

City of Ormond Beach Police Officers Pension - International Equity Portfolio

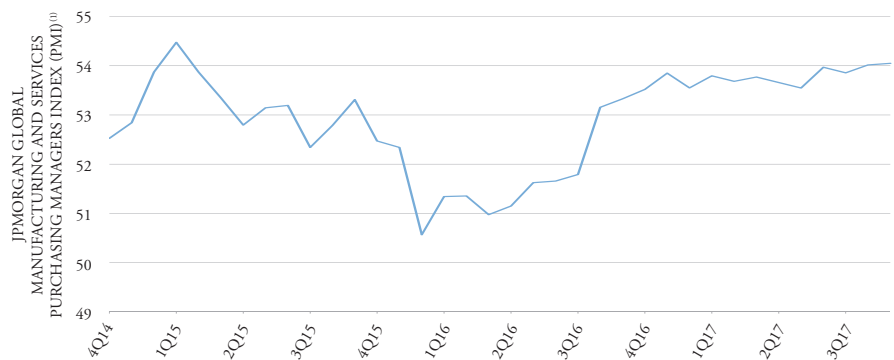
International equity markets finished 2017 on a strong note, propelling the MSCI ACWI ex US Index to a 27% gain (in U.S. dollars) for the year and marking the first time since 2012 that foreign markets outpaced the S&P 500. Favorable economic readings from Europe, China and the U.S. were more than enough to assuage geopolitical fears ranging from Brexit negotiations to the nuclear ambitions of North Korea. Indicative of the broad economic strength around the globe, the JPMorgan Global PMI Index reached multi-year highs in November (Chart 1) and showed strength in both the manufacturing and services components.

Foreign index returns were led by emerging markets, which gained 7.4% for the quarter and 37.3% for the year as measured by the MSCI Emerging Markets Index. After an 11.2% rise in 2016, some investors are wondering if emerging markets may run out of steam in 2018. To put the gains in perspective, Chart 2 shows the returns of the MSCI USA Index compared to the MSCI Emerging Markets Index. Based on relative returns going back to the late 1980's, recent emerging market returns do not look excessive, and we may be in a situation of emerging markets performance simply catching up to U.S. markets.

The consistent theme of growth stocks outperforming value stocks in 2017 continued through the fourth quarter. For the year, the MSCI ACWI ex US Growth Index climbed 32.0% compared to a 22.7% gain in the

Value index. Growth stocks beat value stocks across the market cap spectrum and within developed and emerging market indices. Another theme that prevailed throughout 2017 was the decline of the U.S. dollar, with

CHART 1: Global PMI at Highest Level Since 2015

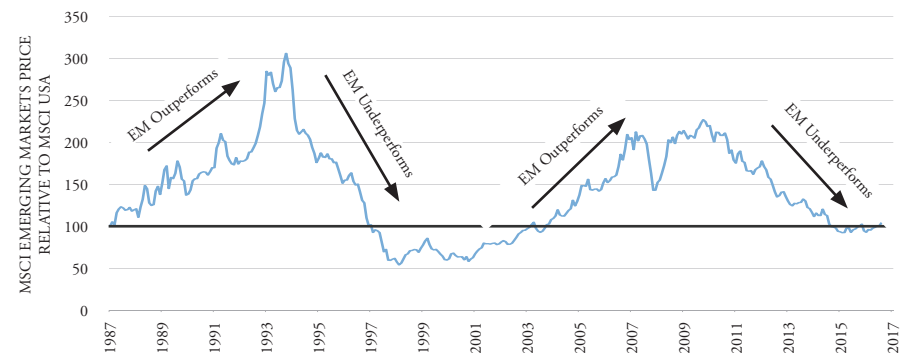


Data from 12/31/14–11/30/17

⁽¹⁾Composite PMIs are calculated by taking the weighted average of the manufacturing and services PMI indices for each country, using relative weights based on gross value added data provided by the national statistical institute in each country. An index reading of 50.0 signals no change since the previous month. Above 50.0 signals an increase (or improvement), below 50.0 a decrease (or deterioration). The greater the divergence from 50.0, the greater the rate of change signaled.

Source: FactSet, Market Economics

CHART 2: Emerging Markets Look Appealing to Long-Term Investors



Data from 12/31/87–12/28/17

Source: MSCI, FactSet, Renaissance Research

MARKET VALUE SUMMARY

	Quarter Ending 12/31/17
Equities	\$1,690,007
Cash	\$19,825
Total Portfolio	\$1,709,832

PORTFOLIO PERFORMANCE⁽¹⁾

	Quarter Ending 12/31/17	Year Ending 12/31/17
Police Officers' Pension (net of fees)	2.6%	27.5%
MSCI ACWI ex US Index ⁽²⁾	5.0%	27.2%

⁽¹⁾Performance and Benchmark data sources: Renaissance Research, Bloomberg, MSCI

⁽²⁾Renaissance primary benchmark.

the weaker greenback adding 9% to U.S. dollar denominated returns of the MSCI ACWI ex US Index and helping ease the pain from the dollar's strength from 2013 to 2016.

During the quarter, European politics also grabbed headlines with the focus on the inability of Germany's Chancellor Angela Merkel's Christian Democratic Union (CDU) party to form a new coalition government following September's national elections. Despite the uncertainty, the Ger-

man DAX Index still gained for the quarter. Brexit negotiations continued, although this quarter's attention was on the first rate hike by the Bank of England since the middle of 2007. The widely expected move was in response to higher inflation brought on in part from the weaker pound following the Brexit vote in 2016.

Also boosting markets across the globe was the continued strength of the U.S. economy, which looks to solidify its 2018 economic growth

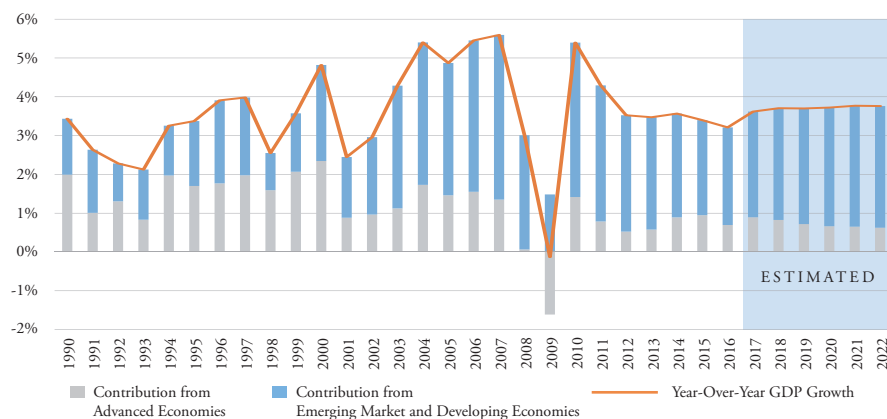
prospects after Congress passed major tax reforms. A positive outlook for the U.S. should lift the economic tide for many nations. According to the October World Economic Outlook from the International Monetary Fund, global GDP growth for 2017 is estimated at 3.6%, rising to 3.7% in 2018, with both estimates up from earlier projections in April.

Breaking down GDP growth by emerging and developed countries, data on Chart 3 shows that emerging markets have accounted for a large portion of overall global growth, and this fact is likely to continue for years to come.

China remains the largest driver of world economic growth, and our portfolios are positioned to take advantage of this opportunity, with an approximately 14% weighting to China/Hong Kong. One of the concerns with China's growth has been growing debt levels relative to GDP. While the debt load has increased in recent years, China's household debt burden compared to major developed countries is still very manageable (Chart 4). Furthermore, China is moving from a period of rapid growth to "a stage of high quality development," as reported after the 19th National Congress held in October. This focus on quality should alleviate concerns of a debt bubble forming in China.

Portfolio performance for the quarter trailed our benchmark due to weak contribution from Health Care, Consumer Staples and Materials. Our Health Care sector returns were negatively affected by **Sanofi** (SNY, -13.6%) with the share price falling on investor concern about possible weakening sales in the company's important diabetes franchise. Within Consumer Staples, global consumer goods manufacturer **Unilever** (UL, -3.8%) failed to advance as investors favored higher growth companies in other sectors. Our Materials sector holdings were led lower by Ireland-based building

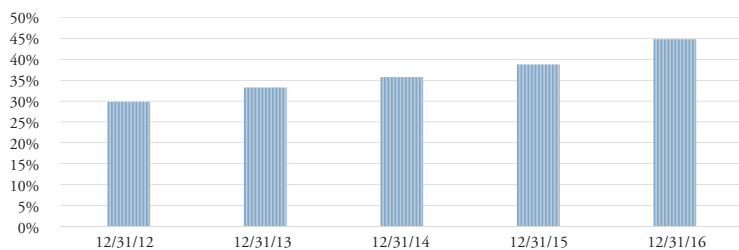
CHART 3: Global GDP Growth



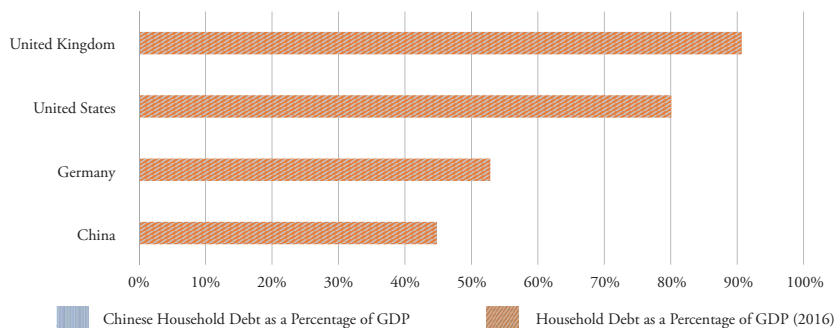
Report date: 10/10/17
Source: IMF World Economic Outlook, October 2017

CHART 4: Chinese Household Debt

Chinese Household Debt is Rising...



...But Remains Low Relative to Developed Countries



Data as of 12/31/16
Source: Bloomberg Intelligence, International Monetary Fund

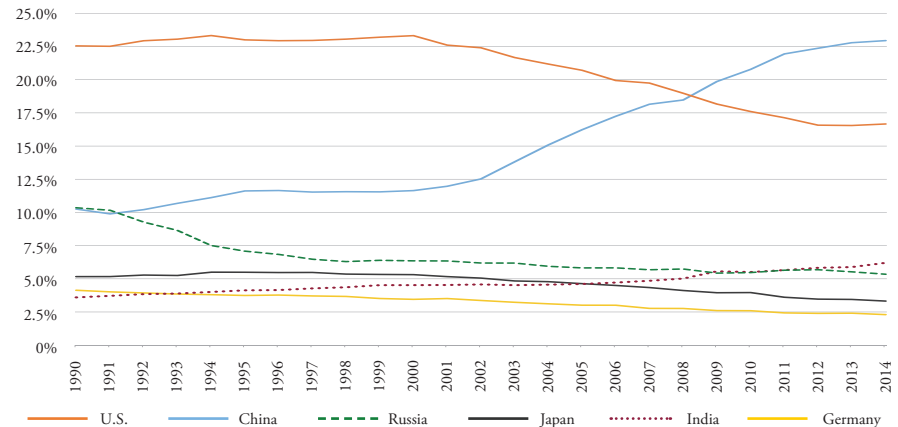
and construction materials provider **CRH** (CRH, -4.7%), which fell after lowering its 2017 EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) projection due to weaker-than-expected results from the Philippines and slightly slower U.S. growth.

The Consumer Discretionary, Information Technology and Industrials sectors contributed the most to returns for the quarter. Within Consumer Discretionary, **China Lodging Group** (HTHT, +22.3%) was our best contributing holding as demand for hotels in China continues to be strong. Information Technology was led by internet gaming software developer **NetEase** (NTES, +31.1%), which gained on optimism about upcoming new gaming titles and a share buyback that should support the shares in the near term. Within Industrials, **SMC Corp.** (SMCAY, +16.8%), a Japanese manufacturer of automatic control equipment, rose on robust earnings led by strong sales for semiconductor, home appliance and machine tool products.

The Energy sector performed well in our portfolio and was the second best performing sector in our benchmark for the quarter. Crude oil (West Texas Intermediate) gained 16.8% for the final three months of the year, putting the 2017 gain at 12.3%. We remain underweight in the Energy sector relative to our benchmark and believe crude oil prices are likely range-bound in the near term as OPEC continues to curb production while U.S. shale production puts pressure on the supply side of the equation. One of the biggest potential boosts to energy prices is the continued increase in demand from China. China's demand for oil has increased dramatically over the last 15 years, but other countries such as the United States and Japan have decreased their appetite for oil (Chart 5). Until we see a clearer picture of crude oil supply/demand dynamics,

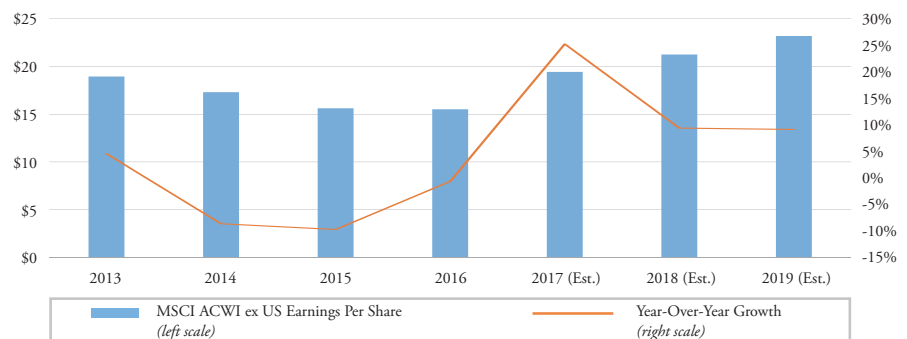
CHART 5: World Energy Consumption

Energy Use per \$1,000 GDP, Percent of World Total



Data from 6/29/90–6/30/14
Source: World Bank, Data as of 6/30/14

CHART 6: International Earnings Expected to Increase



Data as of 12/29/17
Source: FactSet Estimates

we will likely remain underweight in the Energy sector.

Looking at performance by region, we enjoyed the most success in the Asia/Pacific area where we averaged an almost 40% weighting. Our Chinese holdings contributed the most to returns, while India detracted from returns. Western Europe, our largest regional weight at 46%, was our weakest performing region as positive contributions from Germany were negated by poor returns in Denmark.

Relative to our benchmark, we ended the year with our largest overweightings to the Information Technology sector followed by Consumer Discretionary. We believe that attractive investment opportunities exist in higher growth areas such as semiconductors, autos and leisure, while our portfolio remains underweight in slower growth sectors such

as Financials and Consumer Staples. Additionally, we remain overweight to emerging markets in the portfolio as the asset class offers both better growth rates and attractive valuation.

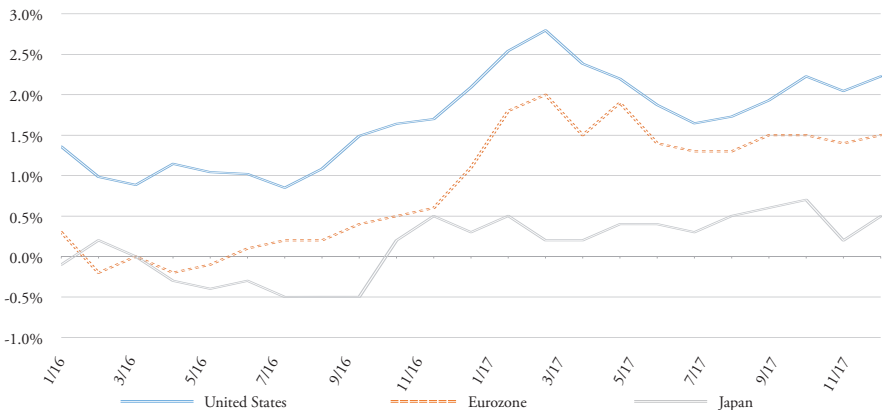
Although the advances in global equity markets in 2017 were not unprecedented, what was unusual was the lack of volatility, as evidenced by the fact that the MSCI ACWI ex US Index was positive each month of the year. Many market prognosticators foresee continued gains in 2018, buoyed in part by good earnings growth (Chart 6). According to earnings estimates compiled by FactSet, international firms are expected to increase 2018 earnings per share close to 10% year-over-year, well above the 4.5% average yearly growth rate since 2005.

Despite the run-up in foreign markets this year, market valuations still remain

attractive compared to U.S. markets. Favorable valuations are a positive for international equity markets, but one concern for investors is the potential rise in inflation as economies expand (Chart 7). It is unlikely, though, that inflation will rise enough to offset positive growth, even as the U.S. Federal Reserve looks to move rates higher in 2018 and other major central banks look to taper their monetary easing programs. Despite the almost 50% return in emerging markets since the end of 2015, we believe the asset class still presents opportunities. While emerging markets account for 34% of world GDP, those same countries only represent 21% of global market capitalization (Chart 8), suggesting that emerging equity markets have ample room to expand.

With market sentiment seemingly overwhelmingly bullish, we remain optimistic for 2018, but also cautious given the many uncertainties in the market. We have learned in managing international portfolios for over 23 years that market volatility will inevitably pick up, and we believe that as active managers, we will be able to position our portfolio to capitalize on the changing landscape while mitigating risk.

CHART 7: Inflation Inching Higher
Year-Over-Year Change in CPI⁽¹⁾

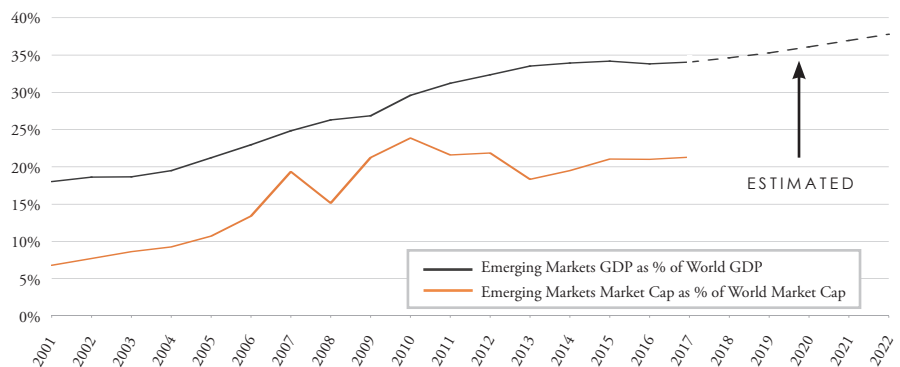


Data from 1/1/16–11/30/17

⁽¹⁾The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the pre-determined basket of goods and averaging them.

Source: Factset, U.S. Bureau of Labor Statistics, Eurostat, Japanese Statistics Bureau & Statistics Center

CHART 8: Emerging Markets
Market Capitalization Well Below Percentage of World GDP



Data as of 12/28/17

Source: International Monetary Fund, MSCI, FactSet

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

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

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City of Ormond Beach Police Officers Pension - International Equity Portfolio

<u>Ticker</u>	<u>Security Description</u>	<u>Shares/Face</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>% of Total Assets</u>
DEVELOPED							
Canada							
CNI	Canadian National Railway	358	39.58	\$14,169	82.50	\$29,535	1.7%
MGA	Magna International	544	45.17	\$24,572	56.67	\$30,828	1.8%
MFC	Manulife Financial	1,471	18.35	\$26,988	20.86	\$30,685	1.8%
TECK	Teck Resources	1,643	23.13	\$38,005	26.17	\$42,997	2.5%
TOTAL Canada				\$103,733		\$134,046	7.8%
Denmark							
PANDY	Pandora	841	17.11	\$14,390	27.24	\$22,905	1.3%
TOTAL Denmark				\$14,390		\$22,905	1.3%
France							
ARKAY	Arkema	323	77.60	\$25,063	121.94	\$39,387	2.3%
AXAHY	AXA	1,010	30.06	\$30,356	29.67	\$29,962	1.8%
CGEMY	Capgemini	1,537	12.93	\$19,867	23.75	\$36,502	2.1%
RNLSY	Renault	1,432	18.92	\$27,099	20.15	\$28,858	1.7%
SNY	Sanofi	606	49.41	\$29,943	43.00	\$26,058	1.5%
SCRYY	SCOR	7,402	3.44	\$25,428	4.03	\$29,815	1.7%
VLECY	Valeo	862	8.39	\$7,235	37.39	\$32,228	1.9%
TOTAL France				\$164,990		\$222,809	13.0%
Germany							
AZSEY	Allianz	1,685	12.28	\$20,692	22.97	\$38,696	2.3%
DPSGY	Deutsche Post	746	33.67	\$25,121	47.59	\$35,498	2.1%
IFNNY	Infineon Technologies	1,589	16.36	\$25,995	27.42	\$43,570	2.5%
TOTAL Germany				\$71,807		\$117,765	6.9%
Ireland							
CRH	CRH	1,042	35.01	\$36,485	36.09	\$37,606	2.2%
ICLR	ICON	315	54.86	\$17,281	112.15	\$35,327	2.1%
JAZZ	Jazz Pharmaceuticals	174	150.34	\$26,160	134.65	\$23,429	1.4%
RYAAY	Ryanair	320	69.64	\$22,285	104.19	\$33,341	1.9%
TOTAL Ireland				\$102,212		\$129,703	7.6%
Israel							
CHKP	Check Point Software Technologies	259	24.00	\$6,217	103.62	\$26,838	1.6%
TOTAL Israel				\$6,217		\$26,838	1.6%
Japan							
BRDCY	Bridgestone	1,302	17.03	\$22,177	23.25	\$30,270	1.8%
KDDIY	KDDI	1,787	10.19	\$18,212	12.45	\$22,245	1.3%
MIELY	Mitsubishi Electric	862	23.97	\$20,662	33.23	\$28,642	1.7%
MRAAY	Murata Manufacturing Co	725	35.39	\$25,657	33.56	\$24,327	1.4%
NTTY	Nippon Telephone & Telegraph	533	22.55	\$12,017	47.06	\$25,081	1.5%
IX	Orix	353	78.57	\$27,737	84.78	\$29,927	1.8%
SMCAY	SMC Corp.	1,909	13.06	\$24,934	20.59	\$39,299	2.3%
TRYIY	Toray Industries	2,089	17.15	\$35,817	18.86	\$39,407	2.3%
TOTAL Japan				\$187,212		\$239,198	14.0%
Netherlands							
AER	AerCap Holdings	643	15.11	\$9,718	52.61	\$33,828	2.0%
AKZOY	Akzo Nobel	1,256	22.69	\$28,499	29.23	\$36,709	2.1%
NXPI	NXP Semiconductors	267	105.35	\$28,128	117.09	\$31,263	1.8%
TOTAL Netherlands				\$66,344		\$101,800	6.0%
Singapore							
DBSDY	DBS Group	502	59.03	\$29,634	74.38	\$37,338	2.2%

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TOTAL Singapore				\$29,634		\$37,338	2.2%
Spain							
ACSAY	ACS	3,621	7.79	\$28,213	7.83	\$28,367	1.7%
TOTAL Spain				\$28,213		\$28,367	1.7%
United Kingdom							
CUK	Carnival plc	454	55.48	\$25,189	66.28	\$30,091	1.8%
GKNLY	GKN plc	5,971	4.66	\$27,854	4.32	\$25,801	1.5%
PSMMY	Persimmon	596	53.73	\$32,022	74.08	\$44,150	2.6%
UL	Unilever	646	42.07	\$27,176	55.34	\$35,750	2.1%
TOTAL United Kingdom				\$112,240		\$135,791	7.9%
TOTAL DEVELOPED				\$886,993		\$1,196,561	70.0%
EMERGING							
China							
BIDU	Baidu	128	239.68	\$30,679	234.21	\$29,979	1.8%
CEA	China Eastern Airlines	909	29.19	\$26,535	36.14	\$32,851	1.9%
HTHT	China Lodging Group	258	36.81	\$9,497	144.43	\$37,263	2.2%
NTES	NetEase	90	59.90	\$5,391	345.07	\$31,056	1.8%
TOTAL China				\$72,102		\$131,149	7.7%
Hong Kong							
WHGLY	WH Group	1,519	10.75	\$16,329	22.57	\$34,276	2.0%
TOTAL Hong Kong				\$16,329		\$34,276	2.0%
India							
WIT	Wipro	3,942	6.08	\$23,985	5.47	\$21,563	1.3%
TOTAL India				\$23,985		\$21,563	1.3%
Mexico							
BSMX	Grupo Financiero Santander Mexico	3,193	8.31	\$26,540	7.31	\$23,341	1.4%
VLRS	Volaris	1,625	18.85	\$30,636	8.02	\$13,033	0.8%
TOTAL Mexico				\$57,176		\$36,373	2.1%
Russia							
LUKOY	Lukoil	1,128	54.01	\$60,927	57.65	\$65,029	3.8%
TOTAL Russia				\$60,927		\$65,029	3.8%
South Korea							
KB	KB Financial	610	44.17	\$26,946	58.51	\$35,691	2.1%
KEP	Korea Electric Power	943	20.53	\$19,360	17.71	\$16,701	1.0%
SKM	SK Telecom	938	16.02	\$15,027	27.91	\$26,180	1.5%
TOTAL South Korea				\$61,333		\$78,571	4.6%
Taiwan							
ASX	Advanced Semiconductor Engineering	4,248	4.99	\$21,202	6.48	\$27,527	1.6%
TSM	Taiwan Semiconductor Manufacturing	1,013	14.39	\$14,579	39.65	\$40,165	2.3%
TOTAL Taiwan				\$35,780		\$67,692	4.0%
Thailand							
KPCPY	Kasikornbank	927	27.57	\$25,555	28.48	\$26,396	1.5%
TOTAL Thailand				\$25,555		\$26,396	1.5%
Turkey							
TKC	Turkcell Iletisim Hizmetleri	3,176	9.48	\$30,109	10.20	\$32,395	1.9%
TOTAL Turkey				\$30,109		\$32,395	1.9%
TOTAL EMERGING				\$383,296		\$493,446	28.9%

Portfolio Holdings as of 12/31/2017

City of Ormond Beach Police Officers Pension - International Equity Portfolio

<u>Ticker</u>	<u>Security Description</u>	<u>Shares/Face</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>% of Total Assets</u>
	TOTAL EQUITIES			\$1,270,289		\$1,690,007	98.8%
	Total Cash			\$19,825		\$19,825	1.2%
	Total Portfolio			\$1,290,114		\$1,709,832	100.0%
	Accrued Income					\$556	
	Total Portfolio plus Accrued Income					\$1,710,388	

City of Ormond Beach Police Officers Pension - International Equity Portfolio

Broker	Shares	Value	Cents Per Share	Commission Recapture	Directed	Execution Only	Minority	Research	Soft Dollar	Total Commission
Cowen & Company	114	3,590	2.00	0.00	0.00	2.28	0.00	0.00	0.00	2.28
Gordon Haskett Capital Corp.	1,121	24,555	1.00	0.00	0.00	11.21	0.00	0.00	0.00	11.21
Instinet	1,771	68,684	1.00	0.00	0.00	17.71	0.00	0.00	0.00	17.71
Liquidnet	3,176	30,109	1.50	0.00	0.00	47.64	0.00	0.00	0.00	47.64
Lynch, Jones, and Ryan	1,514	60,997	5.00	75.70	0.00	0.00	0.00	0.00	0.00	75.70
NatAlliance Securities	463	23,602	1.50	0.00	0.00	6.95	0.00	0.00	0.00	6.95
TOTALS	8,159	211,538	1.98	75.70	0.00	85.79	0.00	0.00	0.00	161.49

City of Ormond Beach Police Officers Pension - International Equity Portfolio

<u>Ticker</u>	<u>Security Description</u>	<u>CGQ Index</u>	<u>CGQ Industry</u>
ACSAY	ACS	48.90	54.00
AER	AerCap Holdings	N/A	N/A
AKZOY	Akzo Nobel	44.80	40.50
ARKAY	Arkema	N/A	N/A
ASX	Advanced Semiconductor Engineering	N/A	N/A
AXAHY	AXA	66.60	50.60
AZSEY	Allianz	69.00	54.50
BIDU	Baidu	N/A	N/A
BRDCY	Bridgestone	16.40	34.80
BSMX	Grupo Financiero Santander Mexico	N/A	N/A
CEA	China Eastern Airlines	N/A	N/A
CGEMY	Capgemini	98.10	99.00
CHKP	Check Point Software Technologies	N/A	N/A
CNI	Canadian National Railway	66.10	75.00
CRH	CRH	33.60	29.70
CUK	Carnival plc	28.00	40.00
DBSDY	DBS Group	15.40	25.00
DPSGY	Deutsche Post	57.80	63.00
GKNLY	GKN plc	96.80	100.00
HTHT	China Lodging Group	N/A	N/A
ICLR	ICON	N/A	N/A
IFNNY	Infineon Technologies	73.10	80.60
IX	Orix	6.10	7.70
JAZZ	Jazz Pharmaceuticals	42.20	49.40
KB	KB Financial	N/A	N/A
KDDIY	KDDI	11.80	1.80
KEP	Korea Electric Power	33.50	29.10
KPCPY	Kasikornbank	N/A	N/A
LUKOY	Lukoil	N/A	N/A
MFC	Manulife Financial	45.20	47.40
MGA	Magna International	16.10	100.00
MIELY	Mitsubishi Electric	11.80	10.80
MRAAY	Murata Manufacturing Co	20.00	28.50
NTES	NetEase	N/A	N/A
NTTY	Nippon Telephone & Telegraph	36.30	14.50
NXPI	NXP Semiconductors	N/A	N/A
PANDY	Pandora	N/A	N/A
PSMMY	Persimmon	70.90	75.40
RNLSY	Renault	64.30	84.10
RYAAY	Ryanair	12.60	25.00
SCRY	SCOR	N/A	N/A
SKM	SK Telecom	57.60	45.50
SMCAY	SMC Corp.	25.30	25.40
SNY	Sanofi	84.90	81.10
TECK	Teck Resources	38.70	43.20
TKC	Turkcell Iletisim Hizmetleri	45.50	32.70
TRYIY	Toray Industries	25.50	26.60
TSM	Taiwan Semiconductor Manufacturing	N/A	N/A
UL	Unilever	69.90	60.00
VLEEY	Valeo	81.80	97.10
VLRS	Volaris	N/A	N/A
WHGLY	WH Group	N/A	N/A
WIT	Wipro	N/A	N/A