

## Annual Financial Statements

for the financial year ended August 31, 2011

### Statement of Investment Portfolio As at August 31, 2011

| Security  | Number of Shares | Average Cost (\$000s) | Current Value (\$000s) | % of Net Assets |
|---|------------------|-----------------------|------------------------|-----------------|
| <b>INTERNATIONAL EQUITIES</b>                       |                  |                       |                        |                 |
| <b>China</b>  |                  |                       |                        |                 |
| AviChina Industry & Technology Co. Ltd., Series 'H' | 288,000          | 77                    | 136                    |                 |
| Beijing Capital Land Ltd., Class 'H'                | 396,000          | 198                   | 106                    |                 |
| China Coal Energy Co., Class 'H'                    | 92,000           | 123                   | 121                    |                 |
| China National Materials Co. Ltd., Class 'H'        | 274,000          | 246                   | 163                    |                 |
| iSoftStone Holdings Ltd.                            | 4,200            | 73                    | 37                     |                 |
| Maoye International Holdings Ltd.                   | 219,000          | 103                   | 69                     |                 |
| Shanghai Friendship Group Inc. Co., Class 'B'       | 70,989           | 83                    | 118                    |                 |
| Travelsky Technology Ltd., Class 'H'                | 194,500          | 125                   | 103                    |                 |
| Zhuzhou CSR Times Electric Co. Ltd., Series 'H'     | 18,000           | 44                    | 42                     |                 |
|   |                  | 1,072                 | 895                    | 16.6%           |
| <b>Hong Kong</b>                                    |                  |                       |                        |                 |
| Good Friend International Holdings Inc.             | 144,000          | 90                    | 87                     |                 |
| Noble Group Ltd.                                    | 40,333           | 25                    | 53                     |                 |
|   |                  | 115                   | 140                    | 2.6%            |
| <b>India</b>  |                  |                       |                        |                 |
| Dhampur Sugar Mills Ltd., Warrants, 2012/10/24      | 75,000           | 103                   | 74                     |                 |
| IFCI Ltd., Warrants, 2012/10/24                     | 100,000          | 106                   | 80                     |                 |
| MOIL Ltd., Warrants, 2012/10/24                     | 8,320            | 84                    | 53                     |                 |
| Punjab & Sind Bank, Warrants, 2014/05/05            | 29,660           | 95                    | 48                     |                 |
| Unitech Ltd., Warrants, 2012/10/24                  | 50,000           | 65                    | 29                     |                 |
|   |                  | 453                   | 284                    | 5.3%            |
| <b>Indonesia</b>                                    |                  |                       |                        |                 |
| PT Bumi Resources TBK                               | 340,500          | 96                    | 103                    |                 |
|   |                  | 96                    | 103                    | 1.9%            |
| <b>Japan</b>  |                  |                       |                        |                 |
| Dainippon Screen Manufacturing Co. Ltd.             | 10,000           | 48                    | 65                     |                 |
| Exedy Corp.   | 7,400            | 209                   | 251                    |                 |
| Fanuc Corp.   | 1,700            | 217                   | 277                    |                 |
| Mitsubishi Corp.                                    | 5,000            | 144                   | 118                    |                 |
| Resona Holdings Inc.                                | 10,000           | 64                    | 45                     |                 |
| Sony Corp.  | 4,000            | 135                   | 86                     |                 |
| Sumitomo Realty & Development Co. Ltd.              | 7,000            | 149                   | 145                    |                 |

| Security   | Number of Shares | Average Cost (\$000s) | Current Value (\$000s) | % of Net Assets |
|--|------------------|-----------------------|------------------------|-----------------|
| Tamron Co. Ltd.                                  | 8,500            | 137                   | 230                    |                 |
| Zeon Corp.                                       | 15,000           | 122                   | 148                    |                 |
|  |                  | 1,225                 | 1,365                  | 25.5%           |
| <b>South Korea</b>                               |                  |                       |                        |                 |
| Hyundai Home Shopping Network Corp.              | 1,424            | 114                   | 168                    |                 |
| Kolon Industries Inc.                            | 2,939            | 175                   | 309                    |                 |
| Korea Kumho Petrochemical Co. Ltd.               | 1,255            | 89                    | 212                    |                 |
| Korea Zinc Co. Ltd.                              | 330              | 87                    | 128                    |                 |
| Samsung Electro-Mechanics Co. Ltd.               | 1,419            | 152                   | 88                     |                 |
|  |                  | 617                   | 905                    | 16.8%           |
| <b>Taiwan</b>                                    |                  |                       |                        |                 |
| China Petrochemical Development Corp.            | 75,000           | 111                   | 108                    |                 |
| China Steel Chemical Corp.                       | 48,000           | 149                   | 236                    |                 |
| Chinatrust Financial Holding Co. Ltd.            | 259,000          | 175                   | 208                    |                 |
| Hon Hai Precision Industry Co. Ltd.              | 42,900           | 159                   | 107                    |                 |
| Lumax International Corp.                        | 46,000           | 119                   | 115                    |                 |
| PChome Online Inc.                               | 7,000            | 53                    | 51                     |                 |
| Taiwan Prosperity Chemical Corp.                 | 25,000           | 53                    | 92                     |                 |
|  |                  | 819                   | 917                    | 17.0%           |
| <b>Thailand</b>                                  |                  |                       |                        |                 |
| Amata Corp. Public Co. Ltd.                      | 162,000          | 85                    | 78                     |                 |
| Minor International PCL NVDR                     | 310,000          | 126                   | 130                    |                 |
| PTT Public Co. Ltd.                              | 9,800            | 116                   | 105                    |                 |
|  |                  | 327                   | 313                    | 5.8%            |
| <b>United States</b>                             |                  |                       |                        |                 |
| AsialInfo-Linkage Inc.                           | 1,200            | 20                    | 13                     |                 |
|  |                  | 20                    | 13                     | 0.2%            |
| <b>TOTAL INTERNATIONAL EQUITIES</b>              |                  |                       |                        |                 |
|  |                  | <b>4,744</b>          | <b>4,935</b>           | <b>91.7%</b>    |
| Less: Transaction costs included in average cost |                  |                       |                        |                 |
|  |                  | (12)                  |                        |                 |
| <b>TOTAL INVESTMENTS</b>                         |                  |                       |                        |                 |
|  |                  | <b>4,732</b>          | <b>4,935</b>           | <b>91.7%</b>    |
| Other Assets, less Liabilities                   |                  |                       |                        |                 |
|  |                  |                       | 444                    | 8.3%            |
| <b>TOTAL NET ASSETS</b>                          |                  |                       |                        |                 |
|  |                  |                       | <b>5,379</b>           | <b>100.0%</b>   |

**Supplemental Schedule to Statement of Investment Portfolio**

**Risk Management**

Investment Objective: Renaissance Asian Fund (the *Fund*) seeks long-term growth through capital appreciation by investing primarily in a diversified portfolio of equity securities, or securities convertible to equity securities, of companies in the Asian and Pacific regions.

Investment Strategies: The Fund generally seeks companies with accelerated earnings outlooks and whose share prices appear to be reasonably valued relative to their growth potential. Among others, the Fund may invest in Hong Kong, Singapore, Malaysia, Taiwan, Japan, Thailand, South Korea, Indonesia, Philippines, China, and Australia.

The Statement of Investment Portfolio presents the securities held by the Fund as at August 31, 2011 and groups the securities by asset type, industry sector, geographic region, or currency exposure. Significant risks that are relevant to the Fund are discussed below. General information on risk management and specific discussion on credit, currency, interest rate, liquidity, and other price/market risk can be found in note 2 of the financial statements.

**Summary of Investment Portfolio as at August 31, 2010**

The following chart presents the investment sectors held by the Fund as at August 31, 2010 and groups the securities by asset type, industry sector, geographic region, or currency exposure:

| Portfolio Breakdown                   | % of Net Assets |
|---------------------------------------|-----------------|
| <b>International Equities</b>         |                 |
| China                                 | 14.5            |
| Hong Kong                             | 8.2             |
| India                                 | 7.0             |
| Indonesia                             | 0.7             |
| Japan                                 | 22.9            |
| South Korea                           | 22.5            |
| Taiwan                                | 22.6            |
| United States                         | 0.8             |
| <b>Other Assets, Less Liabilities</b> | 0.8             |
| <b>Total</b>                          | <b>100.0</b>    |

**Credit Risk**

Credit ratings represent a consolidation of the ratings provided by various outside service providers and are subject to change, which could be material.

See the Statement of Investment Portfolio for counterparty from over-the-counter derivative contracts, where applicable.

As at August 31, 2011 and 2010, the Fund had no significant investments in debt securities.

**Currency Risk**

The tables below indicate the currencies to which the Fund had significant exposure as at August 31, 2011 and 2010, based on the market value of the Fund's financial instruments (including cash and cash equivalents) and the underlying principal amounts of forward foreign currency contracts, as applicable.

As at August 31, 2011

| Currency (note 2) | Total Currency Exposure* (\$000s) | % of Net Assets |
|-------------------|-----------------------------------|-----------------|
| JPY               | 1,576                             | 29.3            |
| TWD               | 1,063                             | 19.8            |
| KRW               | 905                               | 16.8            |
| HKD               | 842                               | 15.6            |
| USD               | 509                               | 9.5             |
| THB               | 313                               | 5.8             |
| IDR               | 103                               | 1.9             |
| SGD               | 53                                | 1.0             |

\*Amounts reflect the carrying value of monetary and non-monetary items (including the notional amount of forward foreign currency contracts, if any).

As at August 31, 2010

| Currency (note 2) | Total Currency Exposure* (\$000s) | % of Net Assets |
|-------------------|-----------------------------------|-----------------|
| JPY               | 1,548                             | 23.2            |
| TWD               | 1,539                             | 23.1            |
| KRW               | 1,458                             | 21.8            |
| HKD               | 1,282                             | 19.2            |
| USD               | 716                               | 10.7            |
| SGD               | 64                                | 1.0             |
| IDR               | 45                                | 0.7             |

\*Amounts reflect the carrying value of monetary and non-monetary items (including the notional amount of forward foreign currency contracts, if any).

The table below indicates how, if the Canadian dollar had strengthened or weakened by 1% in relation to all foreign currencies, net assets as at August 31, 2011 and 2010 would have decreased or increased. This analysis assumes that all other variables remain unchanged. In practice, the actual results may differ from this analysis and the difference could be material.

|                                      | August 31, 2011 | August 31, 2010 |
|--------------------------------------|-----------------|-----------------|
| <b>Impact on Net Assets (\$000s)</b> | <b>54</b>       | 67              |

**Interest Rate Risk**

As at August 31, 2011 and 2010, the majority of the Fund's financial assets and liabilities are non-interest bearing and short-term in nature; accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

**Liquidity Risk**

The Fund is exposed to daily cash redemptions of redeemable units. As at August 31, 2011 and 2010, the Fund retained sufficient cash and cash equivalent positions to maintain adequate liquidity.

**Other Price/Market Risk**

The table below indicates the change in net assets had the value of the Fund's benchmark(s) increased or decreased by 1%, as at August 31, 2011 and 2010. This change is estimated based on the historical correlation between the return of Class A units of the Fund as compared to the return of the Fund's benchmark(s), using 36 monthly data points, as available, based on the monthly net returns of the Fund. This analysis assumes that all other variables remain unchanged. The historical correlation may not be representative of the future correlation and, accordingly, the impact on net assets could be materially different.

| Benchmark                       | Impact on Net Assets (\$000s) |                 |
|---------------------------------|-------------------------------|-----------------|
|                                 | August 31, 2011               | August 31, 2010 |
| MSCI All Country Far East Index | <b>72</b>                     | 89              |

**Fair Value of Financial Instruments**

The following is a summary of the inputs used as at August 31, 2011 and 2010 in valuing the Fund's financial assets and financial liabilities, carried at fair value:

As at August 31, 2011

| Classification                | Level 1 (i) (\$000s) | Level 2 (ii) (\$000s) | Level 3 (iii) (\$000s) | Total (\$000s) |
|-------------------------------|----------------------|-----------------------|------------------------|----------------|
| <b>Financial Assets</b>       |                      |                       |                        |                |
| Equities                      | 51                   | 4,884                 | —                      | 4,935          |
| <b>Total Financial Assets</b> | <b>51</b>            | <b>4,884</b>          | <b>—</b>               | <b>4,935</b>   |

- (i) Quoted prices in active markets for identical assets
- (ii) Significant other observable inputs
- (iii) Significant unobservable inputs

As at August 31, 2010

| Classification                | Level 1 (i) (\$000s) | Level 2 (ii) (\$000s) | Level 3 (iii) (\$000s) | Total (\$000s) |
|-------------------------------|----------------------|-----------------------|------------------------|----------------|
| <b>Financial Assets</b>       |                      |                       |                        |                |
| Equities                      | 484                  | 5,949                 | 190                    | 6,623          |
| <b>Total Financial Assets</b> | <b>484</b>           | <b>5,949</b>          | <b>190</b>             | <b>6,623</b>   |

- (i) Quoted prices in active markets for identical assets
- (ii) Significant other observable inputs
- (iii) Significant unobservable inputs

**Transfer of assets between Level 1 and Level 2**

Financial assets and liabilities transferred from Level 1 to Level 2 are the result of securities no longer being traded in an active market.

For the periods ended August 31, 2011 and 2010, there were no transfers of financial assets and liabilities from Level 1 to Level 2.

Financial assets and liabilities transferred from Level 2 to Level 1 are the result of securities now being traded in an active market.

For the periods ended August 31, 2011 and 2010, there were no transfers of financial assets and liabilities from Level 2 to Level 1.

**Reconciliation of financial asset and liability movement — Level 3**

The following table shows a reconciliation of all movements in the Level 3 financial assets and liabilities from the beginning of the period until the end of the period.

*As at August 31, 2011*

|   | <i>Financial Assets Equities<br/>(\$000s)</i> | <i>Total Financial Assets<br/>(\$000s)</i> |
|---|---|--|
| Balance, beginning of period  | 190   | 190  |
| Purchases   | —   | —  |
| Sales   | —   | —  |
| Net transfers   | (190)   | (190)                                      |
| Realized gains (losses)   | —   | —  |
| Change in unrealized appreciation (depreciation)  | —   | —  |
| Balance, end of period  | —   | —  |
| Total change in unrealized appreciation (depreciation) for assets held at the end of the period | —   | —  |

*As at August 31, 2010*

|   | <i>Financial Assets Equities<br/>(\$000s)</i> | <i>Total Financial Assets<br/>(\$000s)</i> |
|---|---|--|
| Balance, beginning of period  | —   | —  |
| Purchases   | —   | —  |
| Sales   | —   | —  |
| Net transfers   | 190   | 190  |
| Realized gains (losses)   | (145)   | (145)                                      |
| Change in unrealized appreciation (depreciation)  | 145   | 145  |
| Balance, end of period  | 190   | 190  |
| Total change in unrealized appreciation (depreciation) for assets held at the end of the period | —   | —  |

As at August 31, 2011 and 2010, the potential impact of using reasonable possible assumptions for valuing Level 3 financial assets or liabilities is as follows:

*As at August 31, 2011*

|                             | <i>Increase<br/>(\$000s)</i> | <i>Decrease<br/>(\$000s)</i> |
|-----------------------------|------------------------------|------------------------------|
| <b>Impact on fair value</b> | —                            | —                            |

*As at August 31, 2010*

|                             | <i>Increase<br/>(\$000s)</i> | <i>Decrease<br/>(\$000s)</i> |
|-----------------------------|------------------------------|------------------------------|
| <b>Impact on fair value</b> | 10                           | 10                           |

## Renaissance Asian Fund

### Statements of Net Assets (in 000s, except per unit amounts)

As at August 31, 2011 and 2010 (note 1)

|  | 2011            | 2010            |
|--|-----------------|-----------------|
| <b>Assets</b>  |                 |                 |
| Investments at current value <sup>†</sup> (notes 2 and 3)  | \$ 4,935        | \$ 6,623        |
| Cash including foreign currency holdings, at current value | 439             | 89              |
| Accrued interest and dividends receivable                  | 1               | 12              |
| Receivable for portfolio securities sold                   | 3               | 824             |
| Receivable for units issued                                | 1               | 1               |
| <b>Total Assets</b>  | <b>5,379</b>    | <b>7,549</b>    |
| <b>Liabilities</b>   |                 |                 |
| Payable for portfolio securities purchased                 | —               | 845             |
| Payable for units redeemed                                 | —               | 7               |
| Management fees payable                                    | —               | 16              |
| Other accrued expenses                                     | —               | 3               |
| Unrealized currency loss on receivables and payables       | —               | 1               |
| <b>Total Liabilities</b>                                   | <b>—</b>        | <b>872</b>      |
| <b>Total Net Assets</b>                                    | <b>\$ 5,379</b> | <b>\$ 6,677</b> |
| <b>Net Assets per Class</b> (note 11)                      |                 |                 |
| Class A  | \$ 5,342        | \$ 6,643        |
| Class F  | \$ 37           | \$ 34           |
| <b>Net Assets per Unit</b> <sup>††</sup> (notes 4 and 11)  |                 |                 |
| Class A  | \$ 16.27        | \$ 15.94        |
| Class F  | \$ 11.96        | \$ 11.58        |

#### † Securities Lending

The Fund had assets involved in securities lending transactions outstanding as at August 31, 2011:

|  | Aggregate Value<br>of Securities<br>on Loan<br>(\$000s) | Aggregate Value<br>of Collateral<br>for Loan<br>(\$000s) |
|--|---|--|
|  | 13  | 14   |

#### Collateral Type\* (\$000s)

| i | ii | iii | iv | v |
|---|----|-----|----|---|
| — | 14 | —   | —  | — |

\*See note 2i for Collateral Type definitions.

#### †† Reconciliation of Net Assets per Unit (note 11)

|         | Net Assets<br>per Unit | Adjustment<br>for CICA 3855<br>Valuation<br>Difference<br>per Unit | Net Asset<br>Value<br>per Unit |
|---------|------------------------|--|--------------------------------|
| Class A | \$16.27                | \$ —   | \$16.27                        |
| Class F | \$11.96                | \$ —   | \$11.96                        |

#### Organization of the Fund (note 1)

The Fund was established on October 6, 1989 (*Date Established*).

|         | Inception Date  |
|---------|-----------------|
| Class A | January 2, 1990 |
| Class F | May 17, 2002    |

### Statements of Operations (in 000s, except per unit amounts)

For the periods ended August 31, 2011 and 2010 (note 1)

|   | 2011          | 2010            |
|---|---------------|-----------------|
| <b>Income</b>   |               |                 |
| Dividend revenue  | \$ 104        | \$ 82           |
| Securities lending revenue  | 1             | 3               |
|   | <b>105</b>    | <b>85</b>       |
| <b>Expenses</b> (notes 5 and 8)   |               |                 |
| Management fees <sup>*</sup>  | 177           | 203             |
| Audit fees  | 7             | 22              |
| Custodial fees  | 87            | 63              |
| Independent review committee fees   | —             | —               |
| Regulatory fees   | 25            | 16              |
| Unitholder reporting costs  | 42            | 40              |
| Other expenses  | 1             | 5               |
|   | <b>339</b>    | <b>349</b>      |
| Expenses waived/absorbed by the Manager   | (122)         | (100)           |
|   | <b>217</b>    | <b>249</b>      |
| <b>Net Investment Income (Loss)</b>   | <b>(112)</b>  | <b>(164)</b>    |
| <b>Realized and Unrealized Gain (Loss) on Investments</b>                       |               |                 |
| Net realized gain (loss) on sale of investments                                 | 857           | (662)           |
| Net realized gain (loss) on foreign currency (notes 2d and e)                   | (36)          | (65)            |
| Transaction costs <sup>**</sup>   | (59)          | (52)            |
| Increase (decrease) in unrealized appreciation (depreciation)<br>of investments | (399)         | 394             |
| <b>Net Gain (Loss) on Investments</b>   | <b>363</b>    | <b>(385)</b>    |
| <b>Increase (Decrease) in Net Assets from Operations</b>                        | <b>\$ 251</b> | <b>\$ (549)</b> |
| <b>Increase (Decrease) in Net Assets from Operations<br/>per Class</b>          |               |                 |
| Class A   | \$ 251        | \$ (547)        |
| Class F   | \$ —          | \$ (2)          |
| <b>Increase (Decrease) in Net Assets from Operations per Unit</b>               |               |                 |
| Class A   | \$ 0.68       | \$ (1.22)       |
| Class F   | \$ 0.06       | \$ (0.72)       |

#### \* Maximum Chargeable Management Fee Rates (note 5)

|         |       |
|---------|-------|
| Class A | 2.50% |
| Class F | 1.25% |

#### \*\* Brokerage Commissions and Fees (notes 7 and 8)

|  | 2011 | 2010 |
|--|------|------|
| <b>Brokerage commissions and other fees</b> (\$000s)         |      |      |
| Total Paid   | 40   | 37   |
| Paid to CIBC World Markets Inc.                              | —    | —    |
| Paid to CIBC World Markets Corp.                             | —    | —    |
| <b>Soft dollars</b> (\$000s)                                 |      |      |
| Total Paid   | 5    | 5    |
| Paid to CIBC World Markets Inc. and CIBC World Markets Corp. | —    | —    |

#### Administrative and Other Fund Operating Expenses (note 8)

|          | 2011     | 2010      |
|----------|----------|-----------|
| (\$000s) | <b>9</b> | <b>12</b> |

#### Service Provider (note 8)

The amounts paid by the Fund (including all applicable taxes) to CIBC Mellon Trust Company for custodial fees, and to CIBC Mellon Global Securities Services Company (*CIBC GSS*) for securities lending, fund accounting and reporting, and portfolio valuation (all net of absorptions) for the periods ended August 31, 2011 and 2010 are as follows:

|          | 2011      | 2010      |
|----------|-----------|-----------|
| (\$000s) | <b>22</b> | <b>21</b> |

## Statements of Changes in Net Assets (in 000s)

For the periods ended August 31, 2011 and 2010 (note 1)

|  | Class A Units |          | Class F Units |        |
|--|---------------|----------|---------------|--------|
|  | 2011          | 2010     | 2011          | 2010   |
| <b>Increase (Decrease) in Net Assets from Operations</b>                       | \$ 251        | \$ (547) | \$ —          | \$ (2) |
| <b>Changes Due to Unitholder Transactions</b>                                  |               |          |               |        |
| Amount received from the issuance of units                                     | 295           | 1,000    | 12            | 17     |
| Amount paid on redemptions of units  | (1,847)       | (2,199)  | (9)           | (10)   |
|  | (1,552)       | (1,199)  | 3             | 7      |
| <b>Increase (Decrease) in Net Assets for the Period</b>                        | (1,301)       | (1,746)  | 3             | 5      |
| <b>Net Assets at Beginning of Period</b>                                       | 6,643         | 8,389    | 34            | 29     |
| <b>Net Assets at End of Period</b>   | \$ 5,342      | \$ 6,643 | \$ 37         | \$ 34  |
| <b>Units Issued and Outstanding</b> (note 4)<br>As at August 31, 2011 and 2010 |               |          |               |        |
| Balance — beginning of period  | 417           | 488      | 3             | 2      |
| Units issued for cash  | 16            | 57       | 1             | 2      |
|  | 433           | 545      | 4             | 4      |
| Units redeemed   | (105)         | (128)    | (1)           | (1)    |
| Balance — end of period  | 328           | 417      | 3             | 3      |

### Capital and Non-Capital Losses (note 6)

As at December 2010, the Fund has available non-capital and capital losses (in \$000s) for income tax purposes available to be carried forward as follows:

| Total<br>Capital<br>Losses | Total<br>Non-Capital<br>Losses | Non-Capital Losses that Expire in: |                 |                 |                 |
|----------------------------|--------------------------------|------------------------------------|-----------------|-----------------|-----------------|
|                            |                                | 2011                               | 2012 to<br>2014 | 2015 to<br>2019 | 2020 to<br>2030 |
| 8,677                      | 474                            | —                                  | —               | —               | 474             |

# Notes to Financial Statements

August 31, 2011 and 2010

## 1. Organization of the Funds and Financial Reporting Periods

Each of the funds in the Renaissance Investments family of funds (individually, a *Fund*, and collectively, the *Funds*) is a mutual fund trust organized under the laws of Ontario and governed by a declaration of trust (*Declaration of Trust*).

The manager of the Funds is CIBC Asset Management Inc. (the *Manager*). The Manager is also the trustee, registrar, and transfer agent of the Funds.

Each Fund has an unlimited number of classes of units and may issue an unlimited number of units of each class. In the future, the offering of any classes of a Fund may be terminated or additional classes may be offered. The following table indicates the classes of units offered for sale for each of the Funds:

| Funds  | Class A | Class T6 | Class T8 | Class F | Premium Class | Class O |
|--|---------|----------|----------|---------|---------------|---------|
| Renaissance Money Market Fund  | ✓       |          |          |         | ✓             | ✓       |
| Renaissance Canadian T-Bill Fund   | ✓       |          |          |         |               | ✓       |
| Renaissance U.S. Money Market Fund   | ✓       |          |          |         |               | ✓       |
| Renaissance Short-Term Income Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Canadian Bond Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Real Return Bond Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Corporate Bond Fund  |         |          |          |         |               | ✓       |
| Renaissance Corporate Bond Capital Yield Fund  | ✓       |          |          | ✓       | ✓             | ✓       |
| Renaissance High-Yield Bond Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Global Bond Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Canadian Balanced Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Optimal Income Portfolio<br>(also offers Select Class, Select-T6 Class, Select-T8 Class, Elite Class, Elite-T6 Class, and Elite-T8 Class units)  | ✓       | ✓        | ✓        | ✓       |               | ✓       |
| Renaissance Canadian Dividend Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Canadian Monthly Income Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Diversified Income Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Millennium High Income Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Canadian Core Value Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Canadian Growth Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Canadian All-Cap Equity Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Canadian Small-Cap Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance U.S. Equity Value Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance U.S. Equity Growth Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance U.S. Equity Growth Currency Neutral Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance U.S. Equity Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance International Dividend Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance International Equity Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance International Equity Currency Neutral Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Global Markets Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Optimal Global Equity Portfolio<br>(also offers Class T4, Class T6, Class T8, Select Class, Select-T4 Class, Select-T6 Class, Select-T8 Class, Elite Class, Elite-T4 Class, Elite-T6 Class, and Elite-T8 Class units)                  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Optimal Global Equity Currency Neutral Portfolio<br>(also offers Class T4, Class T6, Class T8, Select Class, Select-T4 Class, Select-T6 Class, Select-T8 Class, Elite Class, Elite-T4 Class, Elite-T6 Class, and Elite-T8 Class units) | ✓       | ✓        |          | ✓       |               | ✓       |
| Renaissance Global Value Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Global Growth Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Global Growth Currency Neutral Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Global Focus Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Global Focus Currency Neutral Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Global Small-Cap Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance European Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Asian Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance China Plus Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Emerging Markets Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Optimal Inflation Opportunities Portfolio<br>(also offers Select Class and Elite Class units)  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Global Infrastructure Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Global Infrastructure Currency Neutral Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Global Real Estate Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Global Real Estate Currency Neutral Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Global Health Care Fund  | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Global Resource Fund   | ✓       |          |          | ✓       |               | ✓       |
| Renaissance Global Science & Technology Fund   | ✓       |          |          | ✓       |               | ✓       |

## Notes to Financial Statements

Each class of units may charge a different management fee and operating expenses can either be common or class-specific. Class-specific expenses are allocated on a class-by-class basis. As a result, a separate net asset value per unit is calculated for each class of units.

Class A units are available to all investors on a load basis. Investors may pay a sales commission when purchasing Class A units of a Fund and may be charged a redemption fee if they redeem their Class A units. They may have to pay a short-term trading fee, if applicable.

Class T4, T6, T8, Select-T4, Select-T6, Select-T8, Elite-T4, Elite-T6, and Elite-T8 units have the same characteristics as Class A units, except that they each intend to pay a fixed distribution amount per unit, which also results in a separate net asset value per unit for each class, and may have different minimum investment requirements. They have to pay a short-term trading fee, if applicable.

Select, Select-T4, Select-T6, and Select-T8 units are available to all investors on a load basis. Investors may pay a sales commission when purchasing Select, Select-T4, Select-T6, and Select-T8 Class units. Investors may have to pay a short-term trading fee, if applicable. Select, Select-T4, Select-T6, and Select-T8 Class units have a lower management expense ratio than Class A, T4, T6, and T8 units. Select, Select-T4, Select-T6, and Select-T8 Class units have a minimum investment of \$250,000.

Elite, Elite-T4, Elite-T6, and Elite-T8 Class units are available to all investors on a load basis. Investors may pay a sales commission when purchasing Elite, Elite-T4, Elite-T6, and Elite-T8 Class units. Investors may have to pay a short-term trading fee, if applicable. Elite, Elite-T4, Elite-T6, and Elite-T8 Class units have a lower management expense ratio than Class A, T4, T6, T8, Select, Select-T4, Select-T6, and Select-T8 Class units. Elite, Elite-T4, Elite-T6, and Elite-T8 Class units have a minimum investment of \$500,000.

Class F units are available to investors participating in programs that do not require the payment of service or trailing commissions to dealers. For these investors, the Manager "unbundles" the typical distribution costs and charges a lower management fee. Potential investors include clients of "fee-for-service" investment advisors, dealer-sponsored "wrap accounts", and others who pay an annual fee to their dealer instead of transactional sales charges and where the dealer does not receive service fees or trailing commissions from the Manager.

Premium Class units are available to investors with a minimum initial investment of \$25,000 on a load basis. Investors pay a sales commission when purchasing Premium Class units of the Funds and may be charged a redemption fee if they redeem their Premium Class units. They have to pay a short-term trading fee, if applicable.

Class O units are only available to selected investors who have been approved by and have entered into a Class O unit account agreement with the Manager or whose dealer or discretionary manager offers separately managed accounts or similar programs and has entered into a Class O account agreement with the Manager. These investors are typically financial services companies, including the Manager, that use Class O units of a Fund to facilitate offering other products to investors. No management fees or operating expenses are charged to a Fund in respect of Class O units; instead, a negotiated management fee is charged by the Manager directly to, or as directed by, Class O unitholders.

The date upon which each Fund was established by Declaration of Trust (*Date Established*) and the date upon which each class of units of each Fund was first sold to the public (*Inception Date*) are reported in footnote *Organization of the Fund* on the Statements of Net Assets.

The Statement of Investment Portfolio of each of the Funds is as at August 31, 2011. The Statements of Net Assets of the Funds are as at August 31, 2011 and 2010 and the Statements of Operations and Statements of Changes in Net Assets of the Funds are for the years ended August 31, 2011 and 2010, except for Funds or classes established during either period, in which case the information presented is from the Date Established or the Inception Date to August 31, 2011 or August 31, 2010.

### 2. Summary of Significant Accounting Policies

These financial statements, prepared in accordance with Canadian generally accepted accounting principles (*GAAP*), include estimates and assumptions made by management that affect the reported amounts of assets, liabilities, income, and expenses during the reporting periods. Actual results may differ from such estimates.

#### a) Risk management

The Funds' overall risk management approach includes formal guidelines that govern the extent of exposure to various types of risk, including diversification within asset classes and limits on the exposure to individual investments and counterparties. In addition, derivative financial instruments may be used to manage certain risk exposures. The Manager also has various internal controls to oversee the Funds' investment activities, including monitoring compliance with the investment objectives and strategies, internal guidelines, and securities regulations. Please refer to each Fund's Supplemental Schedule to Statement of Investment Portfolio for specific risk disclosures.

#### Fair value of financial instruments by using valuation techniques

The process of valuing investments for which no quoted market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed for these investments. The valuation of such securities can be based on various valuation techniques that could include mathematical models, comparable valuation models, fundamental valuation models, or other techniques that would reflect the specific business situation or market the security operates within. The models would use observable market data as inputs where possible. However, in some instances, certain investments are fair valued based on assumptions that may not be supported by observable inputs. Securities without observable market value inputs in their valuation require judgment in establishing their fair value. Changes in any of these assumptions could affect the reported fair value of financial assets or financial liabilities. For Funds that hold Level 3 investments, a reconciliation from the beginning balances to ending balances is included in the Supplemental Schedule to Statement of Investment Portfolio. In addition, the impact of using reasonable alternative assumptions for valuing Level 3 investments is disclosed.

#### Credit risk

Credit risk is the risk that a counterparty to a financial instrument, such as a fixed income security or a derivative contract, will fail to discharge an obligation or commitment that it has entered into with the Funds. The value of fixed income securities and derivatives as presented on the Statement of Investment Portfolio includes consideration of the creditworthiness of the issuer and, accordingly, represents the maximum credit risk exposure of the Funds.

#### Currency risk

Currency risk is the risk that the value of an investment will fluctuate due to changes in foreign exchange rates. This is because mutual funds may invest in securities denominated or traded in currencies other than the Fund's reporting currency.

#### Interest rate risk

Prices of fixed income securities generally increase when interest rates decline and decrease when interest rates rise. This risk is known as interest rate risk. Prices of longer-term fixed income securities will generally fluctuate more in response to interest rate changes than would shorter-term securities. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates.

#### Liquidity risk

The Funds are exposed to daily cash redemptions of redeemable units. Generally, the Funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity. However, liquidity risk also involves the ability to sell an asset for cash easily and at a fair price. Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a Fund to sell such securities quickly or at a fair price. Difficulty in selling securities could result in a loss or lower return for a Fund.

#### Other price/market risk

Other price/market risk is the risk that the value of investments will fluctuate as a result of changes in market conditions. Several factors can influence market trends, such as economic developments, changes in interest rates, political changes, and catastrophic events. All investments are exposed to other price/market risk.

#### b) Investment Transactions, Income Recognition, and Recognition of Realized and Unrealized Gains and Losses

- i) Each transaction of purchase or sale of a portfolio asset by a Fund is reflected in the net assets no later than the first computation of net assets made after the date on which the transaction becomes binding upon the Fund.
- ii) Interest income is recorded on the accrual basis.
- iii) Dividend income is recorded on the ex-dividend date.
- iv) Securities that are exchange-traded are recorded at current value, established by the closing bid price.
- v) Realized gains and losses on investments and unrealized appreciation or depreciation of investments are calculated using the average cost, excluding transaction cost, of the related investments.
- vi) Other income is the sum of income, excluding transaction costs, other than that which is separately classified on the Statements of Operations.

**c) Portfolio Securities**

The cost of securities of the Fund is determined in the following manner. Securities are purchased and sold at a market-traded price to arrive at a value for the position traded. The total purchased value represents the total cost of the security to the Fund. When additional units of the same security are purchased, the cost of those additional units is added to the total security cost. When units of the same security are sold, the proportionate cost of the units of the security sold is deducted from the total security cost. If there is a return of capital paid by a security, the amount of this return of capital is deducted from the total security cost. This method of tracking security cost is known as "average cost" and the current total for any one security is referred to as the "adjusted cost base" or "ACB" of the security. Transaction costs incurred in portfolio transactions are excluded from the average cost of investments and are recognized immediately in net income and are presented as a separate expense item in the financial statements.

The difference between the current value of securities and their average cost, excluding transaction costs, represents the unrealized appreciation (depreciation) in value of the portfolio investments. The applicable period change in unrealized appreciation (depreciation) of investments is included on the Statements of Operations.

Short-term investments on the Statement of Investment Portfolio are presented at their fair value. Accrued interest for bonds is disclosed separately on the Statements of Net Assets.

**d) Foreign Exchange**

The value of investments and other assets and liabilities denominated in foreign currencies is translated into Canadian dollars (except for Renaissance U.S. Money Market Fund, which is valued in U.S. dollars) at the current rates prevailing on each valuation date.

Purchases and sales of investments, income, and expenses are translated into Canadian dollars at the foreign exchange rates prevailing on the dates of such transactions. Foreign currency translation gains (losses) on investments and income transactions are included in Net realized gain or loss on foreign currency and in Income, respectively, on the Statements of Operations.

**e) Forward Foreign Currency Contracts**

The Funds may enter into forward foreign currency contracts for either hedging or non-hedging purposes where such activity is consistent with their investment objectives and as permitted by the Canadian securities regulatory authorities.

Changes in the value of forward foreign currency contracts are recorded as Unrealized gain or loss on forward foreign currency contracts on the Statements of Net Assets, and are recorded as an Increase (decrease) in unrealized appreciation (depreciation) of investments during the applicable period on the Statements of Operations.

The gain or loss arising from the difference between the value of the original forward foreign currency contract and the contract at close or delivery is realized and recorded as Net realized gain or loss on foreign currency for Funds that use the forward foreign currency contracts for hedging, or as Income (loss) from forward foreign currency contracts for Funds that do not use the forward foreign currency contracts for hedging.

**f) Forward Agreement – Renaissance Corporate Bond Capital Yield Fund**

Renaissance Corporate Bond Capital Yield Fund (the *Fund* within note 2(f)) has entered into a forward agreement (the *Forward Agreement*) in order to earn the economic return of Renaissance Corporate Bond Fund which is consistent with the Fund's investment objective. The Fund has entered into the Forward Agreement with a Canadian bank with an Approved Credit Rating. The Forward Agreement results in the Fund having credit exposure to the counterparty.

The Fund has pledged its portfolio of equity securities, which underlies the Forward Agreement, to the counterparty, as security for the Fund's obligation under the forward agreement.

In order to permit the Fund to satisfy any requirements to pay expenses, fees, distributions, or redemptions, the terms of the Forward Agreement allows for partial settlement of the forward agreement prior to its maturity of the Forward Agreement. The Fund pays to the counterparty a fee of 50 basis points based upon the notional value of the forward contract reported as part of the transactions costs in the Statements of Operations.

The amount to be received (or paid) on the Forward Agreement is recognized as an unrealized gain or loss on forward agreement on the Statements of Net Assets over the life of the agreements. Unrealized gains are reported as an asset and unrealized losses are reported as a liability on the Statements of Net Assets. A realized gain or loss is recorded upon early or partial termination and maturity of the Forward Agreement and is recorded as Net realized gain or loss on forward agreement. Changes in the amount to be received (or paid) on the Forward Agreement are recorded as an increase (decrease) in unrealized appreciation (depreciation) of Forward Agreement on the Statements of Operations.

**g) Futures Contracts**

The margin deposits with brokers relating to futures contracts are included in Margin on the Statements of Net Assets. Any change in the margin requirement is settled daily, and is included in Receivable for portfolio securities sold or Payable for portfolio securities purchased on the Statements of Net Assets.

Any difference between the settlement value at the close of business on each valuation date and the settlement value at the close of business on the previous valuation date is recorded as Income (loss) from futures contracts on the Statements of Operations.

**h) Options**

Premiums paid for purchased call and put options are included in Investments at current value on the Statements of Net Assets. When a purchased option expires, the Fund will realize a loss in the amount of the cost of the option. For a closing transaction, the Fund will realize a gain or loss depending on whether the proceeds are greater or less than the premium paid at the time of purchase. When a purchased call option is exercised, the cost of the security purchased is increased by the premium paid at the time of purchase.

Premiums received from writing options are included in Investments at current value on the Statements of Net Assets as initial reductions in the value of investments. Premiums received from writing options that expire unexercised are recorded as Income on the Statements of Operations. For a closing transaction, if the cost of closing the transaction exceeds the premium received, the Funds will record a realized loss, or if the premium received at the time the option was written is greater than the amount paid, the Funds will record a realized gain. If a written put option is exercised, the cost for the security delivered is reduced by the premiums received at the time the option was written.

**i) Securities Lending**

The Funds may lend portfolio securities in order to earn additional revenue, which is disclosed on the Statements of Operations. The loaned assets of any one Fund are not permitted to exceed 50% of the current value of the assets of that Fund (excluding collateral debt for the loaned securities). The minimum allowable collateral is 102% of the current value of the loaned securities as per the requirements of National Instrument 81-102 *Mutual Funds*. Collateral can consist of the following:

- i) Cash.
- ii) An evidence of indebtedness that is issued or fully and unconditionally guaranteed as to the principal and interest by: a) the government of Canada, or a province or territory of Canada; b) the government of the United States of America or the government of one of the states of the United States of America; c) the government of another sovereign state, or a permitted supranational agency, if, in each case, the evidence of indebtedness has an approved credit rating; or d) a Canadian financial institution or a financial institution that is not incorporated or organized under the laws of Canada or of a province or territory of Canada, if, in either case, evidences of indebtedness of that issuer or guarantor that are rated as short-term debt by an approved credit rating organization have an approved credit rating.
- iii) Irrevocable letters of credit issued by a Canadian financial institution, if evidences of indebtedness of the Canadian financial institution that are rated as short-term debt by an approved credit rating organization have an approved credit rating.
- iv) Securities that are immediately convertible into securities of the same issuer, class, or type, and the same term, as the securities loaned.
- v) Commercial paper with a term to maturity of 365 days or less with an approved credit rating and that was issued by a company other than a government or permitted supranational agency.

The market value of the loaned securities is determined on the close of any valuation date and any additional required collateral is delivered to the Funds on the next business day. The securities on loan continue to be included on the Statement of Investment Portfolio and are included in the total value on the Statements of Net Assets in Investments at current value. Where applicable, a Fund's securities lending transactions are reported in footnote *Securities Lending* on the Statements of Net Assets.

**j) Multi-Class Structured Funds**

Each Fund may issue an unlimited number of classes of units. The realized and unrealized capital gains or losses, income, and common expenses (other than class-specific operating expenses and management fees) of the Fund are allocated on each valuation date to the unitholders in proportion to the respective prior day's net asset value, which includes unitholder trade(s) dated for that day, of each class at the date on which the allocation is made. All class-specific operating expenses and management fees do not require allocation. All class-specific operating expenses are paid by the Manager and are collected from the Funds on a recoverable basis.

**k) Other Assets and Liabilities**

Other assets and liabilities are recorded at cost, which approximates their current value.

# Notes to Financial Statements

## I) Legend for Abbreviations

The following is a list of abbreviations (foreign currency translation and others) that may be used in the Statements of Investment Portfolio:

### Currency Abbreviations

|                          |                            |
|--------------------------|----------------------------|
| ARS – Argentine Peso     | JPY – Japanese Yen         |
| AUD – Australian Dollar  | KRW – South Korean Won     |
| BRL – Brazilian Real     | LBP – Lebanese Pound       |
| CAD – Canadian Dollar    | MXN – Mexican Peso         |
| CHF – Swiss Franc        | MYR – Malaysian Ringgit    |
| CLP – Chilean Peso       | NOK – Norwegian Krone      |
| CNY – Chinese Renminbi   | NZD – New Zealand Dollar   |
| COP – Colombian Peso     | PHP – Philippine Peso      |
| CZK – Czech Koruna       | PLN – Polish Zloty         |
| DKK – Danish Krone       | RUB – Russian Ruble        |
| EUR – Euro               | SEK – Swedish Krona        |
| GBP – British Pound      | SGD – Singapore Dollar     |
| HKD – Hong Kong Dollar   | THB – Thai Baht            |
| HUF – Hungarian Forint   | TRY – New Turkish Lira     |
| IDR – Indonesian Rupiah  | TWD – Taiwan Dollar        |
| ILS – Israeli New Shekel | USD – United States Dollar |
| INR – Indian Rupee       | ZAR – South African Rand   |

### Other Abbreviations

|  |  |
|--|--|
| ADR – American Depositary Receipt                | iUnits – Index Units Securities        |
| ADC – Austrian Depositary Certificates           | LEPOs – Low Exercise Price Options     |
| CVO – Contingent Value Obligations International | MSCI – Morgan Stanley Capital          |
| ETF – Exchange Traded Fund                       | OPALS – Optimized Portfolios as Listed |
| GDR – Global Depositary Receipt Securities       | PERLES – Performance Linked to Equity  |
| IPN – International Participation Note           | REIT – Real Estate Investment Trust    |
| iShares – Index Shares                           | SDR – Swedish Depositary Receipt       |

## m) International Financial Reporting Standards

In January 2011, the Accounting Standards Board (*AcSB*) amended the Introduction to Part I of the CICA Handbook — Accounting to allow investment companies, which include investment funds, to adopt International Financial Reporting Standards (*IFRS*) for the first time no later than interim and annual financial statements relating to annual periods beginning on or after January 1, 2013. Investment companies electing to defer the first time adoption may continue to apply existing Canadian GAAP until the changeover to IFRS.

The Fund will defer the first time adoption and adopt IFRS beginning September 1, 2013. As at August 31, 2011, the Manager has developed a changeover plan to meet this timetable.

The potential qualitative impact of the changeover to IFRS is currently expected to include the presentation of Statements of Cash Flows, starting with the 2014 financial statements with comparatives for 2013. There will also be additional changes to the Statements of Net Assets around the presentation of unitholders' equity, and also the potential to consolidate investments where one fund holds a controlling position of another fund. Additional note disclosures as required will be added to support the new changes and comply with the increased disclosure requirements.

Disclosures of the quantitative impact, if any, will be in the 2013 financial statements. Based on the Manager's current understanding of the differences between Canadian GAAP and IFRS, the Manager does not expect an impact to net assets or net assets per unit from the changeover to IFRS.

## 3. Valuation of Investments

The valuation date for a Fund is any day when the Manager's head office is open for business (*Valuation Date*). The Trustee may, at its discretion, establish other Valuation Dates.

The value of the investments or assets of a Fund is determined as follows:

### a) Cash and Other Assets

Cash, accounts receivable, dividends receivable, distributions receivable, and accrued interest are valued at current value or at their recorded cost, plus or minus any foreign exchange between recognition of the asset by the Fund and the current Valuation Date, which approximates current value.

Short-term investments (money market instruments) are valued at fair value.

### b) Bonds, Debentures, and Other Debt Obligations

Bonds, debentures, and other debt obligations are valued at current value using the bid price provided by a recognized vendor upon the close of trading on a Valuation Date.

### c) Listed Securities, Unlisted Securities, and Fair Value Pricing of Foreign Securities

Any security that is listed or traded on a securities exchange is valued at current value using the closing bid price (with the exception of Renaissance Corporate Bond Capital Yield Fund, securities pledged under the Forward Agreement are valued at closing market prices) or, if there is no closing bid price on that exchange, and in the case of securities traded on an "over-the-counter" market, at the current value as determined by the Manager as an appropriate basis for valuation. In such situations, a fair value will be determined by the Manager to establish current value. If any securities are inter-listed, or traded on more than one exchange or market, the Manager will use the principal exchange or market for the current value of such securities. For Renaissance Corporate Bond Capital Yield Fund, securities pledged under the Forward Agreement are valued at mid market prices as they are offsetting risk positions against the value of the Forward Agreement.

Units of each mutual fund in which a Fund invests will be valued at current value using the most recent net asset value quoted by the trustee or manager of the mutual fund on the Valuation Date.

Unlisted securities are valued at current value using the bid price quoted by a recognized dealer, or the Manager may determine a price that more accurately reflects the fair value of these securities if the Manager feels the bid price does not reflect current value.

Fair value pricing is designed to avoid stale prices and to provide a more accurate current value, and may assist in the deterrence of harmful short-term or excessive trading in the Funds. When securities listed or traded on markets or exchanges that close prior to North or South American markets or exchanges are valued by the Manager at their fair market value, instead of using quoted or published prices, the prices of such securities used to calculate the Fund's net assets or net asset value may differ from quoted or published prices of such securities.

### d) Derivatives

Long positions in options, debt-like securities, and listed warrants are valued at current value using the closing bid price as established on either their principal trading exchange or by a recognized dealer in such securities. The credit rating of each counterparty (as rated by Standard & Poor's, a division of The McGraw-Hill Companies, Inc.) meets or exceeds the minimum approved credit rating.

When any option is written by any Fund, the premium received by the Fund will be reflected as a liability that will be valued at an amount equal to the current value of the option that would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the liability shall be deducted in arriving at the net assets of the Fund. The securities that are the subject of a written options, if any, will be valued in the manner described above for listed securities.

Futures contracts, forward contracts, or swaps will be valued at current value of the gain or loss, if any, that would be realized on the Valuation Date if the position in the futures contracts, forward contracts, or swaps were to be closed out.

Margin paid or deposited in respect of futures contracts and forward contracts will be reflected as an account receivable and margin consisting of assets other than cash will be noted as held as collateral.

Other derivatives and margin are valued at current value in a manner that the Manager determines to represent their current value.

**e) Restricted Securities**

Restricted securities purchased by any Fund will be valued at current value in a manner that the Manager determines to represent their current value.

**f) Other Securities**

All other investments of the Funds will be valued at current value in accordance with the laws of the Canadian securities regulatory authorities where applicable.

The value of any security or other property of a Fund for which a market quotation is not readily available or where the market quotations do not properly reflect the current value of such securities will be determined by the Manager by valuing the securities at their current value. In such situations, current value will be determined using fair valuation techniques that most accurately reflect their fair value as established by the Manager.

**4. Units Issued and Outstanding**

A Fund has an unlimited number of classes of units and may issue an unlimited number of units of each class. The outstanding units represent the capital of a Fund. Each unit has no par value and the value of each unit is the net asset value next determined. Settlement of the cost for units issued is completed as per security regulations in place at the time of issue. Distributions made by a Fund and reinvested by unitholders in additional units also constitute issued capital of a Fund.

Units are redeemed at the net asset value per unit of a Fund. A right to redeem units of a Fund may be suspended with the approval of the Canadian securities regulatory authorities or when normal trading is suspended on a stock, options, or futures exchange in Canada or outside of Canada on which securities or derivatives that make up more than 50% of the value or underlying exposure of the total assets of a Fund, not including any liabilities of a Fund, are traded and when those securities or derivatives are not traded on any other exchange that represents a reasonably practical alternative for a Fund. The Funds are not subject to any externally imposed capital requirements.

The capital received by the Funds is utilized within the respective investment mandate of the Funds. This includes the ability to make liquidity available to satisfy unitholder unit redemption requirements upon unitholder request.

Changes in issued and outstanding units for the periods ended August 31, 2011 and 2010 can be found on the Statements of Changes in Net Assets.

**5. Management Fees and Operating Expenses**

Management fees are based on the net asset value of the Funds and are calculated daily. Management fees are paid to the Manager in consideration for providing, or arranging for the provision of, management, distribution, and portfolio advisory services. The maximum annual management fee expressed as a percentage of the average net asset value for each class of units of the Fund is reported in footnote *Maximum Chargeable Management Fee Rates* on the Statements of Operations. For Class O units, management fees are negotiated with and paid by, or as directed by, unitholders, or dealers and discretionary managers on behalf of unitholders.

In addition to the management fees, the Funds are responsible for all expenses relating to the operation and conduct of the business of the Funds, including interest, operating, and administrative costs (other than advertising and promotional expenses, which are the responsibility of the Manager), brokerage fees, commissions, spreads, regulatory fees, Independent Review Committee fees, taxes, audit and legal fees and expenses, safekeeping and custodial fees, investor servicing costs, and costs of unitholder reports, prospectuses, and other reports. All class-specific operating expenses are paid by the Manager and recovered from the Funds. The Funds do not pay a fee to the Trustee.

The Manager may recover less than the actual class-specific operating expenses paid by the Manager from a Fund, resulting in the Manager absorbing class-specific expenses. The Manager may also charge less than the maximum management fee in footnote *Maximum Chargeable Management Fee Rates* on the Statements of Operations, resulting in the Manager waiving management fees.

At its sole discretion, the Manager may stop absorbing class-specific operating expenses and/or waiving management fees at any time. Class-specific operating expenses absorbed and/or management fees waived by the Manager are disclosed on the Statements of Operations.

In some cases, the Manager may charge management fees to an investor that are less than the management fees the Manager is entitled to charge in respect of certain investors in a Fund. The difference in the amount of the management fees will be paid out by the Fund to the applicable investors as a distribution of additional units of the Fund (*Management Fee Distributions*). Management Fee Distributions are negotiable between the Manager and the investor and are dependent primarily on the size of the investor's investment in the Fund. Management Fee Distributions paid to qualified investors do not adversely impact the Fund or any of the Fund's other investors. The Manager may increase or decrease the amount of Management Fee Distributions to certain investors from time to time.

Certain Funds may invest in units of other Funds (the *Underlying Funds*). Where a Fund invests in units of an Underlying Fund, the Fund does not pay duplicate management fees on the portion of its assets that it invests in units of the Underlying Fund. In addition, the Fund will not pay duplicate sales fees or redemption fees with respect to the purchase or redemption by it of units of the Underlying Fund. Some of the Underlying Funds held by the Funds may offer Management Fee Distributions. Such Management Fee Distributions of an Underlying Fund will be paid out as required for taxable distribution payments by a Fund. The manager of an Underlying Fund may, in some cases, waive a portion of an Underlying Fund's management fee and/or absorb a portion of an Underlying Fund's operating expenses.

**6. Income Taxes**

The Funds qualify as mutual fund trusts (except Renaissance Corporate Bond Fund, Renaissance U.S. Equity Growth Currency Neutral Fund, Renaissance International Equity Currency Neutral Fund, Renaissance Optimal Global Equity Currency Neutral Portfolio, Renaissance Global Growth Currency Neutral Fund, Renaissance Global Focus Currency Neutral Fund, Renaissance Global Infrastructure Currency Neutral Fund, Renaissance Canadian All-Cap Equity Fund, Renaissance Optimal Inflation Opportunities Portfolio, Renaissance Global Real Estate Fund, and Renaissance Global Real Estate Currency Neutral Fund) under the *Income Tax Act* (Canada). No income tax is payable by the Funds on net income and/or net realized capital gains that are distributed to unitholders. In addition, for all Funds (except those that do not qualify as mutual fund trusts under the *Income Tax Act* (Canada)), income taxes payable on undistributed net realized capital gains are refundable on a formula basis when units of the Funds are redeemed. Sufficient net income and realized capital gains of the Funds have been, or will be, distributed to the unitholders such that no tax is payable by the Funds and, accordingly, no provision for income taxes has been made in the financial statements. Occasionally, a Fund may pay distributions in excess of net income and net realized capital gains of the Fund. This excess distribution is called a return of capital and is non-taxable to the unitholder. However, a return of capital reduces the average cost of the unitholder's units for tax purposes.

Non-capital losses that arose in taxation years before 2004 are available to be carried forward for seven years and applied against future taxable income. Non-capital losses that arose in 2004 and 2005 are available to be carried forward for 10 years. Non-capital losses that arose in 2006 and after are available to be carried forward for 20 years.

Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. Where applicable, a Fund's capital and non-capital losses are reported in footnote *Capital and Non-Capital Losses* on the Statements of Changes in Net Assets.

Renaissance Money Market Fund, Renaissance Canadian T-Bill Fund, Renaissance U.S. Money Market Fund, Renaissance Canadian All-Cap Equity Fund, Renaissance Corporate Bond Fund, Renaissance Corporate Bond Capital Yield Fund, Renaissance Global Focus Currency Neutral Fund, Renaissance Global Growth Currency Neutral Fund, Renaissance Global Infrastructure Currency Neutral Fund, Renaissance Global Real Estate Fund, Renaissance Global Real Estate Currency Neutral Fund, Renaissance International Equity Currency Neutral Fund, Renaissance Optimal Global Equity Portfolio, Renaissance Optimal Global Equity Currency Neutral Portfolio, Renaissance Optimal Income Portfolio, Renaissance Optimal Inflation Opportunities Portfolio, and Renaissance U.S. Equity Growth Currency Neutral Fund have a taxation year-end of December 31. All other Funds have a taxation year-end of December 15.

**7. Brokerage Commissions and Fees**

The total commissions paid by the Funds to brokers in connection with portfolio transactions are reported in footnote *Brokerage Commissions and Fees* on the Statements of Operations of each Fund. In allocating brokerage business, consideration may be given by the portfolio sub-advisors of the Funds to the provision of goods and services by the dealer or a third party, other than order execution to a dealer (referred to in the industry as "soft dollar" arrangements). These goods and services are paid for with a portion of brokerage commissions and assist the portfolio sub-advisors with their investment decision-making services to the Funds or relate directly to executing portfolio transactions on behalf of the Funds. The total soft dollar payments paid by the Funds to brokers are reported in footnote *Brokerage Commissions and Fees* on the Statements of Operations of each Fund. In addition, the Manager may enter into commission recapture arrangements with certain dealers with respect to the Fund. Any commission recaptured will be paid to the applicable Fund.

Fixed income and certain other securities are transacted in an over-the-counter market, where participants are dealing as principals. Such securities are generally traded on a net basis and do not normally involve brokerage commissions, but will typically include a "spread" (being the difference between the bid and the offer prices on the security of the applicable marketplace).

Spreads associated with fixed income securities trading are not ascertainable, and for that reason are not included in the dollar amounts. In addition, the soft dollar amounts only include the value of research and other services supplied by a third party to the portfolio sub-advisors, as the value of the services supplied to the portfolio sub-advisors by the dealer are not ascertainable. When these services benefit more than one Fund, the costs are allocated among the Funds based on transaction activity or some other fair basis as determined by the portfolio sub-advisors.

## Notes to Financial Statements

### 8. Related Party Transactions

Canadian Imperial Bank of Commerce (CIBC) and its affiliates have the following roles and responsibilities with respect to the Funds and receive the fees described below in connection with their roles and responsibilities. The Funds may hold securities of CIBC. CIBC and its affiliates may also be involved in underwriting or lending to issuers that may be held by the Funds, have purchased or sold securities from or to the Funds while acting as principal, have purchased or sold securities from or to the Funds on behalf of another investment fund managed by CIBC or an affiliate, or have been involved as a counterparty to derivative transactions. Management fees payable and other accrued expenses on the Statements of Net Assets are amounts generally payable to a related party of the Fund.

#### *Manager, Trustee, Portfolio Advisor, and Portfolio Sub-Advisor of the Funds*

CIBC Asset Management Inc., a wholly-owned subsidiary of CIBC, is the Manager, trustee, and portfolio advisor of each of the Funds.

The Manager also arranges for fund administrative services (other than advertising and promotional, which are the responsibility of the Manager), legal, investor servicing, and costs of unitholder reports, prospectus, and other reports. The Manager is the registrar and transfer agent for the Funds and provides, or arranges for the provision of, all other administrative services required by the Funds. The dollar amount (including all applicable taxes) of all fund administrative expenses (net of absorptions) that the Manager recovers from the Fund is reported in footnote *Administrative and Other Fund Operating Expenses* on the Statements of Operations.

CIBC Global Asset Management (CGAM), a wholly owned subsidiary of CIBC, is a portfolio sub-advisor to certain of the Funds.

#### *Brokerage Arrangements and Soft Dollars*

Portfolio sub-advisors make decisions, including the selection of markets and dealers and the negotiation of commissions, with respect to the purchase and sale of portfolio securities, certain derivative products (including futures), and the execution of portfolio transactions. Brokerage business may be allocated by portfolio sub-advisors, including CGAM, to CIBC World Markets Inc. and CIBC World Markets Corp., each a subsidiary of CIBC. The total commissions paid to related brokers in connection with portfolio transactions are reported in footnote *Brokerage Commissions and Fees* on the Statements of Operations of each Fund.

CIBC World Markets Inc. and CIBC World Markets Corp. may also earn spreads on the sale of fixed income and other securities, and certain derivative products (including forwards) to the Funds. Dealers, including CIBC World Markets Inc. and CIBC World Markets Corp., may furnish goods and services, other than order execution, to portfolio sub-advisors, including CGAM, that process trades through them (referred to in the industry as "soft-dollar" arrangements). These goods and services are paid for with a portion of brokerage commissions and assist the portfolio sub-advisors with their investment decision-making services to the Funds or relate directly to executing portfolio transactions on behalf of the Fund. They are supplied by the dealer executing the trade or by a third party and paid for by that dealer. As per the terms of the sub-advisory agreements, such soft dollar arrangements are in compliance with applicable laws. The Manager has entered into an expense reimbursement agreement with CGAM which provides that custodial fees directly related to portfolio transactions incurred by a Fund, or a portion of a Fund, for which CGAM acts as sub-advisor shall be paid by CGAM and/or dealer(s) directed by CGAM up to the amount of the credits generated under soft dollar arrangements from trading on behalf of the Fund, or portion of the Fund, during the month. The total soft dollar payments paid by the Fund to related brokers are reported in footnote *Brokerage Commissions and Fees* on the Statements of Operations of each Fund. In addition, the Manager may enter into commission recapture arrangements with certain dealers with respect to the Funds. Any commission recaptured will be paid to the relevant Fund.

Spreads associated with fixed income securities trading are not ascertainable and, for that reason, are not included in the dollar values. In addition, the soft dollar amounts only include the value of research and other services supplied by a third party to the portfolio sub-advisors, as the value of the services supplied to the portfolio sub-advisors by the dealer are not ascertainable. When these services benefit more than one Fund, the costs are allocated among the Funds based on transaction activity or some other fair basis as determined by the portfolio sub-advisors.

#### *Custodian*

The custodian holds all cash and securities for the Funds and ensures that those assets are kept separate from any other cash or securities that the custodian might be holding. CIBC Mellon Trust Company (the *Custodian*) is the custodian of the Funds. The fees for services of the Custodian directly related to the execution of portfolio transactions by a Fund, or a portion of a Fund, for which CGAM acts as sub-advisor are paid by CGAM and/or dealer(s) directed by CGAM up to the amount of the credits generated under soft dollar arrangements from trading on behalf of the Fund, or portion of the Fund, during that month. All other fees for the services of the Custodian are borne as an operating expense by the Funds.

#### *Service Provider*

CIBC Mellon Global Securities Services Company (CIBC GSS) provides certain services to the Funds, including securities lending, fund accounting and reporting, and portfolio valuation. CIBC indirectly owns a 50 percent interest in CIBC GSS. The dollar amount paid by the Funds (including all applicable taxes) to CIBC Mellon Trust Company for custodial fees (net of absorptions) and to CIBC GSS for fund accounting, reporting, and fund valuation (net of absorptions) for the periods ended August 31, 2011 and 2010 is reported in footnote *Service Provider* on the Statements of Operations.

### 9. Hedging

Certain foreign currency denominated positions have been hedged, or partially hedged, by forward foreign currency contracts as part of the investment strategies of certain Funds. These hedges are indicated by a hedging reference number on the Statement of Investment Portfolio and a corresponding hedging reference number on the Forward Foreign Currency Contracts Schedule for those Funds.

### 10. Collateral on Specified Derivatives

Short-term investments may be used as collateral for futures contracts outstanding with brokers.

### 11. Reconciliation of Net Assets Per Unit and Net Asset Value Per Unit

The application of CICA Handbook Section 3855 — *Financial Instruments — Recognition and Measurement* may result in a different value of securities held by a Fund for financial reporting purposes (defined as *Net Assets* when referring to the Fund or *Net Assets Per Unit* when on a per unit basis) than the value used for pricing unitholder transactions (defined as *Net Asset Value* when referring to the Fund or *Net Asset Value per Unit* when on a per unit basis). See footnote *Reconciliation of Net Assets per Unit* reported on the Statements of Net Assets.

# Independent Auditors' Report

## To the Unitholders of

Renaissance Money Market Fund  
Renaissance Canadian T-Bill Fund  
Renaissance U.S. Money Market Fund  
Renaissance Short-Term Income Fund  
Renaissance Canadian Bond Fund  
Renaissance Real Return Bond Fund  
Renaissance Corporate Bond Fund  
Renaissance Corporate Bond Capital Yield Fund  
Renaissance High-Yield Bond Fund  
Renaissance Global Bond Fund  
Renaissance Canadian Balanced Fund  
Renaissance Optimal Income Portfolio  
Renaissance Canadian Dividend Fund  
Renaissance Canadian Monthly Income Fund  
Renaissance Diversified Income Fund  
Renaissance Millennium High Income Fund  
Renaissance Canadian Core Value Fund  
Renaissance Canadian Growth Fund  
Renaissance Canadian All-Cap Equity Fund  
Renaissance Canadian Small-Cap Fund  
Renaissance U.S. Equity Value Fund  
Renaissance U.S. Equity Growth Fund  
Renaissance U.S. Equity Growth Currency Neutral Fund  
Renaissance U.S. Equity Fund  
Renaissance International Dividend Fund  
Renaissance International Equity Fund  
Renaissance International Equity Currency Neutral Fund  
Renaissance Global Markets Fund  
Renaissance Optimal Global Equity Portfolio  
Renaissance Optimal Global Equity Currency Neutral Portfolio  
Renaissance Global Value Fund  
Renaissance Global Growth Fund  
Renaissance Global Growth Currency Neutral Fund  
Renaissance Global Focus Fund  
Renaissance Global Focus Currency Neutral Fund  
Renaissance Global Small-Cap Fund  
Renaissance European Fund  
Renaissance Asian Fund  
Renaissance China Plus Fund  
Renaissance Emerging Markets Fund  
Renaissance Optimal Inflation Opportunities Portfolio  
Renaissance Global Infrastructure Fund  
Renaissance Global Infrastructure Currency Neutral Fund  
Renaissance Global Real Estate Fund  
Renaissance Global Real Estate Currency Neutral Fund  
Renaissance Global Health Care Fund  
Renaissance Global Resource Fund  
Renaissance Global Science & Technology Fund

(collectively, the "Funds")

We have audited the accompanying financial statements of each of the Funds, which comprise the statement of investment portfolio as at August 31, 2011, the statements of net assets as at August 31, 2011 and 2010, and the statements of operations and changes in net assets for the periods then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as at August 31, 2011 and 2010, and the results of each of their operations and the changes in each of their net assets for the periods then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada  
November 8, 2011

*Ernst + Young LLP*  
Chartered Accountant  
Licensed Public Accountants

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CIBC Asset Management Inc., the manager and trustee of the Renaissance Investments family of funds, is a wholly-owned subsidiary of Canadian Imperial Bank of Commerce (CIBC). Please read the Renaissance Investments family of funds simplified prospectus before investing. To obtain a copy of the simplified prospectus, call 1-888-888-FUND (3863), email us at [info@renaissanceinvestments.ca](mailto:info@renaissanceinvestments.ca), or ask your advisor.

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