

## Annual Management Report of Fund Performance

for the financial year ended August 31, 2011

*All figures are reported in Canadian dollars unless otherwise noted.*

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. If you have not received a copy of the annual financial statements with this annual management report of fund performance, you can get a copy of the annual financial statements at your request, and at no cost, by calling us toll-free at 1-888-888-FUND (3863), by writing to us at Renaissance Investments, 1500 University Street, Suite 800, Montreal, Quebec, H3A 3S6, by visiting the SEDAR website at [www.sedar.com](http://www.sedar.com), or by visiting [www.renaissanceinvestments.ca](http://www.renaissanceinvestments.ca).

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

### Management Discussion of Fund Performance

#### Investment Objective and Strategies

**Investment Objectives:** Renaissance Corporate Bond Fund (the *Fund*) seeks to obtain a high level of current income by investing primarily in bonds, debentures, notes, and other debt instruments of Canadian issuers.

**Investment Strategies:** The Fund intends to position the portfolio based primarily on security selection, sector allocation, and average term-to-maturity and undertakes a bottom-up analysis of corporate bond issuers combined with top-down analysis of an industry's potential in a given economic environment.

#### Risk

The Fund is a Canadian fixed income fund suitable for investors who can tolerate low investment risk and who are seeking higher returns while accepting some additional risk.

During the period ended August 31, 2011, the Fund's risk classification was changed from 'below average' to 'low' to reflect The Investment Funds Institute of Canada's revised risk categories. Although the risk classification changed, the overall level of risk remains as discussed in the Fund's simplified prospectus.

#### Results of Operations

The portfolio sub-advisor of the Fund is CIBC Global Asset Management Inc. (CGAM). The commentary that follows reflects the views of CGAM and provides a summary of the results of operations for the period ended August 31, 2011. All dollar figures are expressed in thousands, unless otherwise indicated.

- The Fund's net asset value increased by 91% during the period, from \$632,679 as at August 31, 2010 to \$1,207,545 as at August 31, 2011. Net sales of \$519,459 and positive investment performance resulted in an overall increase in net asset value.
- Class O units of the Fund posted a return of 5.7% for the period. The Fund's primary benchmark, the DEX Corporate Bond Index (the *benchmark*), returned 5.5% for the same period.

- Economic growth deteriorated in the second half of the period. The cumulative effects of natural and man-made disasters and ongoing European sovereign debt problems overwhelmed the nascent recovery that had taken place with the assistance of government and central bank stimulus programs.
- The Bank of Canada raised its administered rate by 0.25% to 1.00% in September 2010, but decided against further increases over the remainder of the period due to slowing global economic momentum and the heightened financial uncertainty.
- Corporate spreads – the extra yield investors demand to own company bonds instead of government debt – increased over the period, with the bulk of the widening occurring more recently, as investors reacted to events in Europe and slowing global growth. However, yields on both investment grade and high-yield sectors were little changed over the period.
- Cash inflows were particularly strong in the high-yield sector in the first half of the period, and new issues in both the high-yield and investment-grade sectors remained strong. However, activity slowed markedly in the last quarter.
- During the period, new corporate issues were selectively added to the Fund because of the relatively high credit spreads that prevailed. The Fund avoided federal bonds to keep the yield near the benchmark and to take advantage of better prospective returns from corporate bonds.
- Given CGAM's expectation that corporate bond spreads will remain attractive in the medium term, the Fund's strategy has been to remain fully invested in corporate bonds despite the opportunity to invest up to 20% in government bonds. CGAM believes government bonds will be more susceptible to rising interest rates as the economy recovers.
- The Fund was significantly underweight in utilities and financials, and overweight in industrials. The high-yield bonds were a slight detractor from performance and long-term bonds performed well but underperformed the market for long-term bonds in Canada.

## Recent Developments

### *International Financial Reporting Standards (IFRS)*

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 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 generally accepted accounting principles (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.

## Related Party Transactions

Canadian Imperial Bank of Commerce (CIBC) and its affiliates have the following roles and responsibilities with respect to the Fund, and receive the fees described below in connection with their roles and responsibilities.

### *Manager, Trustee, and Portfolio Advisor of the Fund*

CIBC Asset Management Inc., a wholly-owned subsidiary of CIBC, is the manager, trustee, and portfolio advisor of the Fund (CAMI or the *Manager*). CAMI will receive management fees with respect to the day-to-day business and operations of the Fund, calculated based on the net asset value of each respective class of units of the Fund, as described in the section entitled *Management Fees*. As portfolio advisor, CAMI provides, or arranges to provide, investment advice and portfolio management services to the Fund. CAMI will also compensate its wholesalers in connection with their marketing activities regarding the Fund. From time to time, CAMI may provide seed capital to the Fund.

### *Portfolio Sub-Advisor*

CAMI has retained CGAM, a wholly-owned subsidiary of CIBC, as the portfolio sub-advisor of the Fund, to provide investment advice and portfolio management services to the Fund. A portion of the management fees CAMI receives from the Fund will be paid to CGAM.

### *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 WM and CIBC World Markets Corp., each a subsidiary of CIBC. CIBC WM and CIBC World Markets Corp. may also earn spreads on the sale of fixed income, other securities and certain derivative products (including forwards) to the Fund. A spread is the difference between the bid and ask prices for a security in the applicable marketplace, with respect to the execution of portfolio transactions. The spread will differ based upon various factors such as the nature and liquidity of the security.

Dealers, including CIBC WM and CIBC World Markets Corp., may also 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 portfolio sub-advisors with investment decision making services to the Fund or relate directly to executing portfolio transactions on behalf of the Fund. As per the terms of the portfolio sub-advisory agreements, such soft dollar arrangements are in compliance with applicable laws.

CAMI has entered into an expense reimbursement agreement with CGAM, on behalf of the Fund, which provides that custodial fees directly related to portfolio transactions incurred by the Fund, otherwise payable by the Fund, 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 during that month.

In addition, CAMI may enter into commission recapture arrangements with certain dealers with respect to the Fund. Any commission recaptured will be paid to the Fund.

During the period, the Fund did not pay any brokerage commissions or other fees to CIBC WM or CIBC World Markets Corp. Spreads associated with fixed income and other securities are not ascertainable and, for that reason, cannot be included when determining these amounts.

### *Fund Transactions*

The Fund may enter into one or more of the following transactions in reliance on the standing instructions rendered by the Independent Review Committee (IRC):

- trade in securities of CIBC;
- invest in the securities of issuers for which CIBC WM, CIBC World Markets Corp. or another related party acts as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- purchase of securities from or sell securities to CIBC WM, CIBC World Markets or another related party, where it is acting as principal; and
- purchases or sales of securities of an issuer from or to another investment fund managed by the Manager or an affiliate of the Manager.

The relevant standing instructions require that the transactions (i) be made free from any influence of an entity related to the Manager or CGAM and without taking into account any consideration relevant to an entity related to the Manager or CGAM, (ii) represent the business judgment of the Manager and CGAM, uninfluenced by considerations other than the best interests of the Fund, (iii) be conducted in accordance with the Manager's and CGAM's policies and procedures, and (iv) achieve a fair and reasonable result for the Fund. The Manager is required to report a material breach in respect of the standing instructions to the IRC.

*Custodian*

The custodian holds all cash and securities for the Fund and ensures that those assets are kept separate from any other cash or securities that the custodian may be holding. CIBC Mellon Trust Company is the custodian of the Fund (the *Custodian*). The fees for services of the Custodian directly related to the execution of portfolio transactions by the Fund 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 during that month. All other fees for the services of the Custodian are paid by the Manager and charged to the Fund on a recoverable basis.

*Service Provider*

CIBC Mellon Global Securities Services Company (*CIBC GSS*) provides certain services to the Fund, including securities lending, fund accounting and reporting, and portfolio valuation. Such servicing fees are paid by the Manager, and charged to the Fund on a recoverable basis. CIBC indirectly owns a 50% interest in CIBC GSS.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods ended August 31.

### The Fund's Net Assets per Unit<sup>1</sup> – Class O Units

	2011	2010 <sup>a</sup>
<b>Net Assets, beginning of period</b>	\$10.64	\$10.00 <sup>b</sup>
<b>Increase (decrease) from operations:</b>		
Total revenue	\$ 0.69	\$ 0.51
Total expenses	–	–
Realized gains (losses) for the period	(0.02)	(0.05)
Unrealized gains (losses) for the period	(0.06)	0.50
<b>Total increase (decrease) from operations<sup>2</sup></b>	\$ 0.61	\$ 0.96
<b>Distributions:</b>		
From income (excluding dividends)	\$ –	\$ –
From dividends	–	–
From capital gains	–	–
Return of capital	–	–
<b>Total Distributions<sup>3</sup></b>	\$ –	\$ –
<b>Net Assets, end of period</b>	\$11.25	\$10.64

<sup>a</sup> Information presented is for the period from November 18, 2009 to August 31, 2010.

<sup>b</sup> Initial offering price.

<sup>1</sup> This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

<sup>2</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The total increase (decrease) from operations is based on the weighted average number of units outstanding during the period.

<sup>3</sup> Distributions were paid in cash, reinvested in additional units of the Fund, or both.

### Ratios and Supplemental Data – Class O Units

	2011	2010 <sup>a</sup>
<b>Total Net Asset Value (000s)<sup>4</sup></b>	\$1,207,545	\$632,679
<b>Number of Units Outstanding<sup>4</sup></b>	107,086,785	59,316,471
<b>Management Expense Ratio<sup>5</sup></b>	0.00%	0.00%*
<b>Management Expense Ratio before waivers or absorptions<sup>6</sup></b>	0.01%	0.02%*
<b>Trading Expense Ratio<sup>7</sup></b>	0.00%	0.00%*
<b>Portfolio Turnover Rate<sup>8</sup></b>	21.00%	27.49%
<b>Net Asset Value per Unit</b>	\$11.28	\$10.67

<sup>a</sup> Information presented is for the period from November 18, 2009 to August 31, 2010.

\*Ratio has been annualized.

<sup>4</sup> This information is presented as at August 31 of the period(s) shown.

<sup>5</sup> Management expense ratio is based on the total expenses of the fund (excluding commissions and other portfolio transaction costs), incurred by or allocated to a class of units for the period shown, expressed as an annualized percentage of the daily average net asset value of that class during the period.

<sup>6</sup> The decision to waive and/or absorb management fees and operating expenses is at the discretion of the Manager. The practice of waiving and/or absorbing management fees and operating expenses may continue indefinitely or may be terminated at any time without notice to unitholders.

<sup>7</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the daily average net asset value during the period. Spreads associated with fixed income securities trading are not ascertainable and, for that reason, are not included in the trading expense ratio calculation.

<sup>8</sup> The portfolio turnover rate indicates how actively the portfolio sub-advisor manages the portfolio investments. A portfolio turnover rate of 100% is equivalent to a fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a portfolio turnover rate in a period, the greater the trading costs payable by a fund in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

## Management Fees

Management fees are negotiated with and paid by, or as directed by, Class O unitholders, or dealers and discretionary managers on behalf of unitholders.

## Past Performance

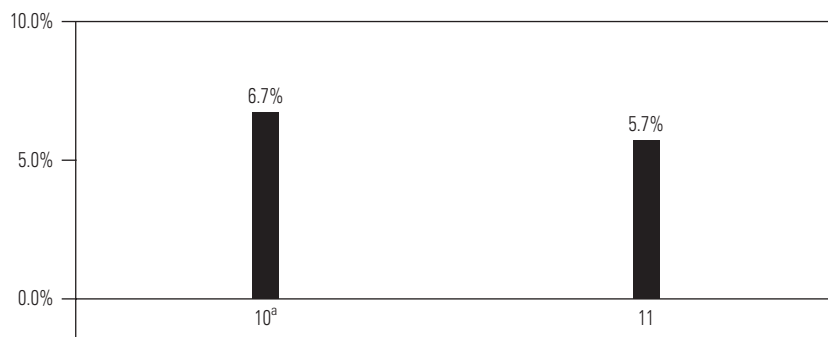
The performance data provided assumes reinvestment of distributions only and does not take into account sales, redemption, distribution, or other optional charges payable by any unitholder that would have reduced returns. Past performance does not necessarily indicate how a fund will perform in the future.

The Fund's returns are after the deduction of fees and expenses, and the difference in returns between classes is primarily due to the difference in management expense ratio. See the section entitled *Financial Highlights* for the management expense ratio.

## Year-by-Year Returns

These bar charts show the annual performance of each class of units of the Fund for each of the periods shown, and illustrates how the performance has changed from period to period. These bar charts show, in percentage terms, how an investment made on September 1 would have increased or decreased by August 31, unless otherwise indicated.

### Class O Units



<sup>a</sup>2010 return is for the period from November 18, 2009 to August 31, 2010.

## Annual Compound Returns

This table shows the annual compound return of each class of units of the Fund for each indicated period ended on August 31, 2011. The annual compound total return is also compared to the Fund's benchmark(s).

The Fund's blended benchmark (*Blended Benchmark*) is comprised of the following:

- 80% DEX Corporate Bond Index
- 14% Merrill Lynch U.S. High Yield Cash Pay, Constrained Index
- 6% Merrill Lynch CAD and USD High Yield, Canadian Issuers Index (100% hedged in CAD)

	1 Year	3 Years	5 Years	10 Years* or Inception*
Class O units (Inception Date – November 18, 2009)	5.7%			7.0%
DEX Corporate Bond Index	5.5%			6.8%
Blended Benchmark	6.0%			7.7%

\*If a class of units has been in existence for less than 10 years, the annual total compound return since inception is shown.

**DEX Corporate Bond Index** is divided into sub-sectors based on major industry groups: Financial, Communication, Industrial, Energy, Infrastructure, Real Estate, and Securitization. The Corporate sector is also divided into sub-indices based on credit rating: a combined AAA/AA sector, a single A sector, and a BBB sector.

**Merrill Lynch CAD and USD High Yield, Canadian Issuers Index (100% hedged in CAD)** tracks the performance of USD and CAD denominated below investment grade corporate debt publicly issued by Canadian issuers in the Canadian or U.S. domestic markets. Qualifying securities must have a below investment grade rating (based on a composite of Moody's, S&P and Fitch) and the country of risk must be Canada.

**Merrill Lynch U.S. High Yield Cash Pay, Constrained Index** is comprised of non-convertible, coupon-bearing, U.S. domestic debt with a term to maturity of at least one year.

A discussion of the relative performance of the Fund compared to its primary benchmark(s) can be found in *Results of Operations*.

**Summary of Investment Portfolio** (as at August 31, 2011)

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. A quarterly update is available by visiting [www.renaissanceinvestments.ca](http://www.renaissanceinvestments.ca). The Top Positions table includes a fund's 25 largest positions. For funds with fewer than 25 positions in total, all positions are shown. Cash and cash equivalents are shown in total as one position.

<i>Portfolio Breakdown</i>	<i>% of Net Asset Value</i>	<i>Top Positions</i>	<i>% of Net Asset Value</i>
Corporate Bonds	72.84	Cash & Cash Equivalents	8.47
Foreign Currency Bonds	11.39	Sun Life Assurance Co. of Canada, Variable Rate, 6.15%, 2022/06/30	1.73
Cash & Cash Equivalents	8.47	Manulife Financial Capital Trust II, Series '1', Variable Rate, Callable, 7.41%, 2019/12/31	1.63
Mortgage-Backed Securities	5.99	NBC Asset Trust, Series '2', Variable Rate, Callable, 7.45%, 2020/06/30	1.39
Municipal Government & Guaranteed Bonds	0.97	BMO Capital Trust, Series 'D', Perpetual, Callable, 5.47%, 2014/12/31	1.36
Other Assets, Less Liabilities	0.28	RBC Capital Trust II, Series '2013', Callable, 5.81%, 2053/12/31	1.35
Forward & Spot Contracts	0.06	Scotiabank Capital Trust, 6.28%, 2053/06/30	1.34
		Toronto-Dominion Bank (The), Variable Rate, Callable, 4.78%, 2016/12/14	1.33
		Wells Fargo Financial Canada Corp., 3.97%, 2014/11/03	1.31
		British Columbia Telephone Co., Series '51', 9.65%, 2022/04/08	1.22
		Loblaws Cos. Ltd., 6.00%, 2014/03/03	1.21
		BMO Capital Trust II, Series 'A', Variable Rate, Callable, 10.22%, 2018/12/31	1.15
		EnCana Corp., Callable, 5.80%, 2018/01/18	1.05
		Bell Canada, 7.85%, 2031/04/02	1.04
		Manulife Financial Corp., 4.08%, 2015/08/20	1.03
		Toronto-Dominion Bank (The), Variable Rate, Callable, 5.76%, 2017/12/18	1.02
		Great-West Lifeco Inc., Callable, 6.67%, 2033/03/21	1.02
		Royal Bank of Canada, 5.95%, 2014/06/18	1.01
		Real Estate Asset Liquidity Trust, Class 'A2', Series '2007-1', 4.78%, 2017/03/12	0.99
		Loblaws Cos. Ltd., 7.10%, 2016/06/01	0.99
		NBC Asset Trust, Variable Rate, Perpetual, Callable, 7.24%, 2018/06/30	0.98
		Greater Toronto Airports Authority, 6.45%, 2029/07/30	0.97
		Bell Canada, Series 'EJ', 9.70%, 2032/12/15	0.96
		407 International Inc., Callable, 3.87%, 2017/11/24	0.94
		Westpac Banking Corp., 3.75%, 2014/12/01	0.94

This document may contain forward-looking statements. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or other similar wording. In addition, any statements that may be made concerning future performance, strategies, or prospects and possible future actions taken by the fund, are also forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results and achievements of the fund to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to: general economic, market, and business conditions; fluctuations in securities prices, interest rates, and foreign currency exchange rates; changes in government regulations; and catastrophic events. We do not undertake, and specifically disclaim, any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments, or otherwise prior to the release of the next management report of fund performance.

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