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The Renaissance Advisor

Q4 DECEMBER 31, 2009 QUARTERLY FUND PROFILES / PRACTICE MANAGEMENT / OUTLOOK / OPINION

Invest Well

Growth at a Scottish price

A conversation with Rodger Nisbet of Walter Scott & Partners

Back of the Napkin

I/M/P/A/C/T exposed

The six drivers of mastery in your practice

Live Better

Liquid assets

Lessons from a scotch connoisseur

RENAISSANCE INVESTMENTS™

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Happy New Year and a sincere hope that you had a fulfilling holiday season.

The last 18 months have been a difficult time for advisors. The markets recovered, but certainly not to the levels that were seen in early 2008. Clients were anchored to the downturn of the market the previous year and were not ready to commit new money to their investments. Products yielding less than 1% were gathering enormous assets as clients were willing to forgo return for safety. Relationships between advisors and their clients were strained, causing many investment professionals to have the most challenging year of their careers. We look to 2010 with much more optimism.

Over the holiday period, many of us either hosted or attended parties and occasions with family and friends. We showed our appreciation to those coming to our gathering by ensuring all had a great time, and invited guests possibly showed their appreciation by presenting a small gift, bottle of wine, etc. Companies develop loyalty programs to thank their customers and reward them for their business. When children go to a birthday party, the value of the “loot bag” that is sent home sometimes exceeds the value of the gift that was given to the person celebrating their big day.

Everywhere we turn, people are being thanked or are being given a token of appreciation to show gratitude for an enjoyable occasion or a kind gesture. While saying thank you is important, it is not always acknowledged by the recipient, and in most instances is expected. It certainly is not as noticeable as is the omission of gratitude. How many times has the discussion revolved around attending a wedding and not receiving a thank you from the happy couple even months, or sometimes years, after the event has taken place? We all hope never to be the advisor that is the subject of similar conversations.

Many advisors will concur that the best way to build their practice is through referrals and “word of mouth.” Referrals are garnered when the experience of your client triggers a “thank you” and a recommendation of their friend to you. That client experience can be enhanced in most cases simply with a show of gratitude. The most basic gesture can be the “tipping point” for a great experience and more referrals being directed to your office. Be sure to acknowledge your clients regularly for their loyalty and commitment.

In that same vein, let me say thank you to you on behalf of Renaissance Investments for your support in 2009. We look forward to continuing to earn your confidence and trust and wish you all the best for 2010.

As always, I would like to receive your opinions, comments and feedback and please enjoy our new Brain Calisthenics on page 128 when you get a moment in your day.

Sincerely,

Dave Wahl
National Sales Manager
416 943 6959

Table of Contents

Tax and Estate

Managing Director, Tax & Estate Planning
Jamie Golombek

A tax-efficient handover

Should business owners gift or sell shares to their children?

Clients who own a business spend most of their time focused on growing the business while often ignoring one of the most fundamental issues: transition planning.

Done properly and in advance, transition planning can ensure the business is transferred to the new owners — whether they are family, key staff or a third party — in the most tax-efficient manner possible.

Perhaps the most obvious plan for a family business is to transfer it to the next generation. Whether or not this makes sense, however, will depend on whether the children are already involved in the business and have the maturity and expertise to run it.

But what if one child is involved and the others are not? Or they all work in the business but your client believes only one of them has the ability to successfully run it? If children aren't treated equally with respect to equity in the business, what effect will that have on the relationships between your client and their children, and among the siblings?

These questions can be addressed at the outset, with a documented transition plan. Most small businesses of any significant size are structured as corporations. When transferring an incorporated business to the next generation, your client will have two options: a gift or a sale of shares.

Your client's first inclination may be to gift the shares in equal portions to all the children, or perhaps, only to those involved in the business. Of course, this option would only make sense if your client doesn't need the money from the potential sale of the shares to fund their retirement.

Making a gift, however, still has income tax consequences. Your client will be deemed to have disposed of their shares for proceeds equal to fair market value (FMV). The difference between the FMV and the adjusted cost base (ACB) of the shares will be a capital gain, of which 50% is taxable at your client's marginal tax rate. There may be some tax relief if capital losses realized on other property, either from the current or prior years, are available to offset part of the capital gain realized on the gift.

If your client chooses to sell their shares to their children, they may be tempted to give them a "good deal." Be careful. They may find such a gift can result in double taxation. The tax rules state if you sell your shares to a non-arm's-length party, you are deemed to receive proceeds equal to the FMV, but the purchaser's new ACB for the purpose of computing his or her own capital gain on ultimate disposition or death is only deemed to be the amount paid.

For example, let's say your client's business was worth $3 million and they decided to "sell" it to their son for $1 million. For tax purposes, assuming your client had a negligible ACB, they will be deemed to have sold the shares for the FMV of $3 million and thus be taxable on the resultant $3 million capital gain.

The son, however, would have an ACB of $1 million. If he were to sell the shares even a day later to a third party and realize $3 million of proceeds (the FMV), he will end up paying tax on a $2 million capital gain. Alas, double taxation on that part of the gain.

Two tax strategies can help defer or even eliminate the tax bill on the gift or sale of qualified small business corporation shares. If your client takes back debt instead of cash, they can defer the tax on the resultant capital gain for up to 10 years when selling to a child through the use of the capital gains reserve. Also, they may be able to permanently avoid paying tax on the gain by taking advantage of the $750,000 lifetime capital gains exemption for qualified small business corporation shares. ■

Jamie Golombek is Managing Director, Tax & Estate Planning with CIBC Private Wealth Management. He works closely with advisors to help them provide integrated financial planning solutions for their high-net-worth clients. Jamie is frequently quoted in the media as an expert on taxation.

Economic Outlook

Senior Economist, CIBC
Benjamin Tal

Defensive investment

The news of late has been undeniably positive, but the market might not be anticipating the bumps on the road ahead. At some point, governments all over the world will stop spending and some, in fact, will start tightening their fiscal policies.

Central banks will start removing liquidity from the system and interest rates will start rising in the second half of the year. Deleveraging by consumers will continue to limit the ability of households to shoulder a strong recovery. And American banks will still have to deal with massive losses due to their existing exposure to the fragile commercial real estate market as well as so-called Alt-A and Option ARM mortgages. Add to all this the very real risk that Dubai's and Greece's current troubles represent a potential wave of sovereign debt problems, and you have a good reason to believe that the easy money in the stock market already has been made.

Making money will be much more difficult in 2010 when the theme will be conservative investment. In many respects, the nature of demand will determine the relative valuation of the stock market. The vast majority of the cash sitting on the sidelines in both Canada and the U.S. belongs to people age 55-plus. These same people may now be returning to (or remaining in) the labour market to compensate for the significant loss of wealth they have encountered in the past two years. Given their age profile and recent past experiences, these investors will likely opt for a defensive style.

The vast majority of the cash sitting on the sidelines in both Canada and the U.S. belongs to people age 55-plus. These same people may now be returning to (or remaining in) the labour market to compensate for the significant loss of wealth they have encountered in the past two years.

In practical terms, this means that new money will flow into two main destinations. The most attractive target will be solid and established companies that pay relatively high dividends, a typical play for conservative investors who are unsatisfied with GIC-type investments. In Canada, dividend seekers have always looked to telecoms and utilities for healthy yields, and those two sectors continue to top the pack in terms of TSX payout ratios. But there are other groups where dividends now pay out 4% or more of the share price, including real estate, media, banks and health care. The second investment will likely be fixed income investment in general, and corporate bonds in particular, because of the pervasive focus on capital preservation and the realization that any near-term inflation risk is minimal.

Director, Strategic Insights
Grant Shorten

I/M/P/A/C/T exposed

The Six Drivers of Mastery in your practice

Every advisor has their own unique set of circumstances, such as the firm they work at, where they're geographically located, their personal background and the way they like to do business. However, whether they know it or not, virtually every advisor who has truly mastered their craft has done so by applying what I call the "Six Drivers of Mastery."

Not surprisingly, I have found that the converse is also true. That is, when an advisor experiences a faltering practice or a blockage in their business, it is almost always within one or more of these six crucial drivers.

Each letter of the word IMPACT stands for one of the six drivers, and presents them to us in a logical sequence that makes it easier to remember and apply. Here is what the letters mean:

Driver #1: Initiative

The master investment advisor embodies the substance known as initiative. Initiative is defined as "…enterprise and determination… the power or ability to begin, or to follow through energetically, with a plan or task… an introductory step, or an opening move…"

Initiative is the critical starting point and baseline attribute of all those who achieve mastery. It incorporates everything from comprehensive, sincere business planning to the development of creative marketing campaigns and the ability to think outside the box.

The master advisor starts each day with a powerful advisory identity. They know exactly who they are, what they believe and why they hold these beliefs. It has become natural for them to be focused on positive outcomes in everything they do, and to back up their beliefs with evidence and a logical thought process.

Most of us were not born with a fully formed sense of initiative. Fortunately, it can be readily learned by modelling the values, beliefs, attitudes and behaviours of those who possess it at a high degree.

Driver #2: Messaging

We may have all the initiative in the world, but if we don't have a powerful set of messages to convey to our audience, then neither our enterprise and determination, nor our advisory identity, can ever be fully actualized.

Messaging refers to everything that comes out of our mouths, as well as how it is delivered. The master advisor is a student of the art of communication, and incorporates the non-verbal factors that dramatically affect how our message is received — body language, tone, vocal variety and eye contact. Even their written communication, such as emails, newsletters and other correspondence, magically conveys the fullness of their intended message.

The master investment advisor knows that people buy for emotional reasons and later use logic to justify their decision. Therefore, the master advisor crafts messages that directly address emotional factors. They have learned how to ignore themselves, put their egos aside and focus immediately and persistently on the investor.

Investment professionals who engage in masterful messaging have spent an enormous amount of time and energy pre-conceiving, pre-planning, pre-scripting, rehearsing and choreographing all of their messages. The master advisor has deeply internalized all of the messages for their prospects and clients, because the idea of "winging it" is preposterous to them.

Driver #3: Process

The process driver refers to the collective structure and procedural makeup of the advisory machine.

Mechanization is paramount for the master advisor. Therefore, all day-to-day functions and activities are organized, sequenced and documented in an essential "operations manual." Team roles and responsibilities are detailed and clarified, so that there is no room for doubt. Each team member knows exactly why they were hired, what is expected of them and how their role fits into the larger advisory practice.

The master advisor is dedicated and committed to the execution of a single, defined process. They do one thing, and one thing alone, and they do it extremely well. Each prospective investor (regardless of account size) is put through the same disciplined process, which ultimately leads to a customized and tailored proposal, financial plan or portfolio. The master advisor may incorporate multiple investment disciplines, but it is always delivered using that single defined process.

Driver #4: Activity

We may have initiative, messaging and a structured process in place, but without activity, those drivers are powerless. The activity driver refers to everything we do under the advisory banner — client servicing, prospecting and asset gathering.

Tirelessly engaged in money-making activities, the master advisor understands the art and science of gathering assets. There are essentially only five methods of asset gathering, as it relates to the advisory practice: referrals, seminars, cold/warm calling, networking and mailing/advertising. In my experience, the master advisor is typically engaged in two or more of these at all times.

The master advisor will capitalize on their own nature by focusing on their strengths and delegating the rest. When deciding on their primary asset gathering methods, they first will seek inspiration and empowerment, and then immerse themselves in activities that come naturally and are most enjoyable.

The master advisor proactively seeks out patterns of inactivity within their calendar, and strategically schedules money-making activities inside the black holes.

Driver #5: Consistency

The master advisor understands the importance of consistency. We may embody the substance of initiative, have crafted and internalized a powerful set of messages, have built a well-oiled mechanism around process and be engaged in money-making activity, but these things will be leveraged to their fullest only when they are applied with discipline and consistency!

The master advisor engages the power of rituals. We are creatures of habit who tend to do the same things over and over, until something material happens to change that behaviour. The master advisor understands this, and proactively takes control of their habits and rituals. Advisors who become the architects of their rituals dramatically differentiate themselves from the rest of the pack.

These advisors openly solicit coaching, discipline and correction from external partners. They ensure that the elements of mastery are being applied consistently by demanding excellence in everything they do.

Driver #6: Tenacity

Tenacity is the fuel of the master advisory practice — the nitrous oxide that supercharges the machine.

The word "tenacity" encompasses many different aspects, including focus, perseverance, energy, vitality and discipline. Ultimately, passion and conviction are the driving elements behind tenacity, and they are the twin forces that course in abundant quantities through the veins of the master advisor. A prospective client, interviewing multiple advisors, often will make their final decision based on mysterious, intangible qualities. The inescapable presence of passion and conviction stand at the very top of this list.

The master advisor seeks energy and vitality in everything they do. Armed with a basic understanding of nutritional laws, they may incorporate daily rituals such as the consumption of full-spectrum green drinks, 6–8 glasses of water, 5–6 small meals, first grade protein with complex and fibrous carbohydrates — and try to avoid large, greasy meals during the workday. They embrace a daily regimen of exercise and physical conditioning, knowing that if they lose their health, their energy or their vitality, they lose everything!

Putting it all together

Carefully consider how the "Six Drivers of Mastery" are being applied and manifested within your own business practice. Identify the areas where you may be able to gain maximum leverage through strategic execution.

For more information on how to apply the Six Drivers of Mastery in your business, please contact your Renaissance Investments representative to book an appointment.

Now available: Select and Elite class pricing to offer even greater value

Optimal for your clients, optimal for you.

At Renaissance Investments, we recognize the importance of an advisor's high-net-worth clients. The greater the assets invested with you, the greater the pricing flexibility should be. We are pleased to introduce Select and Elite Class pricing options for investors in the **Renaissance Optimal Income Portfolio** and **Renaissance Optimal Global Equity Portfolio**. The pricing rewards larger investments through lower fees, while the trailer maintains a competitive payout for you.

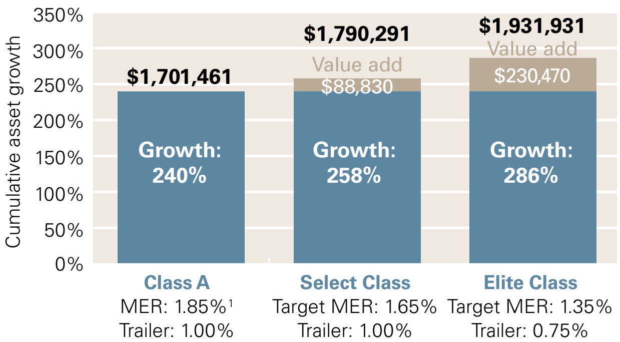
Minimum investment	Class A	Select Class	Elite Class
Renaissance Optimal Income Portfolio Renaissance Optimal Global Equity Portfolio	$500	$250,000	$500,000

The effect of reduced pricing

We believe that the **Renaissance Optimal Income Portfolio** and **Renaissance Optimal Global Equity Portfolio** provide your clients with one-stop, diversified solutions for both income and global equity needs. With flexible pricing, your clients further benefit from enhanced return potential on their investments.

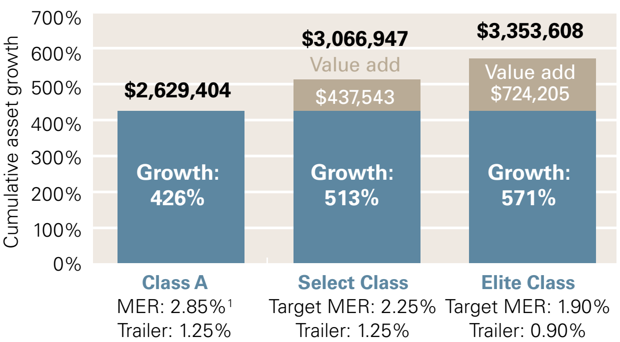
Renaissance Optimal Income Portfolio

- Assumed initial investment of $500,000
- 7% hypothetical annual return (gross)
- 25-year term



Renaissance Optimal Global Equity Portfolio

- Assumed initial investment of $500,000
- 10% hypothetical annual return (gross)
- 25-year term



The rates of return shown in the charts above are used only to illustrate the effects of the compound growth rate and are not intended to reflect future values of the mutual fund or returns on investment in the mutual fund. Please note that Class A units of the Renaissance Optimal Global Equity Portfolio have a target MER of 2.65%. While Renaissance Investments intends to meet the stated target MERs and will waive management fees or absorb certain expenses to do so, we may discontinue this practice at any time without notice. [1]MERs as at August 31, 2009 (as disclosed in each fund's annual management report of fund performance). Renaissance Investments may have waived fees or absorbed expenses otherwise payable by a fund. At the discretion of Renaissance Investments, this practice may continue indefinitely and can be terminated at any time. For information on transferring between classes, please see page 125.

Growth at a Scottish price

A conversation with Rodger Nisbet of Walter Scott & Partners Limited

With a hard-nosed investment style that has been referred to as "growth at a Scottish price," Edinburgh-based Walter Scott & Partners Limited is the boutique investment powerhouse behind the Renaissance Global Growth Fund. We recently had a chance to speak with Rodger Nisbet, Portfolio Manager and recently appointed Deputy Chairman of the firm.

"I was born in Edinburgh, but I grew up in Asia, including Sri Lanka and Singapore," recounts 43-year-old Rodger Nisbet. Those years in Asia, courtesy of a father who worked for the United Nations, made a lasting impression. "When I graduated from the University of Dundee in 1990, I was keen to pursue a career that would grant me continued access to Asia. Working in the investment industry in Edinburgh happened to be ideal."

Indeed, the Scottish city has a proud history of money management going back more than 150 years. Nisbet says the Scots played world-leading roles in the establishment of both art and commerce, and that behind the scenes of many of their far-flung enterprises were the lawyers and accountants of Edinburgh.

Nisbet says he can name at least a dozen colleagues at Walter Scott who, like him, have spent their entire careers with Walter Scott. He points to an average employee tenure of 18 years as evidence of the stability and consistency engendered by the firm's disciplined philosophy and tight-knit culture.

"Edinburgh was the birthplace of modern investment trusts, and one of the first major cities to invest globally," he says. "By the time I was ready to start my career, Edinburgh was still the third-largest financial centre in Europe, and there was a plethora of well-established investment houses to choose from."

Nisbet's choice was Walter Scott & Partners. The firm, established in 1983, offered him more than just a job — you could almost call it a way of life.

"Walter Scott started me off with five years of structured training in every area of the business, from portfolio administration to client service, before I had a chance to become an investment analyst. This approach speaks to the strength of the firm's philosophy. We'd rather hire young graduates and raise them to share our unique view of the world, than hire outsiders and try to change them."

"... our goal has never been to be the biggest, but rather to be recognized as among the best."

After his traineeship, Nisbet finally got his wish: he was assigned to investment duties in Asia and emerging markets. Throughout the 1990s, Walter Scott primarily served a handful of predominantly U.S.-based institutional investors seeking exposure to these high-growth markets. But by the early 2000s, after the firm managed to sidestep the Latin American and Asian market crises, not to mention the bursting of the dot-com bubble, the small firm in Edinburgh became the interest of the world.

"We've certainly diversified our client base," says Nisbet. "About half our business is now in the U.S., and we manage about US$30 billion in total, mostly in global mandates. Having said that, our goal has never been to be the biggest, but rather to be recognized as among the best."

Growth comes from business, not markets

When discussing the firm's investment philosophy, Nisbet bluntly states that "The stock market does not add value. Value comes from the businesses you invest in." In fact, nothing about his straightforward

investment approach could be described as flowery or ambiguous.

"If you want a set rate of return, you must align that rate of growth with the businesses you invest in," he explains. "If you're seeking a 7–10% real rate of return, and long-term Canadian equities are giving you roughly 6%, you know straight away that you must beat the index. If inflation is running at an average of around 4% over the last 125 years and you have a 60% success rate in picking stocks that outperform, you realize that you need to be investing in companies that generate cash at 20% per annum. That's the long-term, theoretical goal."

With such a lofty goal, it should come as no surprise that the Renaissance Global Growth Fund is concentrated in only about 50 stocks and has a modest 15% annual turnover, which Nisbet says simply represents good housekeeping and profit-taking.

"… being Scottish, we don't want to overpay for anything."

"We analyze businesses, buy them and hold them for the long term," he says. "We don't use reconstituted research from outside sources. We conduct original research in Edinburgh, and our entire team of 30 analysts must agree on every decision. We're only looking for handful of stocks each year, and being Scottish, we don't want to overpay for anything."

The team's painstaking assessment includes analysis of long-term business fundamentals, including profit and loss accounts, cash flow and balance sheet analysis. They're looking not only for recent successes, but a solid framework for repeatable results.

"With 30 analysts, our process may be argumentative at times and it may be slow, but it's guaranteed that when a stock enters the portfolio, it's been put through the ringer. I personally like the quote from industrialist and philanthropist Andrew Carnegie — "Put all your eggs in one basket, but watch the basket carefully."

"We review all of our stocks regularly. If there's a breakdown in the buy rationale, it's sold. We aim to take positions at a 2% portfolio weighting, and if a stock reaches a 5% weighting, we'll cut it back. If the valuation becomes too rich, we'll sell it."

Steering a course of conservatism

Nisbet observes that, over the last 125 years, the six worst 12-month periods of stock market performance were immediately followed by strong bounces. However, despite the current "bounce," he also believes that we haven't yet seen the end of the most recent financial crisis.

"We believe that, over the last 25 years or so, you could have simply invested in indices and enjoyed a relatively low-beta portfolio. With interest rates constantly falling, everyone felt like a genius. But that game is up. The financial sector broke down on the basis of excess loans outstanding and, despite recent appearances, those loans are still out there. We will see the return of rising rates and inflation at some point, and that will be like a sea anchor holding indices down for the next 20 years."

Walter Scott's cautionary outlook on the world of banking and lending has meant very little exposure to the financial sector in their portfolio. Instead they have tended to favour the energy sector, where Nisbet says high growth and high profitability have seen them steadily trimming their holdings to take profits in recent months.

"We invest in the world's best companies. We met all 50 this year, and barring two or three, most are still not in great shape. This tells us there's a disjoint between reality and what stock markets have done this year. Having said that, I firmly believe we can correlate portfolio returns with underlying business results. The companies in our portfolios are not just survivors, but thrivers. Competition is going by the wayside, and our companies will come out leaner, meaner and stronger.

"Our valuation model steers a course of conservatism through the markets," he adds. Walter Scott's conservative nature means their portfolios tend to moderate the extreme swings of the market on both the upside and the downside.

Nisbet says the result has been a 3–4% long-term premium over the benchmark, while noting that the fast-rising Canadian currency has made it difficult for Canadian investors to benefit from rising foreign markets this year. Indeed, he believes a continual rise in the Canadian dollar will hurt not only investment returns, but the economy in general. Conversely, he says a weakening Canadian dollar would generate an economic tailwind similar to the one that's currently helping U.S. exports gain strength.

"Canada is dominated by resources and financials. It's a good market with great yield," says Nisbet. "However, were I a Canadian investor, I would use my strong dollar to purchase foreign assets and improve my diversification. I would consider having up to 20% of my assets outside North America. I would also consider using a dollar cost averaging strategy to take advantage of global markets without risking being wrong on market timing."

"… a number of the world's corporate leaders are in emerging markets. A decade and a half ago, you couldn't say that."

About half of Walter Scott's assets are currently in the U.S. market, which Nisbet refers to as somewhat of a "contrarian" move given recent economic activity. However, the firm has not arrived at this weighting due to top-down analysis. Rather, it is a result of bottom-up security selection that has seen them taking profits out of Japan and Asia and reinvesting in attractive U.S. names.

The firm also maintains healthy exposure to the emerging markets that have changed so dramatically since Rodger Nisbet first started in the business. "Today, a number of the world's corporate leaders are in emerging markets. A decade and a half ago, you couldn't say that," he notes.

While Nisbet sees continuing credit risk and simmering inflation on the horizon, his asset class call is unequivocal: "Equities over cash and bonds, no question." As for how best to proceed, he will remain focused on the heft and substance of businesses with strong fundamentals. To drive the point home, he borrows the famous words of one of the world's great investors, Benjamin Graham:

"In the short term, the stock market behaves like a voting machine, but in the long term, it acts like a weighing machine." ■

For more information about how the Renaissance Global Growth Fund can help your clients take advantage of global growth while carefully managing risk, please speak to a member of your Renaissance Investments team.

Zara photo courtesy of:
http://en.wikipedia.org/wiki/File:Zarasg.JPG

11 stocks that Rodger Nisbet likes now

1. "**Woodside Petroleum** is an Australian oil and gas exploration firm that has never raised a cent of debt or equity in 20 years, and has managed to compound its earnings per share well in excess of 20%. This is how you extract alpha and get performance."

2. "**Reckitt Benckiser** is a maker of household cleaning and health products that has been overlooked by many investors. But look past the admittedly dull product line, and you'll find a great business that's generating attractive margins and strong earnings."

3. "**Hong Kong and China Gas Company Limited** has been supplying gas to Hong Kong for 20 years. Compounded earnings have been in the high teens, and they now have over 60 joint ventures in the Chinese market. If they can generate double-digit growth in Hong Kong, imagine what they can do in China."

4. "**Inditex** is the Spanish retailer that owns the popular Zara brand, which represents a shift away from the Louis Vuittons of the world, and a shift towards disposable fashion. They've been very successful worldwide with an extensive store network, and they're still expanding while others have suffered."

5. "**Honda** underwent a significant restructuring in the 1990s, and today they are able to price predatorily in the U.S. market. With their competitors in a weakened state, they're in a strong position to grow market share."

6. "**Canon** is a dominant player in the digital camera market. What's interesting is that they are so well positioned to capitalize on new consumer demand across the developing markets."

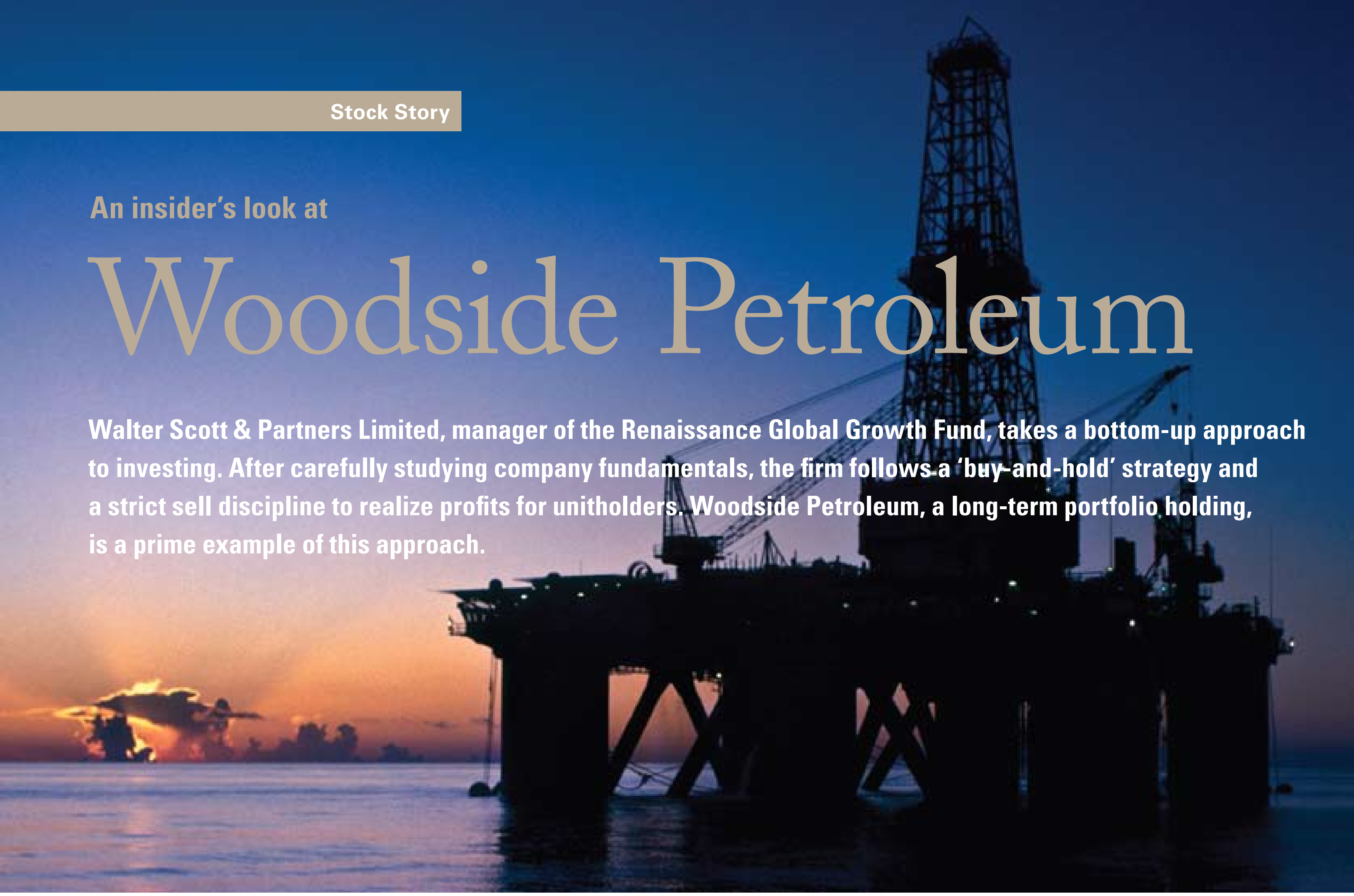
7. "**Keyence Corporation** is a Japanese firm that manufactures factory automation technologies. Japan is still a real hotbed of innovation. Keyence has excellent products, and they enjoy a remarkable 50% operating margin in Japan."

8. "**Fanuc Robotics** is another "made in Japan" name that really has no international competition. Like Keyence, they supply a range of industrial robots and automated systems."

9. "**Wal-Mart** is a company that we could only love from afar when it was trading at 60 times earnings. But at today's valuations, we see an opportunity to participate in this great business."

10. "**China Mobile** adds three new subscribers every second. That's what you call a monopoly."

11. "**Petrobras** out of Brazil is a world leader in deep water oil extraction technology, and also a major oil producer with active refineries, exploration, pipelines and terminals."



Stock Story

An insider's look at

Woodside Petroleum

Walter Scott & Partners Limited, manager of the Renaissance Global Growth Fund, takes a bottom-up approach to investing. After carefully studying company fundamentals, the firm follows a 'buy-and-hold' strategy and a strict sell discipline to realize profits for unitholders. Woodside Petroleum, a long-term portfolio holding, is a prime example of this approach.

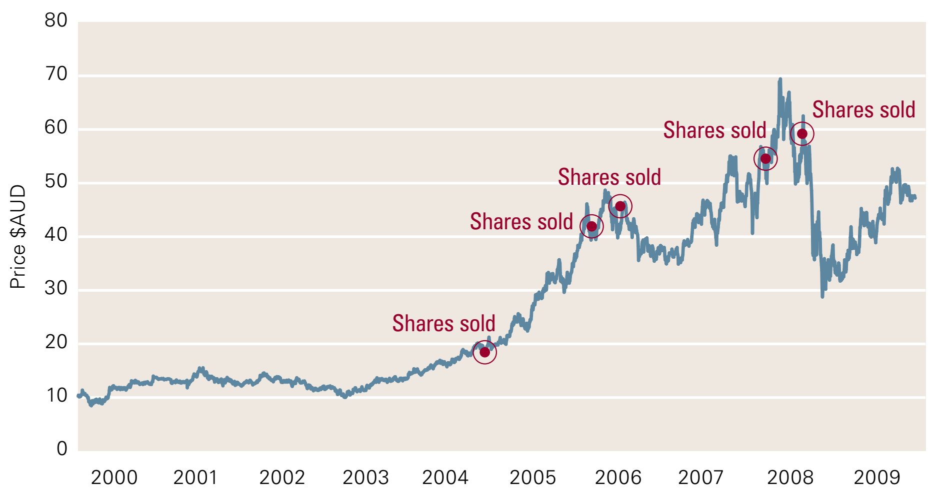
Taking profits, year after year

Woodside Petroleum is the largest oil and gas exploration and production company in Australia. Its main source of revenue is from the production and sale of gas to the state of Western Australia and from the export of Liquefied Natural Gas (LNG) to Japan and Korea, which is controlled by 20-year contracts.

The Western Australian gas market is predicted to grow by around 15% annually for the next several years and Japanese and Korean demand for LNG is expected to grow by 9% annually over the next decade. In addition, Woodside will begin meeting the growing Chinese demand for LNG in 2011.

Strong growth has kept Woodside in the Walter Scott portfolio continuously since 1983. Over the years, Walter Scott has realized profits five times in the past five years alone, trimming the stock's weighting back to roughly 2% of total portfolio weighting after periods of advance. Walter Scott plans to continue doing so as the company's expanding profits drive future growth.

Woodside Petroleum



Source: Walter Scott & Partners Limited, March 1, 2000 – December 31, 2009

Axiom Portfolios

a(x)iom™
PORTFOLIOS

Axiom Portfolios provide the benefits and peace-of-mind of sophisticated portfolio management, while simplifying the administration, management and reporting of a portfolio.

With eight portfolios to choose from, investing in Axiom Portfolios provides:

- Access to the accumulated knowledge and expertise of independent investment managers from across Canada and around the world
- Risk management, through rigorous due diligence and built-in rebalancing
- Multiple levels of diversification
- T-Class options available on all Axiom Portfolios, offering tax-efficient cash flow

Axiom Portfolios offer even more value at higher balances through the following three classes:

Class A - $25,000 minimum investment ($5,000 minimum investment for TFSA only)

Select Class - $250,000 minimum investment

Elite Class - $500,000 minimum investment

Axiom Portfolio Managers

Axiom Portfolios have access to the accumulated knowledge and expertise of independent investment managers from across Canada and around the world.

ACUITY

Canso Investment Counsel Ltd.

Metropolitan West Capital Management, LLC

Addenda Capital

CIBC Asset Management

MFC Global Investment Management

ALETHEIA Research and Management, Inc.

Fiduciary Management, Inc. Investment Counsel

PICTET 1805

BLACKROCK

INTECH Math is Power

Walter Scott Global Investment Management

Brandywine GLOBAL

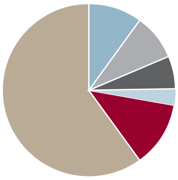
McLean Budden Investment Managers Since 1947

Multiple Levels of Diversification

Axiom Portfolios have been designed to manage risk and solidify the potential for returns by ensuring portfolios are broadly diversified across multiple levels. Each portfolio is diversified across asset classes, investment styles, geographic regions and market capitalizations.

There are eight portfolios available designed to meet the needs of various types of investors.

Axiom Balanced Income Portfolio*

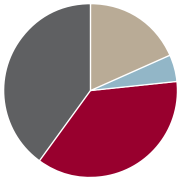


Equities
- 10.0% U.S. Equity
- 8.8% Canadian Equity
- 6.0% International Equity
- 3.0% Emerging Markets Equity

Income Generation
- 12.2% Canadian Monthly Income

Fixed Income
- 60.0% Canadian Fixed Income

Axiom Diversified Monthly Income Portfolio*

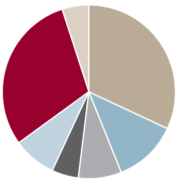


Equities
- 18.4% Canadian Equity
- 5.0% U.S. Equity

Income Generation
- 36.6% Canadian Monthly Income

Fixed Income
- 40.0% Canadian Fixed Income

Axiom Balanced Growth Portfolio*

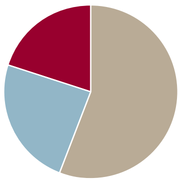


Equities
- 32.0% Canadian Equity
- 12.0% U.S. Equity
- 8.0% International Equity
- 5.0% Emerging Markets Equity

Income Generation
- 8.0% Canadian Monthly Income

Fixed Income
- 30.0% Canadian Fixed Income
- 5.0% Global Bond

Axiom Canadian Growth Portfolio*

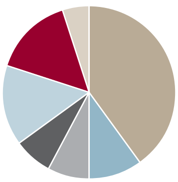


Equities
- 56.0% Canadian Equity

Income Generation
- 24.0% Canadian Monthly Income

Fixed Income
- 20.0% Canadian Fixed Income

Axiom Long-Term Growth Portfolio*

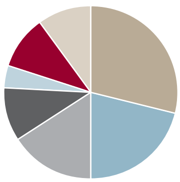


Equities
- 40.0% Canadian Equity
- 10.0% U.S. Equity
- 8.0% International Equity
- 7.0% Emerging Markets Equity

Income Generation
- 15.0% Canadian Monthly Income

Fixed Income
- 15.0% Canadian Fixed Income
- 5.0% Global Bond

Axiom Global Growth Portfolio*

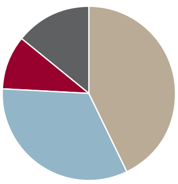


Equities
- 29.0% U.S. Equity
- 21.0% International Equity
- 16.0% Canadian Equity
- 10.0% Emerging Markets Equity

Income Generation
- 4.0% Canadian Monthly Income

Fixed Income
- 10.0% Canadian Fixed Income
- 10.0% Global Bond

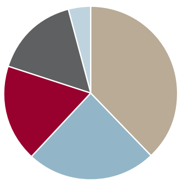
Axiom Foreign Growth Portfolio*



Equities
- 43.0% U.S. Equity
- 33.0% International Equity
- 10.0% Emerging Markets Equity

Fixed Income
- 14.0% Global Bond

Axiom All Equity Portfolio*



Equities
- 38.0% U.S. Equity
- 24.0% International Equity
- 18.0% Emerging Markets Equity
- 16.0% Canadian Equity

Income Generation
- 4.0% Canadian Monthly Income

Target asset class allocations

Renaissance Investments

Fund Essentials

RENAISSANCE INVESTMENTS™

	INVESTMENT MANAGERS	ATL FUND CODES Front-End Load	Back-End Load	Low Load	Class F	MERs Class A (%)	COMMISSIONS Front-End Load	Back-End Load	Low Load	TRAILERS (%) Front-End Load	Back-End Load	Low Load 1–3 years[4]	Low Load 4+ years[4]
MONEY MARKET FUNDS													
Renaissance Money Market Fund	CIBC Global Asset Management Inc.	ATL1025	ATL1125	ATL2125	n/a	0.81[1]	0-5%	5%	3%	0.05	0.05	0.05	0.05
Renaissance Money Market Fund – Premium Class	CIBC Global Asset Management Inc.	ATL1200	ATL1201	ATL2201	n/a	0.30[1]	0-5%	n/a	n/a	0.15	0.10	n/a	n/a
Renaissance Canadian T-Bill Fund	CIBC Global Asset Management Inc.	ATL922	ATL643	ATL681	n/a	0.90[1]	0-5%	5%	3%	0.05	0.05	0.05	0.05
Renaissance U.S. Money Market Fund (US$)	CIBC Global Asset Management Inc.	ATL974	ATL363	ATL762	n/a	0.81[1]	0-5%	5%	3%	0.05	0.05	0.05	0.05
FIXED INCOME FUNDS													
Renaissance Short-Term Income Fund	CIBC Global Asset Management Inc.	ATL1021	ATL1121	ATL2121	ATL1630	1.57[1]	0-5%	5%	3%	0.50	0.25	0.25	0.50
Renaissance Canadian Bond Fund	CIBC Global Asset Management Inc.	ATL1022	ATL1122	ATL2122	ATL1631	1.48[1]	0-5%	5%	3%	0.50	0.25	0.25	0.50
Renaissance Real Return Bond Fund	CIBC Global Asset Management Inc.	ATL251	ATL291	ATL267	ATL010	1.59[2]	0-5%	5%	3%	0.75	0.25	0.25	0.75
Renaissance Corporate Bond Capital Yield Fund	CIBC Global Asset Management Inc.	ATL1002	ATL1102	ATL2102	ATL016	1.55[3]	0-5%	5%	3%	0.75	0.25	0.25	0.75
Renaissance Corporate Bond Capital Yield Fund – Premium Class	CIBC Global Asset Management Inc.	ATL1202	n/a	n/a	n/a	0.95[3]	0-5%	n/a	n/a	0.50	n/a	n/a	n/a
Renaissance High-Yield Bond Fund	CIBC Global Asset Management Inc.	ATL908	ATL823	ATL667	ATL015	1.94[1]	0-5%	5%	3%	0.75	0.25	0.25	0.75
Renaissance Global Bond Fund	Brandywine Global Investment Management, LLC	ATL1028	ATL1872	ATL2872	ATL1646	1.95[1]	0-5%	5%	3%	0.75	0.25	0.25	0.75
BALANCED FUNDS													
Renaissance Canadian Balanced Fund	Jarislowsky Fraser Limited	ATL906	ATL836	ATL663	ATL018	2.18[1]	0-5%	5%	3%	1.10	0.50	0.50	1.10
Renaissance Canadian Balanced Value Fund	CIBC Global Asset Management Inc.	ATL508	ATL507	ATL517	ATL019	2.16[1]	0-5%	5%	3%	1.10	0.50	0.50	1.10
Renaissance Canadian Asset Allocation Fund	CIBC Global Asset Management Inc.	ATL1024	ATL1124	ATL2124	ATL1632	2.57[1]	0-5%	5%	3%	1.10	0.50	0.50	1.10
Renaissance Optimal Income Portfolio	Brandywine Global Investment Management, LLC, CIBC Global Asset Management Inc., RARE Infrastructure Limited	ATL048	ATL050	ATL049	ATL051	1.85[1]	0-5%	5%	3%	1.00	0.50	0.35	1.00
Renaissance Optimal Income Portfolio – Select Class		ATL2401	ATL2403	ATL2402	n/a	1.65[3]	0-5%	4%	2%	1.00	0.50	0.35	1.00
Renaissance Optimal Income Portfolio – Elite Class		ATL2404	ATL2406	ATL2405	n/a	1.35[3]	0-5%	3%	1%	0.75	0.25	0.25	0.75
Renaissance Optimal Income Portfolio – Class T6		ATL053	ATL055	ATL054	n/a	1.85[1]	0-5%	5%	3%	1.00	0.50	0.35	1.00
Renaissance Optimal Income Portfolio – Select-T6 Class		ATL2407	ATL2409	ATL2408	n/a	1.65[3]	0-5%	4%	2%	1.00	0.50	0.35	1.00
Renaissance Optimal Income Portfolio – Elite-T6 Class		ATL2410	ATL2412	ATL2411	n/a	1.35[3]	0-5%	3%	1%	0.75	0.25	0.25	0.75
Renaissance Optimal Income Portfolio – Class T8		ATL056	ATL058	ATL057	n/a	1.85[1]	0-5%	5%	3%	1.00	0.50	0.35	1.00
Renaissance Optimal Income Portfolio – Select-T8 Class		ATL2413	ATL2415	ATL2414	n/a	1.65[3]	0-5%	4%	2%	1.00	0.50	0.35	1.00
Renaissance Optimal Income Portfolio – Elite-T8 Class		ATL2416	ATL2418	ATL2417	n/a	1.35[3]	0-5%	3%	1%	0.75	0.25	0.25	0.75
EQUITY INCOME FUNDS													
Renaissance Canadian Monthly Income Fund	CIBC Global Asset Management Inc.	ATL910	ATL859	ATL668	ATL155	1.78[1]	0-5%	5%	3%	0.75	0.25	0.25	0.75
Renaissance Diversified Income Fund	CIBC Global Asset Management Inc.	ATL247	ATL271	ATL204	ATL017	2.36[1]	0-5%	5%	3%	1.10	0.35	0.35	1.10
Renaissance Millennium High Income Fund	Morrison Williams Investment Management Ltd.	ATL1879	ATL1880	ATL2880	ATL1650	2.38[1]	0-5%	5%	3%	0.75	0.25	0.25	0.75
Renaissance Canadian Dividend Income Fund	CIBC Global Asset Management Inc.	ATL294	ATL211	ATL266	ATL014	2.35[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Dividend Fund	CIBC Global Asset Management Inc.	ATL1076	ATL1876	ATL2876	ATL1648	2.47[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
CANADIAN EQUITY FUNDS													
Renaissance Canadian Core Value Fund	CIBC Global Asset Management Inc., NWQ Investment Management Company, LLC	ATL901	ATL853	ATL671	ATL020	2.41[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Canadian Growth Fund	McLean Budden Limited	ATL902	ATL843	ATL669	ATL022	2.50[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Canadian Small-Cap Fund	CIBC Global Asset Management Inc.	ATL905	ATL852	ATL670	ATL023	2.51[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Millennium Next Generation Fund	Morrison Williams Investment Management Ltd.	ATL1877	ATL1878	ATL2878	ATL1649	2.57[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
U.S. EQUITY FUNDS													
Renaissance U.S. Equity Value Fund	Metropolitan West Capital Management, LLC	ATL502	ATL501	ATL515	ATL024	2.62[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance U.S. Equity Value Fund (US$)	Metropolitan West Capital Management, LLC	ATL743	ATL742	ATL744	ATL025	2.62[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance U.S. Equity Growth Fund	Aletheia Research and Management, Inc.	ATL913	ATL833	ATL661	ATL026	2.64[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance U.S. Equity Growth Fund (US$)	Aletheia Research and Management, Inc.	ATL973	ATL733	ATL761	ATL027	2.64[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance U.S. Equity Fund *(formerly Renaissance U.S. Index Fund)*	INTECH Investment Management LLC	ATL911	ATL855	ATL662	ATL028	1.85[1]	0-5%	5%	3%	0.75	0.25	0.25	0.75
Renaissance U.S. Equity Fund (US$) *(formerly Renaissance U.S. Index Fund)*	INTECH Investment Management LLC	ATL797	ATL799	ATL798	ATL097	1.85[1]	0-5%	5%	3%	0.75	0.25	0.25	0.75
GLOBAL EQUITY FUNDS													
Renaissance International Dividend Fund	KBC Asset Management International Limited	ATL914	ATL856	ATL677	ATL032	2.28[1]	0-5%	5%	3%	0.75	0.25	0.25	0.75
Renaissance International Equity Fund	Walter Scott & Partners Limited	ATL1868	ATL1869	ATL2869	ATL1644	2.67[2]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Global Markets Fund	Wintergreen Advisers, LLC	ATL1029	ATL1873	ATL2873	ATL1647	2.56[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Optimal Global Equity Portfolio *(formerly Renaissance Global Multi Management Fund)*	Aletheia Research and Management, Inc., NWQ Investment Management Company, LLC, RARE Infrastructure Limited, Wellington Management Company, Wintergreen Advisers, LLC	ATL1902	ATL1903	ATL2903	ATL1652	2.85[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Optimal Global Equity Portfolio – Select Class		ATL2419	ATL2421	ATL2420	n/a	2.25[3]	0-5%	4%	2%	1.25	0.50	0.50	1.25
Renaissance Optimal Global Equity Portfolio – Elite Class		ATL2422	ATL2424	ATL2423	n/a	1.90[3]	0-5%	3%	1%	0.90	0.40	0.40	0.90
Renaissance Optimal Global Equity Portfolio – Class T4		ATL2425	ATL2427	ATL2426	n/a	2.65[3]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Optimal Global Equity Portfolio – Select-T4		ATL2434	ATL2436	ATL2435	n/a	2.25[3]	0-5%	4%	2%	1.25	0.50	0.50	1.25
Renaissance Optimal Global Equity Portfolio – Elite-T4 Class		ATL2437	ATL2439	ATL2438	n/a	1.90[3]	0-5%	3%	1%	0.90	0.40	0.40	0.90
Renaissance Optimal Global Equity Portfolio – Class T6		ATL2428	ATL2430	ATL2429	n/a	2.65[3]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Optimal Global Equity Portfolio – Select-T6		ATL2440	ATL2442	ATL2441	n/a	2.25[3]	0-5%	4%	2%	1.25	0.50	0.50	1.25
Renaissance Optimal Global Equity Portfolio – Elite-T6 Class		ATL2443	ATL2445	ATL2444	n/a	1.90[3]	0-5%	3%	1%	0.90	0.40	0.40	0.90
Renaissance Optimal Global Equity Portfolio – Class T8		ATL2431	ATL2433	ATL2432	n/a	2.65[3]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Optimal Global Equity Portfolio – Select-T8		ATL2446	ATL2448	ATL2447	n/a	2.25[3]	0-5%	4%	2%	1.25	0.50	0.50	1.25
Renaissance Optimal Global Equity Portfolio – Elite-T8 Class		ATL2449	ATL2451	ATL2450	n/a	1.90[3]	0-5%	3%	1%	0.90	0.40	0.40	0.90
Renaissance Global Value Fund	NWQ Investment Management Company, LLC	ATL1030	ATL1031	ATL2031	ATL1625	2.67[2]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Global Growth Fund	Walter Scott & Partners Limited	ATL504	ATL503	ATL516	ATL034	2.66[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Global Focus Fund	Aletheia Research and Management, Inc.	ATL510	ATL509	ATL511	ATL036	2.66[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Global Small-Cap Fund	Wellington Management Company, LLP	ATL1040	ATL1041	ATL2041	ATL1626	2.92[2]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance European Fund	BlackRock Investment Management International Limited	ATL917	ATL163	ATL673	ATL030	2.70[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Asian Fund	Hamon Investment Management Limited	ATL1512	ATL1519	ATL2519	ATL1639	3.21[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance China Plus Fund	Hamon Investment Management Limited	ATL1050	ATL1051	ATL2051	ATL1627	3.19[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Emerging Markets Fund	Pictet Asset Management Limited	ATL920	ATL858	ATL675	ATL029	2.90[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
SPECIALTY FUNDS													
Renaissance Global Infrastructure Fund	RARE Infrastructure Limited	ATL059	ATL061	ATL060	ATL062	2.50[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Global Health Care Fund	Wellington Management Company, LLP	ATL1161	ATL1162	ATL2162	ATL1635	3.14[1]	0-5%	5%	3%	1.00	0.50	0.50	1.00
Renaissance Global Resource Fund	Front Street Investment Management Inc.	ATL1860	ATL1861	ATL2861	ATL1666	3.20[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Global Science & Technology Fund	CIBC Global Asset Management Inc.	ATL1027	ATL1871	ATL2871	ATL1645	2.90[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25
Renaissance Global Science & Technology Fund (US$)	CIBC Global Asset Management Inc.	ATL1227	ATL1371	ATL2371	ATL1637	2.90[1]	0-5%	5%	3%	1.25	0.50	0.50	1.25

Performance Essentials

As at December 31, 2009

Renaissance Investments family of funds (Class A unless otherwise noted)	Assets ($ 000s)	NAV ($)	Distributions ($)	1 Mo. (%)	3 Mos (%)	6 Mos. (%)	YTD (%)	1 Yr. (%)	3 Yrs. (%)	5 Yrs. (%)	10 Yrs. (%)	Since Incep. (%)	Incep. Date
MONEY MARKET FUNDS													
Renaissance Money Market Fund Current Yield: 0.14%†	526,318	10.00	0.00117	0.01	0.04	0.08	0.37	0.37	2.16	2.23	2.43	4.92	01/02/87
Renaissance Money Market Fund – Premium Class Current Yield: 0.24%†	–	10.00	0.00202	0.02	0.06	0.13	0.62	0.62	2.68	–	–	2.81	08/21/06
Renaissance Canadian T-Bill Fund Current Yield: 0.15%†	39,318	10.00	0.00126	0.01	0.04	0.07	0.19	0.19	1.64	1.79	2.01	4.23	08/21/87
Renaissance U.S. Money Market Fund (US$) Current Yield: 0.11%†	20,064	10.00	0.00086	0.01	0.03	0.07	0.23	0.23	2.25	2.62	2.31	3.72	03/30/87
FIXED INCOME FUNDS													
Renaissance Short-Term Income Fund	65,462	11.76	0.01325	(0.8)	0.2	1.3	1.9	1.9	3.7	2.9	3.9	7.7	10/01/74
Renaissance Canadian Bond Fund	125,590	12.23	0.01846	(1.6)	(0.1)	3.8	8.0	8.0	3.6	3.5	4.7	8.4	01/01/73
Renaissance Real Return Bond Fund	121,981	11.32	–	0.1	2.6	4.7	10.3	10.3	3.3	3.4	–	4.6	06/02/03
Renaissance Corporate Bond Capital Yield Fund	–	9.86	0.02500	–	–	–	–	–	–	–	–	–	11/18/09
Renaissance High-Yield Bond Fund	309,899	7.48	0.02152	1.8	3.9	14.6	31.9	31.9	1.4	2.2	4.4	5.5	09/23/94
Renaissance Global Bond Fund	20,849	4.12	0.07035	(2.4)	(2.2)	(1.7)	0.5	0.5	0.7	(1.2)	1.2	3.4	10/21/92
BALANCED FUNDS													
Renaissance Canadian Balanced Fund	304,398	19.46	0.03994	0.9	1.3	6.8	12.0	12.0	(2.5)	2.2	3.9	6.3	12/10/84
Renaissance Canadian Balanced Value Fund	345,793	14.86	0.04210	1.5	2.0	8.4	14.2	14.2	(1.6)	3.0	5.9	5.8	03/10/99
Renaissance Canadian Asset Allocation Fund	102,889	7.76	–	0.6	1.4	9.5	21.0	21.0	(3.3)	1.7	1.1	6.0	02/10/86
Renaissance Optimal Income Portfolio	133,354	9.03	0.02700	0.8	1.8	7.0	13.4	13.4	–	–	–	(0.1)	11/13/07
Renaissance Optimal Income Portfolio – T6 Class	–	8.64	0.04000	0.8	1.8	7.0	13.3	13.3	–	–	–	(0.1)	11/15/07
Renaissance Optimal Income Portfolio – T8 Class	–	8.26	0.05200	0.8	1.8	7.0	13.4	13.4	–	–	–	(0.1)	11/15/07
EQUITY INCOME FUNDS													
Renaissance Canadian Monthly Income Fund	291,414	7.48	0.05000	2.7	2.8	9.8	17.0	17.0	0.3	4.6	12.7	8.3	10/30/97
Renaissance Diversified Income Fund	151,341	11.02	0.06000	3.6	4.6	13.0	21.0	21.0	(1.1)	3.2	–	8.0	02/04/03
Renaissance Millennium High Income Fund	533,430	10.03	0.06000	5.3	7.0	16.2	21.9	21.9	(4.2)	2.4	10.2	7.8	02/13/97
Renaissance Canadian Dividend Income Fund	159,585	12.24	0.03300	3.0	2.3	8.8	18.4	18.4	(4.1)	2.4	–	6.9	11/08/02
Renaissance Dividend Fund	93,468	14.99	0.04000	3.2	3.2	10.6	20.9	20.9	(2.9)	2.8	4.7	5.8	9/12/95
CANADIAN EQUITY FUNDS													
Renaissance Canadian Core Value Fund	431,780	29.82	–	2.4	2.0	9.2	18.0	18.0	(3.3)	3.1	5.5	8.3	09/23/94
Renaissance Canadian Growth Fund	188,259	28.15	–	3.6	3.0	11.2	28.4	28.4	(4.7)	3.5	3.1	5.7	10/30/85
Renaissance Canadian Small-Cap Fund	200,932	20.33	0.06260	6.0	13.0	30.9	54.0	54.0	0.7	9.5	12.5	8.6	10/25/96
Renaissance Millennium Next Generation Fund	78,900	30.02	–	4.3	6.0	18.9	19.4	19.4	(3.9)	3.6	7.2	7.1	01/19/99
U.S. EQUITY FUNDS													
Renaissance U.S. Equity Value Fund	20,365	5.88	–	1.9	2.2	8.2	0.6	0.6	(16.5)	(7.9)	(3.8)	(3.1)	12/17/98
Renaissance U.S. Equity Value Fund (US$)	–	5.60	–	2.5	4.6	19.9	18.4	18.4	(13.6)	(5.5)	–	(1.1)	12/01/00
Renaissance U.S. Equity Growth Fund	6,552	16.61	–	(2.4)	(1.8)	4.8	10.1	10.1	(14.7)	(8.4)	(7.7)	2.5	10/30/85
Renaissance U.S. Equity Growth Fund (US$)	–	15.84	–	(1.8)	0.6	16.1	29.6	29.6	(11.7)	(5.9)	(4.6)	0.9	11/01/95
Renaissance U.S. Equity Fund	11,801	6.24	–	1.7	3.3	9.2	4.3	4.3	(12.5)	(5.5)	(7.2)	(0.3)	10/25/96
Renaissance U.S. Equity Fund (USD)	–	5.95	–	–	–	–	–	–	–	–	–	–	04/13/09
GLOBAL EQUITY FUNDS													
Renaissance International Dividend Fund	13,637	8.97	–	0.6	(0.7)	8.4	7.1	7.1	(10.6)	(0.7)	(3.3)	1.9	10/25/96
Renaissance International Equity Fund	55,415	4.75	–	1.3	(0.4)	5.2	7.6	7.6	(3.9)	4.2	–	(0.5)	01/02/01
Renaissance Global Markets Fund	186,062	4.15	–	2.9	2.7	10.7	14.5	14.5	(7.6)	(1.2)	(5.3)	2.3	01/11/93
Renaissance Optimal Global Equity Portfolio *(formerly Renaissance Global Multi Management Fund)*	30,725	6.20	–	1.4	1.1	9.5	14.8	14.8	(7.2)	(0.8)	–	(4.7)	02/16/00
Renaissance Global Value Fund	40,996	3.65	–	0.1	(3.0)	4.1	4.1	4.1	(9.5)	(2.0)	(4.7)	(2.6)	05/01/98
Renaissance Global Growth Fund	55,190	7.95	–	1.8	1.9	6.9	10.3	10.3	(4.4)	2.3	(4.8)	(1.9)	12/17/98
Renaissance Global Focus Fund	61,954	9.94	–	(1.1)	2.2	11.6	12.1	12.1	(3.6)	3.2	(2.2)	0.0	09/06/99
Renaissance Global Small-Cap Fund	11,978	8.98	–	3.7	(0.6)	10.4	19.8	19.8	(11.3)	(2.9)	(4.9)	5.3	02/02/98
Renaissance European Fund	17,961	16.71	–	(0.6)	(3.3)	12.5	12.1	12.1	(10.1)	(0.1)	(2.0)	4.8	11/24/93
Renaissance Asian Fund	8,472	18.25	–	3.9	(0.5)	9.6	42.1	42.1	(2.5)	3.8	(2.0)	3.2	01/02/90
Renaissance China Plus Fund	197,906	19.90	–	1.5	11.6	9.7	71.3	71.3	11.6	15.3	6.7	14.9	02/02/98
Renaissance Emerging Markets Fund	19,421	15.06	–	3.2	6.0	20.1	46.2	46.2	(2.2)	8.6	4.3	7.7	10/25/96
SPECIALTY FUNDS													
Renaissance Global Infrastructure Fund	163,911	8.71	0.00964	3.4	4.6	9.1	6.9	6.9	–	–	–	(5.4)	11/13/07
Renaissance Global Health Care Fund	525,970	15.81	–	2.7	4.0	6.9	2.1	2.1	(5.3)	0.7	8.8	11.8	11/02/96
Renaissance Global Resource Fund	29,449	14.12	–	3.0	8.0	29.4	65.5	65.5	2.0	13.2	–	15.0	08/02/02
Renaissance Global Science & Technology Fund	12,547	22.07	–	3.4	6.1	12.6	36.4	36.4	(4.0)	(0.8)	(12.9)	2.5	10/28/96
Renaissance Global Science & Technology Fund (US$)	–	21.05	–	3.9	8.6	24.8	60.6	60.6	(0.6)	1.9	(10.1)	4.4	10/28/96

Select and Elite Class: There will be no automatic transfer into the Select Class (including Select-T6 Class or Select-T8 Class within the Renaissance Optimal Income Portfolio or Select-T4 Class, Select-T6 or Select-T8 Class within the Renaissance Optimal Global Equity Portfolio) or Elite Class (including Elite-T6 Class or Elite-T8 Class within the Renaissance Optimal Income Portfolio or Elite-T4 Class, Elite-T6 or Select-T8 Class within the Renaissance Optimal Global Equity Portfolio) from other Renaissance classes when the minimum investment of the Select classes or Elite classes has been reached. Conversions and switches into the Select classes or Elite classes will be subject to the minimum investment requirements governing each class. As a result, an investor must hold a minimum investment of $250,000 to convert or switch into the Select classes, and $500,000 to convert or switch into the Elite classes. Note: See the Renaissance Investments family of funds Simplified Prospectus for the tax treatment of conversions and switches.

1 MERs quoted are as at August 31, 2009 (as disclosed in each fund or portfolio's annual management report of fund performance). Renaissance Investments may have waived fees or absorbed expenses otherwise payable by a fund. At the discretion of Renaissance Investments, this practice may continue indefinitely and can be terminated at any time.

2 Capped MER. Renaissance Investments will absorb any operating expenses or waive any management fees that exceed the capped MER, with the exception of any taxes or new fees introduced by regulators or governments.

3 Annualized MERs for the period ending August 31, 2009 (as disclosed in each fund or portfolio's annual management report of fund performance). Renaissance Investments may have waived fees or absorbed expenses otherwise payable by a fund. At the discretion of Renaissance Investments, this practice may continue indefinitely and can be terminated at any time.

4 All Renaissance Investments Low Load transactions, with trade dates prior to December 1, 2009 will maintain the trailer structure that was in place prior to December 1, 2009. This includes purchases and switches. Purchases made post December 1, 2009 will incur the trailer structure outlined above.

Lessons from a scotch connoisseur

Liquid assets

Scotch with a cigar? Yes. But pairing scotch with food? Absolutely. Scotch is no longer a drink that is relegated to the end of the meal. Single malt scotches are the latest in food-pairing trends, with adventurous epicureans lining up for tasting events. We asked an acclaimed chef and scotch connoisseur to tell us more.

"To me, scotch is just as important as food," says Marcus Von Albrecht, Director of the B.C. Chef's Association and President of the Vancouver chapter of Companions of The Quaich, Canada's premier single malt whisky appreciation society.

He says it's the combination of food and whiskey together that's creating a real buzz these days. "Whiskies pair easily because they have so many shades and characters. Every time you take a sip, something different is revealed."

Drinking scotch is a fast-growing hobby. But not just any scotch — single malt scotch. While other scotches are blended for a uniform flavour that's acceptable to the taste and pocketbooks of the masses, single malt scotches have individual character that can defy description.

Flavours and aromas range from earthy oak, smoke and leather to chocolate, pear, peppermint, lime, brine, pralines, vanilla, ginger, herbs — even wet dog and shoe polish.

"All it takes is an investment in time to educate your palate," says Von Albrecht. Here are some of his most educated pairing ideas:

Appetizers

Before the main course, Von Albrecht recommends selections from the Scottish island of Islay. Finlaggan Old Reserve Islay and Ileach Peaty Single Malt are among the best. Creamy, mature cheeses go well with these island malts. Smoked and cured meats also complement the strong, peaty flavour characteristic of Islay scotches, where peat smoke is used to dry the barley.

Chef's recommendations

- Tomato and cheese fondue and breaded prawn stuffed with mashed potato wrapped in bacon
- Candy cane beet salad, smoked duck and goat cheese, white chocolate and olive oil vinaigrette

5 steps to enjoying scotch

1. **Observe.** Pour the whisky in the glass and examine the colour and consistency. Do not swirl the glass — it may burn your nose.
2. **Taste.** Take a small quantity of whisky in your mouth, and hold it for 10 seconds at least. Swirl it gently in the mouth, and be sure it has travelled to the various parts of the tongue.
3. **Smell.** Move the glass under the nose, and breathe normally. This reveals the most unexpected fragrances.
4. **Free the bouquet.** Add two drops of spring water. This "opens" the whisky. After having done this, taste and smell again. Never add ice — it deadens the palate.
5. **Finish.** Consider the aftertastes and how long they linger.

Entrées

When the entrée is served, Von Albrecht recommends a stronger and more robust scotch. Mortlach 18-year single malt is considered one of the great whiskies of the world, and its flavour profile plays well with smoky bacon, grilled fish and malt flavours, while coconut cream coats the mouth for a smooth finish.

Chef's recommendations

- Lobster and scallops wrapped in bacon, and deep fried in malt vinegar
- Grilled halibut in a coconut cream broth

Desserts

For dessert, a strong scotch pairs well with toffee, caramel, coffee, tobacco, chocolate and ginger. A mouth-feel that is soft, rich and creamy makes the scotch go down smoothly. Why not go all-out with a glass of Ileach Cask Strength, which earned the highest score ever awarded by the industry reference guide *The Whiskey Bible*?

Chef's recommendations

- Sticky toffee pudding with caramel sauce and crème fraîche
- Madeira coffee cake with tobacco ganache
- Dark chocolate and scotch pot au crème with crème caramel ginger sugar cookie

An investment with smooth returns

As you begin to enjoy drinking single malt scotch, you may want to start collecting a few special bottles of your own. Turns out, it may not be a bad investment.

"All older scotches will go up in value," says Von Albrecht, who has a collection of 90 bottles and climbing. "A 25-year-old Macallan sold for $90 ten years ago. Today, it's worth $500."

Bottles often sell informally among scotch club members and through other social connections and, occasionally, through auction. Von Albrecht attended Hong Kong's first rare vintage whisky auction in November 2009. Bonhams, a famous international auction house, sold off 250 bottles from the estate of American millionaire Willard Folsom. All told, the collection of 3,000 bottles is expected to fetch $500,000 at a series of auctions in Edinburgh, New York and Hong Kong.

The rule of thumb for collecting is "the more exclusive it is, the more valuable." So, single malt from a single distillery is exclusive, but scotch from a single cask is even more exclusive. Von Albrecht says if you're looking to invest, consider scotch that is older than 14 years, has had limited production and is in a collectible bottle.

If you don't have any intention of drinking your investment, you may want to consider investing in the World Whisky Index. Denmark-based founder Michel Kappen stores bottles for investors who want to buy and sell whisky without taking physical ownership. Founded in November 2007, the index has recorded a 19% gain for bottles, while casks appreciated 32% in the first 20 months.

Kappen has nearly 5,000 bottles listed with a total market value of about US$4 million, with the most expensive single bottle topping US$80,000. He says his index has attracted roughly 1,500 buyers and sellers from all over the world, including Canada.

Getting started

One of the best ways to begin enjoying single malt scotch is to attend a tasting event at a local tavern. Better yet, join a scotch club. You'll have the opportunity to taste a wide variety of malt whiskies at a fraction of the prices charged in licensed premises. Not only that, but you can often meet other scotch lovers, learn from experts, including malt masters or head distillers from other countries, and purchase scotches not available at your local liquor store, often without a markup.

Asked if he would ever sell his personal scotch collection, Von Albrecht is clear: "No. I plan to drink every bottle before I die."

Scotch 101

Scotch has been distilled in Scotland for more than 500 years, where there are still about 100 active distilleries dating as far back as the 1600s. Every distillery produces its own distinctly flavoured whisky depending upon its location, water source, type of barley, size and shape of still, type of casks and length of maturation. Much like the wine regions of France, Scotland has distinctive whisky regions.

What makes single malt scotch whisky?

- **"Single"** means it comes from a single distiller, as opposed to a blended scotch like Johnnie Walker, which includes scotch from many different distilleries. Ninety percent of scotch produced is sold for blending.
- **"Malt"** means it is made from 100% malted barley. If it contains wheat, corn or other grains, it is called grain whisky.
- **"Scotch whisky"** means it is made in Scotland. If it's made anywhere else, it is just whisky. To be called scotch, the government requires it to be matured in oak casks for a minimum of three years (once bottled, scotch doesn't age), and contain at least 40% alcohol.

The views expressed in this article are those of Marcus Von Albrecht, president of Mava Foods and Von Albrecht and Associates, and should not be taken as the views of CIBC Asset Management.

Word scramble

Unscramble the following letters to spell words from this issue's "Invest Well" article:

1. etlrawttocs
2. uenidrbhg
3. aaccnouttns
4. omcptteiion
5. sowoedid
6. ssssiebenu
7. talsamendnuf
8. gignreem
9. naapj
10. mumierp

Sudoku

Complete the Sudoku puzzle so that each and every row, column and 3x3 box contains the numbers one through nine only once.

8		6				9		4
	7	9				5	6	
5			6		8			3
2	6		1		7		9	5
4	1		9		5		7	6
3			4		9			7
	4	7				6	3	
6		2				8		9

Source: 4puz.com

Spot the difference: Scottish Highlands

Can you spot the five differences between the pictures below?

Check your answers at www.renaissanceinvestments.ca/braincalisthenics

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