2,862,340,672
Non-Discretionary Assets	\$836,061,613
Total Assets	<b>\$3,698,402,285</b>

Please see Renaissance’s Form ADV Part 1A – Item 5.F for more information.

## **Item 5 – Fees and Compensation**

### **Standard Fee Schedule and Fee Calculation Methodology**

Renaissance receives compensation for our investment advisory services through payments of fees made by clients. The fees include all our management and servicing fees. However, clients may incur expenses in the form of brokerage commissions related to executing trades on their behalf. These trading commissions are not included in our fee. Custodial fees, which are fees a brokerage or other financial institution charges for safekeeping services, are also not included in our fee.

Other investment advisers may charge higher or lower fees than the fees charged by Renaissance for comparable services.

The standard annual fee schedule for our strategies is included below. This standard fee schedule may be modified at our discretion.

<b>Balanced</b> <b>Large Cap Growth</b> <b>Large Cap Value</b> <b>Midcap Growth</b> <b>REIT</b> <b>Three-Way Asset Allocation</b> <b>Two-Way Asset Allocation</b>		<b>Emerging Markets</b> <b>Global Growth</b> <b>International Equity</b> <b>International Small Cap Equity</b> <b>Multi Asset Allocation</b> <b>Small Cap Growth</b> <b>Small Cap Value</b>	
First \$5 million	0.75%	All Amounts	1.00%
Next \$5 million	0.70%		
Next \$5 million	0.65%		
Next \$5 million	0.60%		
Amounts over \$20 million	0.55%		
		<b>Fixed Income</b>	
		All Amounts	0.50%

**Fee Calculation:** We compute the fees charged to clients as a percentage of the value of the assets under management. The fee is based on the asset value of the account at the end of each billing period, generally each calendar quarter. Our standard practice is to bill quarterly in advance unless otherwise contractually agreed upon by us and the client. We may directly deduct our fees from client custodial accounts upon a one-time written consent from the client.

Our practice is to invoice clients or their custodians for fees related to management of their portfolio(s) based on the billing period ending market value as of the last business day of the quarter. The majority of invoices are generated by our internal portfolio system; however, based on client's contractual instructions, some invoices are manually calculated by Renaissance employees after the portfolios have been reconciled with the custodial records.

We price securities on a daily basis with prices received from a third-party source. This pricing is used to calculate the market value of the security in a client's account and the market value is used to calculate fees for client billing. We may, on rare occasion, be required to "fair value price" a security when a market price for that security is not readily available or when we have reason to believe that the market price is unreliable. When "fair value pricing" a security, we will use various sources of information at our disposal to determine a fair price that the security would obtain in the marketplace if, in fact, a market for the security existed. For any fair value securities, we maintain policies and procedures relating to our pricing process and these policies and procedures are provided upon request.

When a client opens an account, the client will be charged a prorated fee for the remainder of the current quarter based upon the value of their portfolio on the day the account is opened. After that, the account will be included in our regular quarterly billing cycle. Contractually negotiated fee structures and calculation methods will be followed when our standard fee procedures have been replaced by alternate language in the Investment Advisory Agreement agreed to by Renaissance and the client.

A client who adds or withdraws assets from an account on or after the beginning of a quarterly billing cycle generally will not incur a fee adjustment with respect to these assets unless required by contractual obligation. Accruals for dividends and interest are included in the assets under management used to calculate the fee billing, unless prohibited by contractual obligation.

A client may terminate their account at any time effective upon written notice to us (if verbal notice is given, the notice must be promptly confirmed in writing). Renaissance may receive written notification from a client's broker; upon receipt of notification from the client's broker, Renaissance will promptly notify the client in writing to confirm the client's desire to close their account. Upon termination, fees for that quarter will be prorated and any prepaid, unearned fees will be refunded.

**Fee Negotiation:** Subject to applicable laws and regulations, we retain control over changes to our fee schedules and reserve the right to waive all or a portion of our management fee and negotiate minimum annual fees.

At our sole discretion, we may negotiate fees based on a client's special circumstances such as asset levels, service/reporting requirements, specialized investment restrictions, etc. In some cases, we may agree to offer clients a fee schedule that is lower than the fee schedule of comparable clients invested in the same investment style. The negotiated fee will be identified in the Investment Advisory Agreement between yourself and Renaissance.

Under some circumstances, the account minimum and the timing of payment and/or billing may also be negotiable. Examples of these circumstances include whether the portfolio is a charitable or employee portfolio, the size of the portfolio, competition for particular accounts and situations in which a client (e.g., a municipality) is subject to restrictions regarding the amount of fees it may pay. Finally, there may be historical fee schedules with longstanding clients that differ from the fee schedules applicable to new client relationships.

### **Additional Fees and Expenses Payable by Clients**

As a client, you could incur additional fees which are not included in the fees charged by us. These fees could include:

- Brokerage commissions, transaction fees, step out commissions, service provider fees, and other related costs and expenses.
- Execution of client transactions typically requires payment of brokerage commissions by clients. "Item 12 – Brokerage Practices" further describes the factors that we consider in selecting or recommending broker/dealers for the execution of transactions and determining the reasonableness of their compensation (e.g., commissions).
- Investment activity may also involve other transaction fees payable by clients, such as sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.
- Charges imposed by custodians, broker/dealers, third-party investment consultants, and other third parties, such as custodial fees, consulting fees, administrative fees, and transfer agency fees.
- When buying/selling ADRs, if Renaissance trades the ordinary shares and converts them, you may be charged additional fees such as foreign brokerage fees, ADR conversion fees, exchange fees or stamp taxes associated with this conversion process.

### **Direct Managed Clients – Discretionary Trade Arrangements**

Some of our clients have given us the discretion to trade with any brokerage firm that we feel will provide best execution. In these cases, the client pays additional costs and/or fees to third-parties, like custodial fees or transactional costs for trading.

### **Direct Managed Clients – Individual Client Wrap Fee Arrangements**

Some of our clients have arrangements with their brokers under which a bundled fee covers brokerage, custody, and sometimes money management and other services (commonly referred to as a wrap fee arrangement). Under wrap fee arrangements, the client generally pays the broker a single fee to cover all costs in connection with securities transactions that are effected by or through the broker and advisory services provided by the broker and/or by an investment adviser.

Depending on the number of transactions initiated on behalf of the client, the overall costs of a wrap fee program may be higher for the client when compared to our standard fees plus a negotiated per transaction charge (either with a broker we are directed to trade through or through us when we are authorized to select a broker).

### **Fees for Investment of Client Assets in Third-Party Mutual Funds and Other Pooled Investment Vehicles**

At times, Renaissance may invest client's assets in money market funds or similar short-term investment funds or other pooled investment vehicles sponsored by third-parties, such as exchange traded funds. If you are invested in other pooled vehicles, you will also typically pay management and/or other fees to each mutual fund or other pooled vehicle that are in addition to the fees you paid to us. These additional fees are described in each pooled vehicles' offering documents (e.g., prospectus or offering memorandum). These charges, fees and commissions are in addition to our fee.

### **Wrap/SMA Fee Sponsor Programs**

Renaissance has agreements with broker/dealers and/or other facilitators (called Wrap/SMA sponsors) where our investment products are offered to the third-party's clients as an investment option. The client signs an agreement with the Wrap/SMA sponsor allowing us to manage their assets. The client's relationship in these agreements is with the Wrap/SMA sponsor and not with us. These agreements and programs are called Wrap/SMA programs.

Clients in Wrap/SMA programs generally pay the Wrap/SMA program sponsor a single, all-inclusive fee (called a "wrap fee"). This fee covers consulting, brokerage, custodial, portfolio monitoring and investment management services, and is typically up to 3% of the assets under management. The wrap fees paid by the client are set by the Wrap/SMA sponsor, and are generally disclosed in the Wrap/SMA sponsor's contract established with each client or the sponsor's brochure. The Wrap/SMA sponsor pays us a portion of this wrap fee based on the assets under management that we manage for that Wrap/SMA program.

The all-inclusive fee for Wrap/SMA program accounts may exceed the total cost of the services provided versus if the services were negotiated and purchased separately, depending on:

- the level of the all-inclusive fee;
- the amount of trading activity in a client's account;
- the cost of brokerage commissions (these costs are typically negotiated between the client and the broker/dealer with transactions being effected either by the broker/dealer or a third-party, rather than by us);
- the value of any other services provided to the client; and,
- other miscellaneous factors.

### **Sub-Advisory Arrangements**

Renaissance has been engaged by several investment advisers (including advisers to registered investment companies) to manage accounts on their behalf. In our capacity as “sub-advisor” to these accounts, our fees and services are determined by contract with the adviser. We currently sub-advise the following mutual funds:

- American Beacon Large Cap Growth Fund
- American Fidelity Dual Strategy Fund
- Managers Renaissance Large Cap Growth Fund
- USAA Growth Fund

Information concerning these sub-advised funds, including a description of the services provided and advisory fees, is generally contained in each fund's prospectus, which can be found at:

- American Beacon Large Cap Growth Fund: [http://www.aafunds.com/fi\\_prospectus.html](http://www.aafunds.com/fi_prospectus.html)
- American Fidelity Dual Strategy Fund: <http://ifp.ifunddirect.com/viewer/cik/C000027249>
- Renaissance Large Cap Growth Fund: [http://www.managersinvest.com/funds-app/renaissance\\_large\\_cap\\_growth\\_fund.html](http://www.managersinvest.com/funds-app/renaissance_large_cap_growth_fund.html)
- USAA Growth Fund: [https://www.usaa.com/inet/pages/mutual\\_fund\\_prospectus?SearchRanking=1&SearchLinkPhrase=Prospectus](https://www.usaa.com/inet/pages/mutual_fund_prospectus?SearchRanking=1&SearchLinkPhrase=Prospectus)

### **Non-Discretionary Programs**

In non-discretionary programs, such as UMAs, MSPs, MAPs, etc., the client typically pays the sponsor an all-inclusive fee, a portion of which is paid to Renaissance as compensation for the investment advisory services we provide to the sponsor.

For detailed information on the fees charged by each sponsor, please refer to the sponsor's fee brochure or your Investment Advisory Agreement with the sponsor.

In evaluating these arrangements, clients should recognize that brokerage commissions for the execution of portfolio transactions executed by the sponsor's delegated broker are not negotiated or executed by Renaissance.

### **Mutual Funds**

Fees for mutual fund investments generally include two types: 1) shareholder fees; and, 2) annual fund operating expenses.

Shareholder fees may include:

- Sales Loads (fees paid to a broker/dealer, which may include front-end sales loads (sales fees charged upon purchasing shares) and/or back-end sales loads (sales fees charged upon redeeming shares);
- Redemption fees (fees paid to the fund upon the sale of mutual fund shares);
- Exchange fees (fees charged for transferring to another fund within the same fund group); and,
- Account fees (account maintenance fees).



Annual fund operating fees include:

- Management fees (fees paid to an adviser or its affiliates for managing the fund);
- Distribution and/or service (e.g., 12b-1) fees (fees for distribution expenses and sometimes shareholder service expenses); and,
- Other expenses (miscellaneous expenses, such as custodial expenses, legal expenses, accounting expenses, transfer agent expenses, and other administrative expenses).

Clients whose assets are invested in mutual or exchange traded funds may pay some or all of the above fees. Clients should review the prospectus of any fund in which their assets are invested, in order to understand the fees that may be applicable to their investment.

### **Fees for the Sale of Securities**

Neither Renaissance nor our employees receive, directly or indirectly any compensation from the sale of securities or investments that are purchased or sold for your account, other than the benefits Renaissance receives from soft dollar arrangements for research services. We are compensated through the stated management fee agreed upon in the Investment Advisory Agreement.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

### **Performance-Based Fees**

Renaissance currently does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Side-By-Side Management**

Our investment professionals simultaneously manage multiple types of client accounts (including institutional and individual separate accounts, mutual funds, Wrap/SMA programs and model based UMA, MSP and MAP programs) according to the same, similar or different investment strategy (i.e., side-by-side management).

The simultaneous management of these different types of client accounts creates certain conflicts of interest, as the fees for the management of some client types are higher than for others. Nevertheless, when managing the assets of these accounts, we have a duty to treat all accounts fairly and equitably over time.

Portfolios will not necessarily be managed identically at all times. Specifically, it is not required that we use the same investment practices consistently across all portfolios. In general, investment decisions for each client account are made independently from those of other client accounts, and are made based on the individual needs and objectives of each client. Different client guidelines and/or differences within investment strategies may lead to the use of different investment practices for portfolios within a similar investment strategy. In addition, we will not necessarily purchase or sell the same securities at the same time or in the same quantity for all eligible portfolios, particularly if the portfolios have materially different amounts of capital under management by us or different amounts of investable cash is available. As a result, although we manage numerous portfolios with similar or identical investment objectives, or may manage accounts with different objectives that trade in the same securities, the portfolio decisions relating to these accounts and the performance resulting from these decisions, may differ from portfolio to portfolio. Each account's performance may also differ due to differences in investment restrictions, tax considerations, cash flows, trade rotation, etc.

Since side-by-side management of various types of portfolios raises the possibility of favorable or preferential treatment of a portfolio or a group of portfolios, we have implemented procedures designed to treat all portfolios fairly and equally over time.

- We employ a random trading rotation prior to trade execution to ensure all directed and non-directed brokerage clients have the same chance of receiving a first or last trade execution.
- Directed brokerage accounts are grouped by broker and all discretionary brokerage accounts are grouped together in one trading block.
- We perform a sample test quarterly to ensure the random trade rotation is being followed. Our Chief Compliance Officer approves and documents any exceptions to the execution order.
- We perform a quarterly test to ensure employee accounts are traded at the end of every trading rotation when client accounts are traded with employee accounts.
- We perform an annual test to ensure employee returns fall within the range of client returns for the same strategy.
- Our Chief Compliance Officer is responsible for ensuring we comply with all applicable regulations.

By utilizing these procedures, we believe that portfolios that are subject to side-by-side management alongside other products are receiving fair and equitable treatment over time.

## **Item 7 – Types of Clients**

Renaissance provides portfolio management services to retail individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, public pension plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, Wrap/SMA programs, UMA programs, MSP programs, MAP programs, quasi-public, private corporations and other businesses not listed above.

### **Minimum Account Size**

The Renaissance standard minimum account size is \$5,000,000 for individuals and \$5,000,000 for institutional investors. However, the minimum account size is negotiable and may be waived or modified at our discretion. We may waive the minimum or require a higher minimum depending on the specific strategy selected and any additional support or service required by the client, the client's consultant or program sponsor.

In circumstances where we serve as an adviser within a Wrap/SMA fee program or are an adviser or sub-adviser to other funds or accounts, the account minimums are generally determined by our agreement with the relevant Wrap/SMA fee program sponsor, fund, or account.



## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **Investment Process Overview**

Each of our investment strategies is managed by a portfolio manager in a manner consistent with our approach to investing.

The foundation of Renaissance's investment process is our method of blending proprietary quantitative models with qualitative research to build a portfolio of companies that exhibit both good growth characteristics and reasonable valuations. This quantitative process first scores companies based upon financial strength, historical growth, future earnings expectations and valuation. The top-ranked stocks are then subjected to an intensive qualitative review and analysis considering fundamentals, business momentum, management strategy and other factors. Only the most attractive companies based on this fundamental analysis are eligible for purchase. This disciplined decision-making process is consistently and rigorously applied. The investment process and our proprietary models are a direct application of our investment philosophy and incorporate our belief that the utilization of disciplined and systematic methods for identifying attractive growth companies, which have business and earnings momentum and trade at reasonable valuations will result in superior returns over time.

In evaluating securities, the main sources of information we use include: quantitative data provided by third-party vendors; financial newspapers and magazines; research materials prepared by third-parties; corporate rating services relating to historical prices of securities, dividends, and earnings; quarterly, semi-annual and annual reports; prospectuses; filings with the SEC; and, company press releases.

Client assets are primarily invested in U.S. traded equity securities, including large capitalization, mid capitalization, small capitalization; American Depositary Receipts; Exchange Traded Funds; U.S. treasury securities; real estate investment trusts; and, money market funds. These securities may trade on listed exchanges or in the Over-the-Counter Market.

We may, at the request of pension-fund clients, invest the clients' funds in collective investment funds maintained by banks.

### **Material Related Risks**

Our investment strategies carry different levels of risk. In each strategy, all securities include a risk of loss of principal and any gains that have not been realized. The stock and bond markets can fluctuate substantially over time and the performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage on your behalf and such a loss may be out of our control. We cannot guarantee any level of performance and cannot guarantee that you will not experience a loss of your account assets. All investments carry a certain amount of risk and the strategy cannot guarantee that it will achieve its investment objective. Each of our strategies has the potential for your assets to decline in value based on market conditions. An investment in the strategy is not a deposit or obligation of any bank, is not endorsed or guaranteed by any bank, and is not insured by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

Your assets may be susceptible to some of following risks:

*Market Risk* — Market prices of securities held by the strategy may fall rapidly or unpredictably due to a variety of factors, including changing economic, political or market conditions. The value of the strategy's investment in any security will fluctuate on a day-to-day basis with movements in the stock market, as well as in response to the activities of individual companies whose equity securities the strategy owns.

**Interest Rate Risk** — When interest rates rise, the market prices of the debt securities will generally decline. When interest rates fall, the prices of these securities usually increase.

## Vehicle Risks

**Bond Risk** — The bond portion of a portfolio may be subject to the following risks:

- ***Income Risk:*** The chance that the portfolio's income will decline due to falling interest rates as newly issued bonds may have lower coupons.
- ***Credit Risk:*** The risk that an issuer of a debt security will default (fail to make scheduled interest or principal payments), potentially reducing the portfolio's income level and share price. This risk increases when a security is downgraded or the perceived creditworthiness of the issuer deteriorates.
- ***Call Risk:*** The chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates.

**Commodity Risk** — We only use commodities in exchange traded funds (ETF) based investments. If commodities are utilized by an ETF, the commodity risk refers to the uncertainties in the underlying commodity investments. These commodity risks include uncertainty regarding future market values caused by the fluctuation in the prices of commodities, which include grains, metals, gas, electricity, etc.

**ETF/ETN Risk** — Refers to the fact that ETF's and exchange traded notes (ETN's) can trade at a discount or premium to the net asset value, and there is always a fundamental risk of declining stock or bond prices in the underlying investments of the ETF/ETN, which can cause losses to your investment.

**Growth Stock Risk** — Growth stocks may be more sensitive to market movements because their prices tend to reflect future investor expectations rather than just current profits.

**Money Market Risk** — Refers to the possibility that the value of the underlying investments may decline and cause the value per share of the fund to drop below \$1.00, causing a loss in your investment.

**Underlying Fund Risk** — The risks associated with investing in a fund are closely related to the risks associated with the underlying securities and investments comprising the fund.

**Real-Estate / REIT Risk** — REITs must satisfy specific requirements for favorable tax treatment and can involve unique risks in addition to the risks generally affecting the real estate industry. REITs are dependent upon the quality of management, may have limited financial resources and heavy cash flow dependency, and may not be diversified geographically or by property type.

**Value Stock Risk** — Value stocks can perform differently from the market as a whole and other types of stocks and can continue to be undervalued by the market for a long period of time.

## Investing Risks

**Non-Diversification Risk** — The portfolio may be exposed to risk if it is not invested in a variety of securities across various sectors, industries or countries.

**Quantitative Investing Risk** — Securities selected using quantitative analysis may perform differently from the market as a whole as a result of the factors used in the analysis, the weights placed on each factor and changes in the factor's historical trends.

**Sector Allocation Risk** — The portfolio may be over or under exposed to certain sectors relative to the portfolio's/strategy's benchmark.

**Selection Risk** — The risk that Renaissance may allocate portfolio assets to certain groups (e.g. sectors, industries or countries) that perform well, but the specific stocks in the portfolio do not perform as well as the group.

## **Capitalization Risks**

**Large-Capitalization Risk** — Large-cap companies are generally more mature and may not be able to reach the same levels of growth as small- or mid-cap companies.

**Mid-Capitalization Risk** — Mid-cap companies are generally more volatile in price than the large-cap stocks and may perform quite differently from the market as a whole.

**Small-Capitalization Risk** — Small-cap companies are generally more volatile in price than the large-cap stocks and may perform quite differently from the market as a whole.

## **Foreign Investing Risks**

**Currency Risk** — The portfolio may be affected by movements in currencies relative to the U.S. dollar. Currency risk occurs whenever investors or businesses have assets or operations in different countries. In general, if the foreign currency with which a company conducts business depreciates relative to the U.S. dollar, the portfolio may lose money.

**Exchange Rate Risk** — American Depositary Receipts (ADRs) are exposed to exchange rate risk when the foreign denominated dividends are converted into U.S. dollars. The creation or cancellation of ADRs may also result in exchange rate risk.

**Emerging Markets Risk** — The performance of foreign securities can be affected by the different political, regulatory, and economic environments in countries where the strategy invests. In addition, emerging markets tend to be more volatile than the U.S. market or developed foreign markets due to increased risks of political, regulatory, market, or economic developments. Fluctuations in foreign currency exchange rates may also adversely affect the value of foreign securities in which the strategy has invested.

**Geopolitical Risk** — The portfolio may be subject to risk from political uncertainty in countries/regions where the companies are domiciled or conduct business. Unexpected changes in government regulations, military actions or changes in leadership are among the risks that can negatively affect the valuation of companies in the portfolio.

**International Equity Risk** — The performance of foreign securities can be affected by the different political, regulatory and economic environments in countries where the strategy invests. In addition, emerging markets tend to be more volatile than the U.S. market or developed foreign markets. Fluctuations in foreign currency exchange rates may also adversely affect the value of foreign securities in which the strategy has invested.

**International Small Cap Equity Risk** — Small cap companies are generally more volatile in price than large-cap stocks and often perform quite differently from the market as a whole. The performance of foreign securities can be affected by the different political, regulatory and economic environments in countries where the strategy invests. In addition, emerging markets tend to be more volatile than the U.S. market or developed foreign markets. Fluctuations in foreign currency exchange rates may also adversely affect the value of foreign securities in which the strategy has invested.

Please refer to the table below for the associated risks for each investment strategy that Renaissance offers.

TYPES OF RISKS	Balanced Strategy	Emerging Markets Strategy	Global Growth	Fixed Income Strategy	International Equity Strategy	International Small Cap Equity Strategy	Large Cap Growth Strategy	Large Cap Value Strategy	Midcap Growth Strategy	Multi-Asset Allocation Strategy	REIT Strategy	Small Cap Growth Strategy	Small Cap Value Strategy	Three Way Asset Allocation Strategy	Two Way Asset Allocation Strategy
Market	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Interest Rate	X			X							X			X	X
<b>Vehicle</b>															
Bond	X			X										X	X
Commodities										X					
ETFs/ETNs				X						X					
Growth Stock			X		X	X	X		X	X		X			
Money Market	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Underlying Fund	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Real-Estate / REIT										X	X				
Value Stock								X		X			X		
<b>Investing Risks</b>															
Non-Diversification	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Quantitative Investing	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Sector Allocation	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Selection	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<b>Capitalization Risk</b>															
Large-Capitalization	X	X	X		X		X	X		X	X			X	X
Mid-Capitalization	X	X	X		X			X	X	X	X		X	X	X
Small-Capitalization		X	X		X	X				X	X	X	X		
<b>Foreign Investing Risks</b>															
Currency		X	X		X	X				X					
Emerging Markets		X	X		X	X				X					
Exchange Rate Risk		X	X		X	X				X					
Geopolitical		X	X		X	X				X					
International Equity		X	X		X	X				X					
International Small Cap		X	X		X	X				X					

## **Strategy Overview**

A list of our strategies, their objectives and investment processes are listed below.

**Balanced Strategy:** The Renaissance Balanced Strategy employs a disciplined decision-making process to determine asset allocations among the principal asset classes of cash equivalents, bonds and stocks. At times, portfolio assets may be invested in only two asset classes; at other times, all three are represented. Commitments to cash equivalents, bonds and stocks may range from 10% to 90% of the total portfolio. Equity commitments typically change in increments of 10% and are invested in individual stocks that typically sell at reasonable valuations supported by what we believe to be above-average corporate profitability and accelerating earnings growth. Each portfolio contains approximately 50-60 individual U.S. common stocks with market capitalizations generally above \$3 billion at the time of purchase. Our Balanced Strategy seeks to provide positive returns in rising markets along with preservation of capital in adverse market environments.

We use a disciplined process that adjusts a portfolio's asset allocation in response to changing market conditions. The domestic market alternatives of common stocks, bonds and cash equivalents are analyzed in terms of their historic and current valuation relative to one another. Through this relative value analysis, we determine which market alternative offers the best value at particular points in time and adjust the portfolio allocation accordingly. The stock portion of Balanced portfolios is broadly diversified and consists of large-capitalization issues that exhibit a combination of attractive valuation and strong earnings growth potential. Bonds are typically limited to U.S. Treasury issues and high-quality Corporate bonds.

Our objective is to outperform a static, balanced mix of stocks and bonds over a complete market cycle, while incurring similar or lower risk.

**Emerging Markets Strategy:** The Renaissance Emerging Markets Strategy employs a disciplined decision-making process to create and manage emerging markets portfolios. This strategy seeks to control risk by diversification and systematic analysis of investment opportunities across various countries, regions, sectors and industries. Emerging markets are nations with social or business activity in the process of rapid growth and industrialization. Our stock selection process identifies individual stocks that typically sell at reasonable valuations supported by what we believe to be above-average corporate profitability and accelerating earnings growth. The strategy can purchase large, mid and small cap stocks. Each portfolio typically contains approximately 45-55 stocks. Investment vehicles utilized are American Depositary Receipts (ADRs) and non-ADR U.S.-listed shares of foreign companies. The strategy invests 100% in emerging markets.

Our objective is to outperform the MSCI Emerging Markets Index over a full market cycle, while incurring similar or lower risk.

**Fixed Income Strategy:** The Renaissance Fixed Income Strategy focuses on high quality bonds and bond ETFs (Exchange Traded Funds). Portfolios are constructed to, in our opinion, offer an attractive combination of current income, price stability and safety of principal. Portfolio positions typically range from 2-5 holdings.

Our objective is to outperform the Barclay's U.S. Government/Credit Index over a full market cycle, while incurring similar or lower risk

**Global Growth Strategy:** The Renaissance Global Growth Equity Strategy employs a disciplined decision-making process to create and manage a growth portfolio comprised of both domestic large cap and international equities. This strategy seeks to control risk by diversification and systematic analysis of investment opportunities across various countries, regions, sectors and industries. Our stock selection process identifies individual stocks that typically sell at reasonable valuations supported by what we believe to be above-average corporate profitability and accelerating earnings growth. Each portfolio contains approximately 50-60 stocks. We only invest in shares of U.S. corporations, American Depositary Receipts (ADR's), and non-ADR U.S.-listed shares of foreign companies.

The strategy can purchase large, mid and small cap stocks and invests in both developed markets (including the United States) and emerging markets. Emerging markets are nations with social or business activity in the process of rapid growth and industrialization. The maximum emerging markets weight is 15%, or double the emerging markets weight in the MSCI All World Index, whichever is greater.

Our objective is to outperform the MSCI All Country World Index over a full market cycle, while incurring similar or lower risk.

**International Equity Strategy:** The Renaissance International Equity Strategy employs a disciplined decision-making process to create and manage international equity portfolios. This strategy seeks to control risk by diversification and systematic analysis of investment opportunities across various countries, regions, sectors and industries. Our stock selection process identifies individual stocks that typically sell at reasonable valuations supported by what we believe to be above-average corporate profitability and accelerating earnings growth. The strategy can purchase large, mid and small cap stocks. Each portfolio contains approximately 50-60 stocks. We only invest in American Depositary Receipts (ADRs) and non-ADR U.S.-listed shares of foreign companies and do not purchase shares of U.S. corporations.

The strategy invests in both developed markets outside the United States and emerging markets. Emerging markets are nations with social or business activity in the process of rapid growth and industrialization. Investments in emerging markets will not exceed approximately 33% of the portfolio.

Our objective is to outperform the MSCI All Country World ex USA Index over a full market cycle, while incurring similar or lower risk.

**International Small Cap Equity Strategy:** The Renaissance International Small Cap Equity Strategy employs a disciplined decision-making process to create and manage international small cap growth portfolios. This strategy seeks to control risk by diversification and systematic analysis of investment opportunities across various countries, regions, sectors and industries. Our stock selection process identifies individual stocks that typically sell at reasonable valuations supported by what we believe to be above-average corporate profitability and accelerating earnings growth. Each portfolio contains approximately 45-55 stocks. We only invest in American Depositary Receipts (ADRs) and non-ADR U.S.-listed shares of foreign companies and do not purchase shares of U.S. corporations.

We choose stocks with market capitalizations of approximately \$3 billion and under at the time of purchase. The strategy invests in both developed markets outside the United States and emerging markets. Emerging markets are nations with social or business activity in the process of rapid growth and industrialization.

Our objective is to outperform the MSCI All Country World ex US Small Cap Index over a full market cycle, while incurring similar or lower risk.



**Large Cap Growth Strategy:** The Renaissance Large Cap Growth Strategy employs a disciplined decision-making process to create and manage growth-oriented large cap growth portfolios with market capitalizations generally above \$3 billion at the time of purchase. We define growth stocks as those companies whose earnings are expected to grow at an above-average rate relative to the market. This strategy seeks to control risk by diversification and systematic analysis of investment opportunities across various sectors and industries.

We use a disciplined decision-making process to invest in growth-oriented stocks that are selling at reasonable valuations. Portfolios consist of individual stocks that tend to sell at valuation levels below those of market averages, but which exhibit growth potential and earnings momentum above those of market averages. Each portfolio contains approximately 50-60 individual U.S. common stocks.

Our objective is to outperform the Russell 1000 Growth Index over a full market cycle, while incurring similar or lower risk.

**Large Cap Value Strategy:** The Renaissance Large Cap Value Strategy employs a disciplined decision-making process to create and manage portfolios of mid- and large-capitalization, value-oriented securities with market capitalizations generally above \$3 billion at the time of purchase. We define a value stock as a stock that tends to trade at a lower price relative to fundamentals (i.e., dividends, earnings, sales, etc.) and thus considered undervalued by a value investor. This strategy seeks to control risk by diversification and systematic analysis of investment opportunities across various sectors and industries. Individual stocks typically sell at price-to-earnings ratios and price-to-sales ratios that are substantially lower than that of the equity markets in general supported by what we believe to be accelerating earnings trends and strong cash flows. Each portfolio contains approximately 50-60 individual U.S. common stocks.

Our objective is to outperform the Russell 1000 Value Index over a full market cycle, while incurring similar or lower risk.

**Midcap Growth Strategy:** The Renaissance Midcap Growth Strategy employs a disciplined decision-making process to create and manage growth-oriented midcap growth portfolios. We define growth stocks as those companies whose earnings are expected to grow at an above-average rate relative to the market. This strategy seeks to control risk by diversification and systematic analysis of investment opportunities across various sectors and industries. Our stock selection process identifies individual stocks that typically sell at reasonable valuations supported by what we believe to be above-average corporate profitability and accelerating earnings growth. Each portfolio contains approximately 50-60 individual U.S. common stocks. We choose stocks with market capitalizations of approximately \$2-20 billion at the time of purchase.

Our objective is to outperform the Russell Midcap Growth Index over a full market cycle, while incurring similar or lower risk.

**Multi Asset Allocation Strategy:** The Renaissance Multi Asset Allocation Strategy employs a disciplined decision-making process to determine asset allocations among the principal asset classes of U.S. equities, international equities, emerging market equities, REITs, commodities, and cash equivalents. At times, portfolio assets may be heavily invested in cash equivalents and allocations to any specific asset class may range from 0% to 100% of the total portfolio. The number of asset classes may be expanded or reduced in the future and the percentages allocated to each asset class may also change.

We use a disciplined technically driven decision model that adjusts a portfolio's asset allocation in response to changing market conditions. Each asset class is analyzed using an exponential moving average of price to identify periods when stocks were in positive or negative price trends. Through this analysis we determine which asset class offers the most favorable price trends and adjust the portfolio allocation accordingly. The portfolio is broadly diversified by asset class, although asset class exposure is achieved through concentrated positions of highly liquid exchange traded notes (ETN's) and exchange traded funds (ETF's).

Our objective is to outperform a combination of a fixed blend of 20% of the S&P 500 Index, 20% of the MSCI EAFE Index, 20% of the MSCI Emerging Markets Index, 20% of the FTSE NAREIT Index, and 20% of the Dow Jones UBS Commodity Index, while incurring similar or lower risk.

**REIT Strategy:** The Renaissance REIT Strategy employs a disciplined decision-making process to create and manage REIT portfolios. A Real Estate Investment Trust ("REIT") is an investment trust that owns and manages a pool of commercial properties and mortgages and other real estate assets. Individual issues typically sell at reasonable valuation levels supported by what we believe to be accelerating earnings growth. Each portfolio contains stocks of approximately 20 Real Estate Investment Trusts.

Our objective is to outperform the FTSE NAREIT Index over a complete market cycle, while incurring similar or lower risk.

**Small Cap Growth Strategy:** The Renaissance Small Cap Growth Strategy employs a disciplined decision-making process to create and manage growth-oriented small cap growth portfolios. We define growth stocks as those companies whose earnings are expected to grow at an above-average rate relative to the market. This strategy seeks to control risk by diversification and systematic analysis of investment opportunities across various sectors and industries. Our stock selection process identifies individual stocks that typically sell at reasonable valuations supported by what we believe to be above-average corporate profitability and accelerating earnings growth. Each portfolio contains approximately 50-60 individual U.S. common stocks and U.S.-listed shares of foreign companies. We choose stocks with market capitalizations of approximately \$2 billion and under at the time of purchase.

Our objective is to outperform the Russell 2000 Growth Index over a full market cycle, while incurring similar or lower risk.

**Small Cap Value Strategy:** The Renaissance Small Cap Value Strategy employs a disciplined decision-making process to create and manage portfolios of small capitalization, value-oriented securities. We define a value stock as a stock that tends to trade at a lower price relative to its fundamentals (i.e., dividends, earnings, sales, etc.) and thus considered undervalued by a value investor. This strategy seeks to control risk by diversification and systematic analysis of investment opportunities across various sectors and industries. Individual stocks typically sell at price-to-earnings ratios and price-to-sales ratios that are substantially lower than that of the equity markets in general, supported by what we believe to be accelerating earnings trends and strong cash flows. Each portfolio contains approximately 50-60 individual U.S. common stocks and U.S.-listed shares of foreign companies. We choose stocks with market capitalizations of approximately \$2 billion and under at the time of purchase.

Our objective is to outperform the Russell 2000 Value Index over a full market cycle, while incurring similar or lower risk.



**Three Way Asset Allocation Strategy:** The Renaissance Three Way Asset Allocation Strategy employs a disciplined decision-making process to determine asset allocations among the principal asset classes of cash equivalents, bonds and stocks. At times, portfolio assets may be fully invested in a single asset class; at other times, assets may be invested in only two asset classes or potentially all three asset classes. Commitments to cash equivalents, bonds and stocks may range from 0% to 100% of the total portfolio. Asset class allocations typically change in increments of 50% and equities are invested in individual stocks that typically sell at reasonable valuations supported by what we believe to be above-average corporate profitability and accelerating earnings growth. Each portfolio contains approximately 50-60 individual U.S. common stocks with market capitalizations generally above \$3 billion at the time of purchase.

We use a disciplined tactical asset allocation process that adjusts a portfolio's asset allocation in response to changing market conditions. The domestic market alternatives of common stocks, bonds and cash equivalents are analyzed in terms of their historic and current valuations relative to one another. Through this relative value analysis, we determine which market alternative offers the best value and adjust portfolio allocation accordingly. The stock portion is broadly diversified, and consists of large-capitalization issues that exhibit a combination of good valuation and strong earnings growth potential. Bonds are typically limited to U.S. Treasury and high-quality Corporate bonds.

Our objective is to outperform the S&P 500 Index over a complete market cycle, while incurring similar or lower risk.

**Two Way Growth Asset Allocation Strategy:** The Renaissance Two Way Growth Asset Allocation Strategy consists of a blend of stocks and cash based on an analysis that identifies the asset class or classes offering the most attractive potential return. Cash investments are limited to high quality (typically U.S. Treasury) holdings. Equity commitments are invested in the same stocks as the Renaissance Large Cap Growth Strategy (described above). Changes among these two asset classes are made in 10% increments.

We use a disciplined tactical asset allocation process that adjusts a portfolio's asset allocation in response to changing market conditions. Using quantitative valuation models, the domestic market alternatives of common stocks and cash equivalents are analyzed in terms of their valuation relative to one another. Through this relative value analysis, we determine which market alternative offers the best value and adjust portfolio allocation accordingly. Portfolios may invest up to 100% in any of the two asset classes at any point in time. The stock portion is broadly diversified, and consists of large-capitalization issues that exhibit a combination of good valuation and strong earnings growth potential. Cash investments are typically limited to U.S. Treasury bills.

Our objective is to outperform the Russell 1000 Growth Index over a complete market cycle, while incurring similar or lower risk.

**Other:** We may also manage strategies that are not described here which are currently incubated and not available to the public or are closed to new investors.

## **Item 9 – Disciplinary Information**

There are no applicable legal or disciplinary events relating to Renaissance.

## Item 10 – Other Financial Industry Activities and Affiliations

### Affiliations

**Affiliated Managers Group (“AMG”):** AMG, a publicly traded asset management company (NYSE:AMG) with equity investments in boutique investment management firms, holds a majority equity interest in Renaissance. AMG also holds equity interests in other investment advisers (“AMG Affiliates”). Each AMG Affiliate, including Renaissance, is operated autonomously and except as described in this Brochure, Renaissance does not have any business dealings with other AMG Affiliates and does not conduct any joint operations with them. Moreover, AMG Affiliates do not formulate advice for our clients. As such, AMG’s ownership interest in Renaissance does not, in our view, present any potential conflict of interest for us with respect to our clients. Consequently, individual information on each AMG Affiliate is not listed in Section 7.A. of Schedule D of Part 1A of Form ADV, unless we have a business dealing with the specific AMG Affiliate. A list of all AMG Affiliates is available upon request. More information regarding AMG, including its public filings, is available at [www.amg.com](http://www.amg.com).

**Managers Investment Group LLC (“MIG”):** Renaissance has a servicing agreement with MIG, an AMG Affiliate, under which MIG provides non-discretionary back-office support, administrative assistance, and marketing services to various unaffiliated third-party investment programs. These programs include Wrap/SMA programs and dual contract programs sponsored by unaffiliated broker/dealers, banks and other financial intermediaries. We pay MIG a fee for these services.

We have a marketing agreement with MIG under which MIG markets our investment management services to unaffiliated third-party intermediaries that sponsor sub-advised mutual funds and/or other platforms, such as defined contribution retirement plan platforms. We pay MIG a fee for these services.

We have a sub-advisory agreement with MIG with respect to various multi-style or multi-attribute programs (“MSPs”), and Unified Managed Accounts (“UMAs”) for which MIG serves as discretionary investment adviser. These MSP and UMA programs are sponsored by unaffiliated third-party financial intermediaries. Under the sub-advisory agreement, we serve as a non-discretionary sub-advisor to MIG for the MSP and UMA programs and receive a sub-advisory fee from MIG for our services.

We have a mutual fund sub-advisory agreement with MIG under which we serve as sub-advisor to mutual funds in the Managers Funds family of mutual funds, for which MIG is the adviser. As described in each Fund’s prospectus, the Funds pay MIG advisory fees and MIG pays us a sub-advisory fee with respect to the Funds we manage. In addition, certain of MIG’s employees are registered representatives of Managers Distributors, Inc., a limited purpose broker dealer that is a wholly owned subsidiary of MIG and that is the underwriter of the Managers Funds.

**Systematic Financial Management (“Systematic”):** Under a former Client Servicing and Marketing Agreement with Renaissance, Systematic, an AMG Affiliate, provided marketing and client services for us. Systematic may continue to receive compensation from us for previous services provided.

**Other Contractual Relationships:** Renaissance may use the services of a vendor or broker and purchase or sell securities of the vendor or broker for our clients. Renaissance may also purchase or sell the publicly traded securities of a client. This creates a conflict of interest because we would have an incentive to purchase and hold this security since the company is a vendor or client. We have reduced this conflict by using quantitative models to select potential securities to purchase and only consider purchasing securities that fall into the top 20% of its model portfolio. Securities are sold if they fall out of the top 40% of the model portfolio.

### **Family Relationships**

Renaissance understands that family members of our partners and employees may be employed by broker/dealers, intermediaries or other entities with whom we have a business relationship. In establishing or renewing these types of relationships, we will make these business decisions independently and without regard to the family member's employment at the entity. We manage the potential conflict these relationships create by tracking them and ensuring that our non-employee account trades are not directed to a family member employed by a broker/dealer.

### **Other Financial Activities**

Neither Renaissance nor any of our management persons are registered, or have an application pending to register, as a broker/dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of one of the preceding types of entities.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading**

Renaissance has established restrictions, procedures and disclosures designed to address conflicts of interest arising between and among client accounts as well as between client accounts and Renaissance and our personnel. All Renaissance personnel must act in accordance with the fiduciary standard.

### **Code of Ethics**

Renaissance has a fiduciary duty to our clients and accordingly has adopted a Code of Ethics (the "Code") that applies to all employees. The Code describes the standard of conduct we require of our employees and details restrictions on certain activities, including personal trading in accounts owned, managed or beneficially owned by the employee. The Code also includes requirements relating to areas such as gifts and business entertainment and confidentiality of information. By detailing the regulatory and ethical standards to which our employees must adhere, the Code supports our efforts to promote a high level of professional ethical conduct in extending our fiduciary duty to our clients.

## **Personal Trading**

The Code limits the personal trading activity of our employees, including members of our employees' households. Our Chief Compliance Officer, or his/her designee, periodically reviews employee transactions to ensure they are complying with the Code. These limits are designed to prevent employees from personally benefiting from investment decisions we recommend to clients, as well as any short-term market effects resulting from our decisions. Specifically, the Code requires employees and members of their household to "pre-clear" their personal securities transactions with our Compliance Department prior to execution, with some limited exceptions.

The Code also prohibits employees and members of their household from trading in securities during specific time periods referred to as "blackout periods." These blackout periods include:

- During specific time periods the day before a security is added to the list of securities being purchased by us for client accounts;
- During the time the security is on the list; and,
- 10 calendar days after it is removed from the list.

Exceptions to our blackout periods include:

- Automatic investment plans initiated prior to the security being added to the Buy List;
- Securities purchased 30 or more days prior to the security being added to the Buy List, up to five times per calendar year;
- Securities owned prior to working for Renaissance;
- Hardship exemption for the purchase of a home, college tuition or other unforeseen circumstances; and,
- Gift of a Buy List security.

Pre-clearance requirements also exist for employees and members of their household for the participation in private placements. Initial Public Offerings cannot be purchased and are always in a blackout period until they are sold in the secondary market.

All employees must provide us with a list of their securities holdings on an annual basis, as well as trade confirmations sent directly to the Compliance Department for executed trades in their brokerage accounts that could contain pre-clearable securities.

These restrictions and requirements of the Code apply to all accounts over which employees have investment discretion, or in which they have a direct or indirect beneficial ownership interest. The Code of Ethics obligates employees to provide an annual acknowledgement in writing of compliance with the Code's terms.

## **Participation or Interest in Client Transactions**

**Principal/Employee Investment:** Principals and employees of Renaissance may open accounts and invest their own assets in strategies managed by us. These accounts may hold, purchase or sell the same securities in which you have interests. These transactions may occur at or about the same time that we are purchasing, holding or selling the same or similar securities or investment products for your portfolios.

The actions taken by principals/employees on a personal basis may be or be deemed to be, inconsistent with the actions taken by us for our client accounts. We may have an incentive to favor principal/employee accounts in the area of trading opportunities, trade rotation, and allocation of investment opportunities. To reduce this potential conflict of interest, we have implemented the following controls:

- Any orders for principal/employee-owned accounts that are managed by us must be executed after all client orders for that security in the same strategy have been executed.
- We employ a random trade execution allocation to ensure all directed and non-directed brokerage clients have an equal chance of receiving a first or last trade rotation. We perform a sample test quarterly to ensure the random trade rotation is being followed. Any exception to the allocation order is approved by our Chief Compliance Officer and documented by the trading department.
- We perform a quarterly test to ensure principal/employee accounts are traded at the end of every trading rotation where client accounts are blocked with employee accounts.
- We perform an annual test to ensure principal/employee account returns fall within the range of client account returns for the same strategy.
- We do not engage in principal trades with our clients.

Our principals/employees may also invest in mutual funds and other commingled vehicles that are managed by us. This may result in a potential conflict of interest since our principals/employees have knowledge of these vehicle's investment holdings, which is non-public information. We have addressed this conflict by requiring that principals/employees pre-clear these transactions prior to purchase and that they submit quarterly/annual holdings transaction reports of reportable securities.

**Securities Issued By Clients:** Due to the nature of our clientele, we may trade in securities issued by our clients, brokers or vendors. In all these instances, we will do so in what we believe to be in the best interest of our clients. We will not, under any circumstance, consider a security issuer's status as our client when determining to trade in that issuer's security on behalf of other client accounts. We reduce this potential conflict with our quantitative models which are used to select potential securities to purchase and we only consider purchasing securities that fall into the top 20% of our model portfolio. We sell securities if they fall out of the top 40% of the model portfolio.

**Variation in Performance:** Although we use the same Buy List of securities for all accounts within a strategy, performance of each account may vary due to differing account restrictions, tax management, cash flows, the inception date of accounts within a time period, etc. As a result, the portfolio of securities held in your account may perform better or worse than the portfolio of securities held in another similarly managed client account.

**Variation in Investment Advice:** We provide investment advisory services for different types of clients invested in different strategies and may give advice and/or take action in these accounts which may differ from the advice given, the timing or nature of action taken in your account.

In the course of providing advisory services, we may simultaneously recommend the sale of a particular security for one client account, while recommending the purchase of the same or similar security for another account. This may occur for a variety of reasons. For example, in order to raise cash to handle a redemption/withdrawal from a client account, we may be forced to sell a security that is ranked a buy in our model portfolio.

### **Restricted List**

Renaissance maintains a "restricted list" to prevent trading of public securities based on material, non-public information. The restricted list identifies any securities that cannot be purchased for client, employee, or firm owned accounts because material, non-public information may have been received by an employee of Renaissance.

The securities on this restricted list are coded as “prohibited” in our pre-clearance system and the Performance & Portfolio Analyst ensures we do not act on this information until it becomes public knowledge. After the information becomes public knowledge, the security is removed from the restricted list and the security can be freely traded. The restricted list is maintained by our Chief Compliance Officer or his/her designee.

### **Insider Trading/Material Non-Public Information**

All employees of Renaissance are subject to the Affiliated Managers Group, Inc. Insider Trading Policy and Procedures (the “AMG Insider Trading Policy”). The AMG Insider Trading Policy broadly prohibits the use of material, non-public information, and also imposes restrictions on the trading of AMG’s stock. In addition, our Code of Ethics also includes policies and procedures prohibiting the use of material, non-public information that is designed to prevent insider trading by an officer or employee of Renaissance. Employees are also prohibited from spreading rumors to manipulate the price of securities based on actual or fictitious information.

### **Gifts and Business Entertainment**

Renaissance’s Code includes policies and procedures designed to reduce the potential for conflicts of interest regarding the giving or receiving of gifts and business entertainment between Renaissance, or our employees and third-parties (e.g., vendors, broker/dealers, consultants, clients, etc.).

In general, we limit the amount (i.e., value and frequency) of gifts and business entertainment that we or our employees may provide or receive from these parties and require that our Compliance Department pre-approve certain items.

To prevent our interests and the interests of our employees from being placed ahead your interests, we monitor for any potential conflicts of interest in individual instances of gifts or entertainment, as well as patterns over time.

### **Charitable Contributions**

Renaissance may donate to charitable enterprises that are clients, are supported by clients, and/or are supported by an individual employed by one of our clients. In general, we make donations in response to requests from clients and/or their personnel. Members of Renaissance’s management team, including our Chief Compliance Officer, approve charitable contributions made by us which addresses this conflict of interest. Management may take into consideration the importance of the client relationship as one factor in determining whether to approve a charitable contribution.

### **Political Contributions**

Renaissance prohibits our employees from making political contributions on our behalf, being reimbursed for personal political contributions or from making political contributions for the purpose of securing or retaining business. We maintain policies and procedures that have specific limitations as to whom employees may make contributions and the amount of these contributions, as well as pre-clearance requirements for certain political contributions. We monitor all these contributions in our effort to comply with applicable laws and to prevent the potential for any such contributions affecting us being awarded public business.



### **Distribution of the Code**

Renaissance is firmly committed to making our employees and clients (both current and prospective) aware of the requirements within our Code. All of our employees are provided with a copy of our Code at the time of hire and annually thereafter. Each employee must affirm in writing that they have received a copy of the Code and that they have read and understand its provisions. Additionally, we conduct mandatory periodic compliance training that addresses the requirements of the Code and the other policies described in the ADV Part 2A. A copy of our Code is available upon request and may be obtained by contacting:

Renaissance Investment Management  
50 East RiverCenter Blvd., Suite 1200  
Covington, KY 41011  
513-723-4500

[compliance@reninv.com](mailto:compliance@reninv.com)

Attention: Compliance Department, Code of Ethics Request

## **Item 12 – Brokerage Practices**

Generally, Renaissance is retained on a discretionary basis and is authorized to determine and direct execution of portfolio transactions within your specified investment objectives that are communicated to us through the Investment Objective Questionnaire in the Investment Advisory Agreement or your Investment Policy Statement. Some clients limit our authority in terms of the selection of broker/dealers in favor of their own brokerage arrangements. We have a fiduciary duty to seek best execution and to ensure that trades are executed and allocated fairly and equitably among clients over time. We do not consider referrals in directing brokerage transactions.

### **Brokerage Relationships**

Renaissance's relationships with broker/dealers, particularly those affiliated with large financial service organizations, are complex. We use various broker/dealers to execute trades on your behalf, but we may also have many other relationships with these firms. For example:

- We may invest your assets in securities issued by broker/dealers or their affiliates.
- We may provide investment management services to certain broker/dealers or their affiliates.
- Broker/dealers may provide both internally-generated and third-party research to us as part of a bundled service.
- Brokers/dealers may refer clients to us.
- We may participate in broker sponsored Wrap/SMA and UMA programs.

Despite these relationships, we have a fiduciary duty to you to seek best execution when trading with these firms and we have implemented policies and procedures to monitor our efforts in this regard.

### **Selection Factors for Brokers**

If you authorize Renaissance to select a broker, we will select a broker based on a number of factors, which may include but are not limited to the following:

- our past experience with the broker and/or our assessment of the broker's general reputation;
- the broker's ability to provide satisfactory execution, clearance and settlement services;
- the broker's responsiveness to instructions;
- the broker's willingness to negotiate a satisfactory commission rate;
- the nature of the security being traded;
- the size of the transactions;
- the desired timing of the trade;
- confidentiality;
- research services provided in connection with soft dollar arrangements; and,
- other similar factors.

Recognizing the value of these factors, we may allow a brokerage commission in excess of that which another broker might have charged for effecting the same transaction.

### **Liquidity Rebates**

In selecting broker/dealers to execute transactions for the accounts Renaissance manages, we do not consider any "liquidity rebates" that may be available to those broker/dealers. Broker/dealers may earn "liquidity rebates" (i.e., a certain cash rebate) when placing orders in certain market centers, while trading on our behalf. We are not entitled to and do not receive liquidity rebates.

### **Directed Brokerage**

Renaissance does not direct or require that our clients to use a specified broker/dealer for portfolio transactions. In some cases, clients have directed us to use specified broker/dealers for portfolio transactions in their accounts on either:

- a transactional basis (where a separate commission is charged for each trade);
- a wrap fee basis (where a single periodic fee covers all transactional services in addition to other services, including investment management); or,
- an agreed-upon amount basis (where a single periodic brokerage fee covers transactional, custodial and other agreed-upon services).

In such cases, we are not obligated to, and generally will not, solicit competitive bids for each transaction or seek the lowest commission rates for the client, since the commission rates have been pre-negotiated between the client and the designated broker/dealer ("directed broker"). We are unable to override the terms of that agreement. Since we have not negotiated the commission rate and may not be able to obtain volume discounts, the commission rate charged by the directed broker may be higher than what we could receive from another broker/dealer. In addition, the client may be unable to obtain the most favorable price on transactions executed by us as a result of our inability to aggregate/bunch the trades from this account with other client trades. Accordingly, clients who



direct commissions to specified broker/dealers may not generate returns equal to clients that do not direct commissions. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker/dealers at lower costs and possibly with more favorable execution.

Clients sometimes wish to restrict brokerage to a particular broker in recognition of custodial or other services provided to the client by the broker (including services in connection with manager selection and monitoring). A client's selection of Renaissance may be the result of manager search services provided to clients by their broker.

### **Brokerage for Clients**

Purchase and sale orders are executed with or through either a broker designated by you or, in absence of your direction, a broker selected by Renaissance. As a prerequisite to establishing an account with us, you must either: 1.) direct us to use a broker/directed broker with whom you have established a relationship and negotiated a commission rate; or, 2.) authorize us to select a broker at commission rates negotiated by us.

If you have not previously established a customer relationship with a broker and ask our advice in selecting a directed broker, we may recommend one or more brokers taking into consideration the selection factors listed in the "Selection Factors for Brokers" subsection above. Any broker then selected by you will be viewed by us as a directed broker, in which case you are responsible for negotiating a commission rate with the broker that is appropriate based on the kind of services you require.

When we have the discretion to select the broker for you, the services provided by the broker generally include trade execution, clearance and settlement, and confirmation of the trade.

Clients with a previously established relationship with a directed broker typically obtain services from the directed brokers that are not provided to clients whose brokers were selected by us. (i.e., services in addition to execution, confirmation and clearance, and settlement), including but not limited to, tax-planning advice and other financial and administrative services.

### **Best Execution**

Renaissance must always seek to obtain the most favorable execution for our clients. To fulfill this duty, we must execute securities transactions for clients in a manner that the client's total cost, or proceeds in each transaction, is the most favorable under the circumstances. "Best Execution" means the best qualitative execution, not necessarily the best possible commission cost.

Recognizing the value of these factors, we may select a broker/dealer that charges a commission in excess of that which another broker/dealer might have charged for effecting the same transaction. We are not obligated to choose the broker/dealer offering the lowest available commission rate if:

- in our reasonable judgment, the total cost or proceeds from the transaction may be less favorable than what may be obtained elsewhere; or,
- a higher commission is justified by the service and/or research provided by another broker/dealer.

We will obtain information regarding the general level of commission rates being charged by the brokerage community and will periodically evaluate the overall reasonableness of brokerage commissions paid on client transactions by referring to this data.

We will employ an evaluation process to monitor all brokerage-related matters and monitor potential conflicts of interest. The evaluation process by our Brokerage Committee will take place periodically to do the following:

- Oversee all matters relating to our trading and brokerage practices;
- Evaluate brokerage records, including commission rates, satisfaction level of execution and services, confidentiality and other brokerage selection factors listed above;
- Review disclosure statements made to our clients regarding our brokerage practices;
- Review directed brokerage/commission recapture commitments;
- Review client commission arrangements (including soft dollars and commission sharing arrangements);
- Address any and all other brokerage-related matters we determine to be appropriate;
- Review trading analytics, monitoring execution quality as well as quarterly trends;
- Approve new brokers;
- Soft dollar budget preparation/monitoring and adjustment; and,
- Mixed use analysis review.

### **Trading Rotation**

The order for the placement of trades for model changes is systematically randomized for each model change. A model change is the simultaneous sale and/or purchase of one or more securities within a defined strategy. Generally, every client account is included in this randomized trade order process (unless the exclusion is contractually agreed upon by all parties) regardless of whether a client designates a particular broker or we have discretion to select the broker. Accordingly, non-directed trades and directed trades are generally subjected to the same random selection process, although we retain authority to make exceptions on a case-by-case basis due to system issues or other extenuating circumstances. Orders for all employee accounts managed by us are executed after all client orders have been executed.

### **Trade Aggregation/Allocation**

**Random Trade Execution:** So as not to favor any one client, the order in which the trades are selected for execution is calculated randomly using the random function in an Excel spreadsheet. Accordingly, each client or group of clients has an equal chance of being traded first, in the middle or last. All direct-managed clients who trade with the same brokerage firm are generally blocked together. Wrap/SMA programs are also included in the random rotation and are generally blocked together by sponsor/brokerage firm. UMA sponsors will be in the rotation if contractually obligated; otherwise, they will go after the regular trading rotation but before employee accounts. Orders for all employee accounts that are managed by us are executed after all client orders have been executed for that security in that strategy.

Research, quotes and other market sources are used to analyze market conditions before trades are transmitted. Typically, small orders will be market orders and larger blocks will be worked so as to have minimal market impact. Trades are executed with the intent of not adversely affecting market price and market conditions such as volume, bid/ask spread and company news are considered during the trading process.

Any deviation from the randomized order process must be approved by our Chief Compliance Officer who will ensure there is an acceptable reason for the deviation and that appropriate supporting documentation is retained.

Once the model change is complete, the trader reviews the trading blotter to ensure all trades have been executed. All trades are matched with confirmations the next day and any discrepancies are resolved with the broker/custodian.

**Bunch/Blocked Transactions:** The ability of a client account to participate with other accounts in bunched/block transactions may produce better execution for the individual client account. However, in some instances, a client may have designated a specific broker/dealer to whom the client's trades must be directed. (See the "Directed Brokerage" sub-section above.) This designated broker/dealer may not (or, in some cases, will not) execute bunched or block trades, and even if it does, we may not be able to direct the entire block trade to this designated broker/dealer because it would conflict with our duty to obtain best execution. In these cases, since we will place the client's trade with the designated broker/dealer as instructed rather than include the client's order in the block trade, the client may not necessarily get the better price and/or level of execution that those clients who participate in the block may receive.

### **Partial Allocations**

For partial trade executions of accounts maintained on Renaissance's portfolio accounting system, we have adopted a policy of pro rata allocation per client account based upon order size, the belief being that in most instances a pro rata allocation will assure fairness. The policy recognizes that no rigid formula will always lead to a fair and reasonable result, and that a degree of flexibility to adjust to specific circumstances is necessary. Therefore, under certain circumstances, allocation on a basis other than strictly pro rata or based on order size is permitted if it is believed that the resulting allocation is fair and reasonable. For partial allocations of trades in Wrap/SMA sponsor programs, the trades are allocated by each Wrap/SMA sponsor's default allocation method.

As part of our annual review, our compliance personnel monitor the proportional amounts allocated to all portfolios to determine whether these allocations are fair and equitable over time.

### **Errors**

All errors are resolved so as to not negatively impact the client's portfolio. Errors must be resolved in a timely manner. Soft dollar arrangements cannot be used to correct errors made by Renaissance when placing a trade for a client's account. If an error positively impacts a client's custodial account, all gains will be given to the client. If an error negatively impacts a client's custodial account, we will reimburse the account for the amount of the error and in certain situations, the error amount may be deducted from Renaissance's investment management fee. If the error does not affect the client's custodial account (e.g. does not show up on their custodial statement), the gain may be held in an error account at the broker to offset other losses caused by any Renaissance error at a particular broker.

To ensure clients' portfolios are not negatively impacted, our Chief Compliance Officer, or his/her designee, maintains an error log and error reporting forms to ensure errors are reported, documented and rectified in a timely manner.

### **Commission Recapture Monitoring**

Our Trading Department also monitors the commission recapture requirements for each account using internal reporting functionality and places trades for commission recapture credit as needed. This may require trading directly with the commission recapture broker or stepping-out the commission recapture portion. A step-out is when a brokerage firm executes an order, but gives other firms credit and some of the commission for the trade.

### **Step-Out Trades**

Renaissance may use “step-out trades” when we determine that it may facilitate better execution for certain client trades. Step-out trades are transactions which are placed at one broker/dealer and then “given up” or “stepped-out” by that broker/dealer to another broker/dealer for credit. Step-out trades may benefit the client by finding a natural buyer or seller of a particular security so that we can trade a larger block of shares more efficiently. Unless directed otherwise by the client, we may use step-out trades for any client account.

The executing broker/dealer may execute the step-out as a net trade and may include a per share charge to the overall cost of the trade. In circumstances where we have followed the client’s instructions to direct brokerage, there can be no assurance that we will be able to step-out the trades, or, if we are able to step-out the trades, that we will be able to obtain more favorable execution than if we had not stepped-out the trades.

### **Cross Trades**

Renaissance does not engage in cross trades in our client accounts, which means that we do not buy or sell securities internally amongst our accounts, but instead use a broker/dealer for all purchases and sells of securities.

### **ADR Conversion Fees**

In order to access trading liquidity when trading for our International Strategies, we may buy/sell ordinary shares in local markets outside the United States and then have the ordinary shares converted into American Depositary Receipts (ADRs) or the ADRs redeemed for the ordinary shares when selling the security. In doing so, you may be charged additional fees such as foreign brokerage fees, ADR conversion fees, exchange fees or stamp taxes associated with this conversion process. However by accessing liquidity outside the U.S. markets, we believe we may be able to obtain a more favorable net price when compared to trading exclusively in the U.S. markets.

### **Soft Dollars**

Certain brokers selected by Renaissance who effect transactions for our client accounts provide or have agreed to provide us with investment research services of the kind contemplated by Section 28(e) of the Securities Exchange Act of 1934, as amended – research services that would otherwise be available to us for a cash payment – commonly referred to as soft dollar arrangements.

Soft dollar transactions generally cause clients to pay a commission rate higher than would be charged for execution only. Transactions are effected with or through these service-providing brokers at the best combination of execution and commission rates that we are able to negotiate. Transactions with these brokers are not per an agreement; however, we:

- identify those brokers who have provided us with research products or services as well as the amount of research products or services provided; and,
- try to direct sufficient commissions to them either through direct trading relationships or through a Commission Sharing Arrangement (described below) in order to ensure we continue to receive the research products and services we deem useful.

A portion of all non-directed brokerage trades may be directed to soft dollar commissions. This percentage is adjusted on a periodic basis based on the amount of commissions generated compared to the soft dollar budget.

**Types of Products/Services Received:** We receive both proprietary and third-party research services and products. Proprietary research is “in-house” research provided by the brokerage firm, while third-party research consists of products and services that have been generated by an entity other than the broker executing the trade.

The products and services we receive through soft dollar transactions are investment advice (either directly or through publications or writings) as to:

- the value of securities;
- the advisability of investing in, purchasing or selling securities;
- the availability of securities or purchasers or sellers of securities;
- presentation of special situations and trading opportunities;
- advice concerning trading strategy;
- analyses and reports concerning issues, industries, securities, economic factors and trends, portfolio strategy; and,
- the performance of specific strategies.

We also receive benchmark index data, broker estimate data, company fundamental data, real time trading quotation systems, trade allocation software, trade order management software, portfolio analysis software, company analysis software and factor back-testing software.

To the extent that we are able to obtain these products and services using clients’ commission dollars, it reduces our need to produce the same research internally or use the Firm’s money (hard dollars) to purchase these services and products thereby providing us with an economic benefit and an incentive to use soft dollars.

Because of the additional benefits we receive from soft dollar arrangements, we may give trading preference to those broker/dealers that provide research products and services, either directly or indirectly, only so long as we believe that the selection of a particular broker/dealer is consistent with our duty to seek best execution. Renaissance does not trade through affiliated brokers to obtain any soft dollar benefits.

**General Guidelines for Soft Dollar Arrangements:** Our use of soft dollar brokers may result in higher commissions being paid to soft dollar brokers than other brokers. The following are the general guidelines for soft dollar arrangements:

- We do not enter into any formal written commitments or agreements requiring us to direct a specified amount of client transactions to a broker/dealer in exchange for the soft dollar services they provide to us.

- We generally do not enter into a soft dollar agreement directly with the product or service provider. Rather, all soft dollar arrangements are typically made with the broker and not the third-party provider. The broker, not us, is usually the party obligated to pay the vendor for the services.
- We may not enter into any soft dollar arrangements that are not eligible for the safe harbor under Section 28(e) of the Securities Exchange Act of 1934, as amended.
- We will review the addition of any new soft dollar products or services in accordance with Section 28(e) eligibility prior to approving use of these products and services.
- We will review that a good faith and reasonable soft-to-hard allocation of all “mixed-use” products has been made and documented and will evaluate the rationale for this determination. This allocation will be made based upon a good faith determination of the percent that the product or service was used for research purposes versus non-research functions, such as administrative or marketing. Our policy is that we must pay for the portion of the costs of the product or service attributable to non-brokerage or research usage in cash.
- Any commissions paid to a broker/dealer by us in accordance to the soft dollar arrangement must be reasonable in relation to the value of the brokerage and research services received.
- Renaissance may receive soft dollar credit for all trades done with proprietary brokers regardless of the commission rate charged.

The research products/services provided by broker/dealers through soft dollar arrangements benefit our investment process for client accounts and may be used in formulating investment advice for all our clients, including clients that did not pay commissions to the broker/dealers on a particular transaction. Not all research paid for by a particular client's trade will benefit that particular client's account. In some instances, accounts that directed their portion of brokerage commissions to go to specific broker/dealers and thus did not pay commission to the broker/dealer providing the research products/services may benefit from the transaction. Research services obtained through soft dollar transactions may be used in advising all accounts, and not all services would necessarily be used in connection with the specific account that paid commissions to the broker/dealer providing the services.

**Internal Soft Dollar Controls/Procedures:** We periodically review the past performance of broker/dealers with whom we have placed orders in light of the factors discussed above. We may cease to do business with certain broker/dealers whose performance/service may not have been competitive, or we may demand that these broker/dealers improve their performance/service before receiving any further orders. The overall reasonableness of commissions paid is evaluated by reviewing what competing broker/dealers were willing to charge for similar types of services. The evaluation also considers the timeliness and accuracy of the research received. Reasonableness is evaluated on an ongoing basis.

As previously noted, we maintain a series of internal controls and procedures relating to our brokerage practices, including our use of soft dollars. The following controls and procedures are designed to reduce the potential conflicts of interest created by the use of soft dollars.

- Our Chief Compliance Officer and a Managing Partner approve all soft dollar services/products and all relevant details such as cost, number of users and appropriateness based on Section 28(e) are detailed on the Soft Dollar Arrangement Data Sheet.



- We also receive services which, based on their use, are only partially paid for with soft dollars. These services are considered “mixed-use” because we use the service for both research or brokerage and non-research, non-brokerage purposes. In each case, we make a good faith determination of which portion of the service should be paid using soft dollars and which portion should be paid using hard dollars, which is the portion we pay. We retain documentation of the soft dollar to hard dollar allocation and perform a periodic review of the allocation between soft dollars and hard dollars, which is presented to our Brokerage Committee.
- Our Brokerage Committee is responsible for monitoring any potential conflicts of interest as the committee covers all soft dollar and execution related topics including commission rates paid, mixed use analysis and broker execution analysis.
- The soft dollar budget is reviewed quarterly at the Brokerage Committee Meeting.

**CFA Institute Soft Dollar Standards:** If a client wishes to abide by the CFA Institute Soft Dollar Standards, they must advise us in writing. Soft Dollar trades are not conducted on a principal basis but may be executed by the broker dealer on a riskless principal basis where the securities are bought and sold at the same price. For more information on the CFA Institute Soft Dollar Standards, please refer to Appendix II Definitions, CFA Institute Soft Dollar Standards or the CFA Institute website: <http://www.cfainstitute.org/ethics/codes/softdollar>.

### **Commission Sharing Arrangements**

Renaissance may use commissions to obtain proprietary research provided by broker/dealers, but paid for by third-parties through Commission Sharing Arrangements (“CSA”). In a CSA, we would enter into an agreement with broker/dealers so that commissions from transactions placed by us at that broker/dealer are pooled by the broker/dealer in order to compensate one or more proprietary research providers, which may or may not be a broker/dealer. We may pay for products and services that assist in our investment decision-making process with commissions generated by client accounts to the extent these products and services were used in that process. We would allocate the cost of the product on a basis that we feel is reasonable according to the various uses of the product and would maintain records documenting the allocation process followed. Only the portion of the cost of the product allocable to research services would be paid using the brokerage commissions generated by client accounts.

We believe CSAs help minimize potential conflicts of interest with soft dollars as we direct our commissions to the best execution venue and use accumulated commission credits to pay for research. CSAs are also monitored in our Brokerage Committee meetings.

### **Wrap Fee Arrangements**

Renaissance participates in wrap fee programs sponsored by brokerage firms and has direct managed clients who have wrap fee agreements with their broker. As described in “Item 4 – Advisory Business,” under these arrangements the client typically pays a single fee to cover all brokerage costs in securities trades and investment advisory services provided by us, custodial services for the client’s assets, or any combination of these or other additional agree-upon services. In addition to the wrap fee, clients who hold American Depositary Receipts (ADRs) may also be charged Depositary Service Fees by the custodian bank holding the ADRs.

In circumstances where the trades are executed through brokers outside of the wrap fee arrangement, the brokerage costs are not covered by the wrap fee arrangement and are, typically, paid by the client in addition to the wrap fee.

From time to time, assets of wrap fee clients utilizing our investment management services may be invested in cash or cash equivalents due to investment decisions or the receipt of interest or dividends, or both. We may use money market funds that may or may not be affiliated with the brokerage firm as temporary investment vehicles or otherwise for the wrap fee accounts. This may result in advisory, distribution or other fees being paid in addition to the wrap fees described here.

### **MAP, UMA and Other Non-Discretionary Programs – Timing Of Model Delivery**

Renaissance serves as a sub-adviser, on a non-discretionary basis, to various Multi Attribute Portfolios (“MAPs”), Multi Style Programs (“MSPs”), Unified Management Accounts (“UMAs”) and other programs where another manager (which may be a related affiliate of Renaissance, such as Managers Investment Group) serves as the discretionary investment manager. In providing model based investment recommendations for these programs on a non-discretionary basis, we maintain broad authority with respect to the timing of the delivery of recommendations to the adviser, both within a particular investment style and between the various investment styles. The timing of the delivery of model updates is typically contained within the MAP, MSP or UMA contract.

### **Initial Public Offerings (“IPOs”)**

Renaissance does not participate in IPO’s.

## **Item 13 – Review of Accounts**

Renaissance’s Portfolio & Performance Analyst and operations team (referred to as Portfolio Administrators) are responsible for the regular review of the assets of the accounts under their supervision. The number of reviews and accounts assigned to each varies depending on the nature of the product, service, or strategy. In addition to the regular review, certain events may trigger a particular additional review. For example, if the client provides an updated Investment Policy Statement (IPS), the Portfolio Administrator, Chief Compliance Officer and Portfolio & Performance Analyst will review the IPS together and update all applicable investment restrictions.

The Portfolio & Performance Analyst reviews the assets of each account, generally monthly, when there is a model change for the strategy or for rebalancing the account to the model. The Portfolio & Performance Analyst also periodically reviews all securities to ensure that each holding is appropriate for the client based on our investment strategy models. Additionally, investment research analysts review individual holdings within client accounts on a regular basis. Our investment research analysts are typically responsible for tracking a variety of companies and/or industries or sectors and making recommendations for our portfolios.

Portfolio Administrators reconcile the securities and cash of client accounts against the records of the custodian, the official record keeper, on a monthly basis. If any discrepancies are identified, the Portfolio Administrator works with both our internal team and the custodian to resolve these discrepancies. Since the custodian holds the assets in the account, the custodian statements and records are the official books and records for the account.

During the annual compliance review, Renaissance personnel review a sample of client accounts for adherence to internal investment guidelines, client-mandated contractual guidelines, and regulatory requirements. We also compare individual client accounts against other accounts invested in a similar manner to assess the consistency of holdings and performance.



## **Reporting**

Clients generally receive quarterly account reports from independent qualified custodians, unless they request these reports more frequently. The reports typically include:

- A listing of individual holdings, including the number of shares and current market value;
- Quarterly, year-to-date and/or since-inception time-weighted rates of return;
- A statement of historical changes to the account describing the original capital, additions of capital, income earned, and a combination of realized and unrealized appreciation or depreciation; and,
- Purchase and sale transactions occurring during the quarter.

In addition, each direct managed client also receives quarterly reports from Renaissance, unless the client declines delivery of the quarterly report. The quarterly reports normally include actual client performance against relative benchmarks, along with Renaissance's comments on the general market and the specific strategy in which the client is invested. Upon request, additional reports may be generated to meet client needs.

Clients in Wrap/SMA, sub-adviser or model-based arrangements receive quarterly statements from the sponsoring brokerage firm.

## **Item 14 – Client Referrals and Other Compensation**

### **Relationships with Consultants**

Many of our clients and prospective clients retain investment consultants to advise them on the selection and review of investment managers. Renaissance may have accounts that were introduced to us through consultants. These consultants or their affiliates may, in the ordinary course of their investment consulting business, recommend our investment advisory services, or otherwise place us into searches or other selection processes for a particular client.

We have extensive dealings with investment consultants, both in the consultants' role as adviser for their clients and through independent business relationships. Specifically, we provide consultants with information on portfolios we manage for our mutual clients, as per our clients' directions. We also provide information on our investment styles to consultants who use the information in connection with searches they conduct for their clients. We may also respond to "Requests for Proposals" from consultants representing clients in connection with manager searches conducted on behalf of their clients.

Clients placed with us by consultants may instruct us to direct some or all of their brokerage transactions to these consultants, which may also be a broker/dealer, or to the particular broker/dealers with whom the consultants have relationships. Alternatively, we may simply choose to allocate brokerage to these consultants or broker/dealers.

Other interactions that we may have with consultants include, but are not limited to, the following:

- We may invite consultants to events or other entertainment hosted by us.
- We may purchase software applications, access to databases, and other products or services from consultants.

- We may pay registration or other fees/expenses for the opportunity to participate, along with other investment managers, in consultant-sponsored industry forums or conferences. These conferences or forums provide the opportunity to discuss a broad variety of business topics with consultants, clients and prospective clients.
- We may serve as investment adviser for the proprietary accounts of consultants or their affiliates, or as adviser or sub-adviser for funds offered by consultants and/or their affiliates.

In general, we rely on each consultant to disclose to their clients any conflict that the consultant may believe to exist due to its relationship with us.

### **Investment Consultant Databases**

Renaissance may pay consultants, or other third parties, to include information about our investment approaches in databases that they maintain. These databases describe the services provided by investment managers to prospective clients.

### **Relationships with Solicitors**

Renaissance is party to agreements with Managers Investment Group and Systematic Financial Management, which are both affiliated solicitors. Under these arrangements, we pay a fee for the services these parties provide on our behalf, such as sales, marketing, client referrals, and client services. We have procedures to provide reasonable assurance that all clients and accounts are treated fairly and equitably and that our relationships with these parties does not result in any inappropriate preferential treatment.

### **Compensation from Third Parties**

Renaissance does not receive any monetary compensation or any other economic benefit from a non-client for providing investment advisory services to a client.

## **Item 15 – Custody**

Renaissance does not act as a custodian over the assets in the accounts we manage for clients except as deemed a “custodian” by applicable law, as discussed in subsection below. Clients must make their own arrangements for custody of securities in their accounts. Custodians may be broker/dealers, banks, trust companies, or other qualified institutions. The qualified custodian will typically provide the client with account statements, at least quarterly, relating to the assets held within the account managed by us. Each client should carefully review the qualified custodian’s statement upon receipt to determine that it completely and accurately states all holdings in their account and all account activity over the relevant period. Clients should immediately report any discrepancies to us and the qualified custodian.

In addition to the account statements provided by the qualified custodian to our clients, we also provide a quarterly report to clients, unless the client waives this service in writing. Our reports may vary from custodial statements based on accounting procedures, reporting dates, and/or valuation methodologies of certain securities. However, please note that custodian statements reflect the official books and records for the accounts we manage.

We encourage clients to compare the quarterly report we provide against the statements provided by the qualified custodian, and to promptly report any questions, concerns, or discrepancies to both us and the qualified custodian. Inquiries may be communicated to us by writing, e-mailing or telephoning using the following contact information:

Renaissance Investment Management  
50 East RiverCenter Blvd., Suite 1200  
Covington, KY 41011  
513-723-4500

[compliance@reninv.com](mailto:compliance@reninv.com)

Attention: Compliance Department, Custody Questions

**Custodian by Applicable Law:** If we have the authority to request payments directly from a client's custodial account, under federal securities laws, we are considered to have custody of the client's assets because of our ability to obtain our advisory fees directly from the client's account. However, the assets in these accounts are maintained by independent, unaffiliated qualified custodians, which deliver periodic statements to their clients.

## **Item 16 – Investment Discretion**

### **Discretionary Authority**

When a client opens an account, Renaissance is typically granted discretionary authority to select the security and amount of securities to be bought or sold in the client's account. When selecting securities and determining amounts of securities for purchase or sale, we must observe the investment policies, limitations, and restrictions that are applicable to the client's account(s), as determined by the client. Clients must provide any investment guidelines and restrictions, including amendments, to us in writing. A client will grant us discretionary authority by completing an Investment Advisory Agreement and/or a separate power of attorney, which includes a statement giving us full authority to invest the assets identified by the client in a manner consistent with the investment objectives and limitations defined by the client, and to engage in transactions on a discretionary basis in the client's account. For registered investment companies, our authority to trade securities may also be limited by federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

### **Class Action Suits**

Renaissance is not obligated to, and typically does not take any legal action with regard to class action suits relating to securities purchased by us for client accounts. We provide instructions to custodians and brokers regarding tender offers and rights offerings for securities in client accounts. However, we do not provide legal advice to clients and, accordingly, do not determine whether a client should join, opt out or otherwise submit a claim with respect to any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by the client. We generally do not have the authority to submit claims or elections on behalf of clients in legal proceedings. We do not respond to class action plaintiff requests for client information. Class action plaintiffs are directed to contact the custodian directly for assistance with obtaining client contact information.

However, should a client wish to retain legal counsel and/or take action regarding any class action suit proceeding, we will provide the client, or the client's legal counsel, with information that may be needed upon the client's reasonable request.

## Item 17 – Voting Client Securities

Since client accounts may hold stocks or other securities with voting rights, our clients often have the right to cast votes at the corporate issuers' shareholder meetings. However, since shareholders often do not attend shareholder meetings, they have the right to cast their votes by "proxy." In these cases, Renaissance's clients will either retain proxy-voting authority or delegate it to us. If a client has delegated the authority to us, we will vote proxies for that client. If we do not vote the proxy, the client will receive proxy solicitations directly from the custodian, and the client may contact us with any questions about a particular solicitation using the contact information provided at the bottom of this Item.

Where clients have delegated proxy-voting authority to us, as an investment adviser and fiduciary of client assets, we have implemented proxy-voting policies and procedures intended to protect the value of shareholder investments and designed to reasonably ensure that we vote proxies in the best interest of clients. In voting proxies, we seek to both maximize the long-term value of clients' assets and to cast votes that we believe to be fair and in the best interest of the affected client(s).

If a client has delegated proxy voting authority to us, but would nevertheless like to direct our vote on a particular proxy solicitation, the client may give us written or e-mailed instructions at least 10 business days before the voting deadline date. If a request is received less than 10 business days from the voting deadline date, we will vote the proxy according to the client's instructions on a best efforts basis, but Renaissance cannot guarantee the vote will be able to be amended.

When an account transitions to Renaissance, we will typically liquidate some or all of the securities held in the account based upon the selected strategy and/or tax consequences. We typically do not vote proxies for securities sold during an account transition.

We do not recall proxy ballots to vote them if the client has lent the shares out for securities lending purposes.

### **Voting Agent**

Renaissance has contracted with an independent third-party provider of proxy voting and corporate governance services ("proxy agent") which specializes in providing a variety of services related to proxy voting. Specifically, we have retained this proxy agent to provide proxy research voting recommendations, execute proxy votes, and keep the records necessary for tracking proxy voting materials and proxy voting actions taken for the appropriate client account.

We have adopted the proxy voting policy guidelines available through our proxy agent as our own and will vote proxies for clients who have given us proxy-voting authority according to those policy guidelines. Clients have three sets of proxy guidelines available through our proxy agent:

- (i) a general profit maximization policy;
- (ii) a Taft Hartley Policy, which is in compliance with the AFL-CIO guidelines, and overlays the general profit maximization policy; and,
- (iii) a policy incorporating the MacBride principles, which overlays the general profit maximization policy.

**Profit Maximization Policy:** Renaissance generally uses the profit maximization proxy voting guidelines provided by our proxy voting agent, unless the client provides written direction to the contrary. This proxy policy focuses on voting proxy ballots with the goal of ensuring corporate stock price is maximized.

**Taft-Hartley Policy:** Renaissance maintains and utilizes a Taft-Hartley voting policy provided by the proxy voting agent for Taft-Hartley clients, unless the client provides written direction to the contrary. Municipal Police and Firefighter clients are considered Taft-Hartley clients for proxy-voting guideline purposes and will be voted using Taft Hartley guidelines. Taft-Hartley accounts are union represented clients.

**MacBride Principles:** Renaissance also may utilize the MacBride Principles upon written request as an overlay to the for-profit or Taft-Hartley voting policies. The MacBride Principles objective requires employers in Northern Ireland to not discriminate in their hiring, promotion or termination practices based on religion or ethnicity.

### **Proxy/Share Blocking**

In general, unless otherwise directed by the client, Renaissance will make reasonable efforts to vote client proxies in accordance with the proxy-voting recommendations of our proxy agent. We will generally decline to vote proxies if doing so would cause a restriction being placed on our ability to trade securities held in client accounts in “share blocking” countries. Accordingly, we may abstain from votes in a share blocking country in favor of preserving our ability to trade any particular security at any time.

### **Abstention from Vote**

If it is an option on the ballot, we have the right to abstain from a vote if no recommendations are available from the proxy agent and we feel we do not have adequate information to make a decision in the best interest of our clients.

### **Proxy Ballot Technical Questions**

We will answer any technical questions listed on a proxy ballot that do not require research, on a case-by-case basis without convening our Proxy Voting Committee, if a recommendation is not available from the proxy agent (e.g.: Does the Firm hold a controlling interest in the company?). In the event that the proxy agent does not provide a recommendation, the issue is not a technical question and abstaining from the vote is not an option on the ballot, our Chief Compliance Officer will convene our Proxy Voting Committee and tally a vote after completion of the Material Conflicts Form.

### **Conflicts of Interest**

As discussed, Renaissance has an agreement with an independent proxy agent and has adopted the proxy agent's third party proxy voting policy guidelines (the "Policies"). The adoption of the Policies, which provide pre-determined guidelines for voting proxies, was designed to remove any potential conflicts of interest we may have that could affect the outcome of a vote. By adopting the Policies, we have essentially removed discretion that we would have otherwise had to determine how to vote proxies in cases where we have a material conflict of interest.

However, there may be some instances where we vote proxies. Specifically, there may be a situation where the proxy agent itself may have a material conflict of interest with respect to a proxy vote that it is voting on our clients' behalf. In these situations, the proxy agent is obligated to fully or partially abstain from voting the proxy. Our Chief Compliance Officer, or his/her designee, will poll our Proxy Voting Committee and provide the actual voting recommendation after a review of the vote(s) involved. Our Chief Compliance Officer must approve any decision made on the vote prior to

casting the vote. Our Chief Compliance Officer will also become involved in any other situation, though expected to be rare, where we remove voting discretion from the proxy agent. In both of the preceding circumstances, we will work to ensure that prior to casting a vote, conflicts of interest are identified and material conflicts are properly addressed so that the proxy may be voted in the best interest of clients.

If you would like a copy of our Proxy Voting Policy; would like to review how we voted on a particular security in your account; would like to direct a written request regarding how to vote your proxies; or would like further information on the proxy agent's third party proxy voting policy guidelines, please contact:

Renaissance Investment Management  
50 E. RiverCenter Blvd., Suite 1200  
Covington, KY 41011  
513-723-4500  
[compliance@reninv.com](mailto:compliance@reninv.com)  
Attention: Compliance Department, Proxy Request


## **Item 18 – Financial Information**

Renaissance is not under a financial condition that impairs our ability to meet our contractual and fiduciary commitments to our clients, and we have not been the subject of a bankruptcy proceeding.

## Supplemental Information

### Appendix I – Privacy Notice

Rev. 03/2011

<b>FACTS</b>	<b>WHAT DOES RENAISSANCE INVESTMENT MANAGEMENT (RENAISSANCE) DO WITH YOUR PERSONAL INFORMATION?</b>	
<b>Why?</b>	<p>Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.</p>	
<b>What?</b>	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>■ Social Security number and home address.</li> <li>■ Telephone number and financial information.</li> <li>■ Custodial statements and trade confirmations.</li> </ul> <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>	
<b>How?</b>	<p>All financial companies need to share client's personal information to run their everyday business. In the section below, we list the reasons financial companies can share their Client's personal information; the reasons Renaissance chooses to share; and whether you can limit this sharing.</p>	

Reasons we can share your personal information	Does Renaissance share?	Can you limit this sharing?
<b>For our everyday business purposes—</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes—</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	N/A
<b>For our affiliates' everyday business purposes—</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes—</b> information about your creditworthiness	No	N/A
<b>For nonaffiliates to market to you</b>	No	N/A

<b>QUESTIONS</b>	Call 513-723-4500 or e-mail <a href="mailto:COMPLIANCE@RENINV.COM">COMPLIANCE@RENINV.COM</a>
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**Who**

**Who is providing this notice?**

The Renaissance Group LLC DBA Renaissance Investment Management

**What we do**

**How does Renaissance protect my personal information?**

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

**How does Renaissance collect my personal information?**

We collect your personal information, for example, when you

- Open an account or balance with custodial account
- Close an account or trade securities in your account
- Make material changes to your account

**Why can't I limit all sharing?**

Federal law gives you the right to limit only

- Sharing for affiliates' everyday business purposes—information about your creditworthiness
- Affiliates from using your information to market to you
- Sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

**Definitions**

**Affiliates**

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *Affiliated Managers Group*
- *Managers Investment Group*
- *Systematic Financial Management*

**Nonaffiliates**

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

**Joint marketing**

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

**Other important information**

## **Appendix II – Definitions**

**Affiliate:** A company in which our parent company Affiliated Managers Group has a majority or minority interest.

**CFA Institute Soft Dollar Standards:** CFA Institute Soft Dollar Standards seeks to provide ethical standards for soft dollar practices as well as emphasize the paramount duty of the investment manager to place the interests of clients before those of the investment manager. In particular, the Soft Dollar Standards focus on six key areas: 1) Definitions; 2) Research; 3) Mixed-Use Products; 4) Disclosure; 5) Record Keeping; and, 6) Client-Directed Brokerage. For more information please refer to the CFA Institute's website <http://www.cfainstitute.org/ethics/codes/softdollar>.

**Commission Sharing Arrangements (“CSA”):** In a CSA, Renaissance enters into an agreement with a broker/dealer so that a portion of the commissions from trades placed by Renaissance with them are pooled to compensate one or more research providers who produce their own research, which is used by Renaissance in its investment process. The research providers may or may not be the broker/dealers who generated the transactions.

**Cross Trades:** Buying and selling a security internally within a firm among client accounts. i.e., the trade is not recorded through a securities exchange.

**Discretionary Investment Manager:** An investment manager who has the authority to make the buy and sell decisions in a client's account without obtaining approval from the client. The investment manager, however, must operate within the agreed upon limits stipulated in the Investment Advisory Agreement.

**Hard Dollars:** Hard dollars are cash payments made by an investment manager to pay for research or services provided by a brokerage firm or third-party.

**Initial Public Offering (“IPO”):** The first sale of stock by a private company to the public.

**Institutional Client:** Organizations (such as banks, brokerage firms, insurance companies, labor union funds, mutual funds or unit trusts, foundations, endowments, municipalities, states, and pension funds), which are not individually owned accounts.

**Investment Consultant:** An advisor who helps investors (typically trustees of corporate and public retirement plans, university endowments, foundations, healthcare systems, not-for-profit organizations, and high-net-worth individuals) with their long-term investment planning. An investment consultant, unlike a broker, does more in-depth work on formulating clients' investment strategies, helping them fulfill their needs and goals.

**MacBride Principles:** The MacBride Principles objective requires employers in Northern Ireland to not discriminate in their hiring, promotion or termination practices based on religion or ethnicity.

**Model Change:** The simultaneous sale and/or purchase of one or more securities within one of Renaissance's investment strategies.

**Multi-Style Programs (“MSPs”) / Multi-Attribute Programs (“MAPs”):** These programs provide investors access to diversified investment strategies provided by a variety of asset managers. In these programs, Manager A is the discretionary investment manager and responsible for monitoring the individual needs of the client and Manager B (Renaissance) is the non-discretionary investment manager and is only responsible for amending and updating the model portfolios and providing the updated model information to Manager A.

**Mutual Fund:** An investment vehicle that is comprised of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.

**Non-Discretionary Programs:** A program in which Manager A has the relationship with the client and is responsible for all client related needs and Manager B (Renaissance) has no direct contact with the client and is only responsible for amending/updating the model portfolios on an ongoing basis and providing the updated model information regarding securities recommendation changes to Manager A.

**Performance-Based Fees:** The fees that advisers or managers receive based on investors’ returns/performance.

**Proxy Voting:** A written authorization given by a shareholder or authorized representative for someone else to cast their vote at a shareholder meeting or at another time.

**Side-By-Side Management:** The simultaneous management of multiple types of client accounts (e.g., institutional accounts, individual accounts, mutual funds, Wrap/SMA programs, UMA programs) according to the same, similar or different investment strategy.

**Soft Dollars:** A soft dollar represents the value of research or services (other than trade execution) obtained by an adviser from or through a broker/dealer in exchange for Renaissance directing trades to the broker/dealer. These services would otherwise be available to Renaissance for a cash payment (hard dollars).

**Step-Out Trades:** Step-out trades are transactions, which are placed at one broker/dealer and then “given up” or “stepped-out” by that broker/dealer to another broker/dealer for brokerage credit/payment.

**Sub-Advisory Arrangements:** An arrangement where Renaissance is hired by a third-party (e.g., mutual fund company) to manage the third-party client’s assets.

**Tax Harvesting:** The process of selling securities at a gain/loss to offset the taxable gains from another investment and/or create carryover losses to offset potential gains realized in future years.

**Unified Management Account (“UMA”):** A program where a brokerage firm helps an investor find a money manager in exchange for a flat quarterly or annual fee, which covers all administrative, brokerage, custodial and management expenses. Investment accounts can encompass every investment vehicle (e.g., mutual funds, stocks, bonds and exchange traded funds) all in a single account. Model based investment recommendations from multiple investment companies are offered by the brokerage firm as investment options to investors.

**Wrap/SMA Program:** A program where a brokerage firm helps an investor find a money manager in exchange for a flat quarterly or annual fee, which covers all administrative, brokerage, custodial and management expenses. Products from multiple investment companies are offered by the brokerage firm as investment options to investors. These programs are referred to as: Wrap Arrangements, Wrap Fee Programs, and/or Wrap Sponsor Accounts.