

## Investor concerns in the current environment

- ➔ **Performance**  
How can I improve the risk/return profile of my bond portfolio?
- ➔ **Rising Rates**  
How can I protect my portfolio from rising interest rates?
- ➔ **Diversification**  
How can I diversify to lower risk?
- ➔ **Opportunity**  
How can I generate yield from my bond portfolio in today's world of still low, but unsettled, interest rates?

Floating-rate loans can address these concerns by helping investors diversify fixed income holdings, generate yield and get ahead of the interest rate cycle.

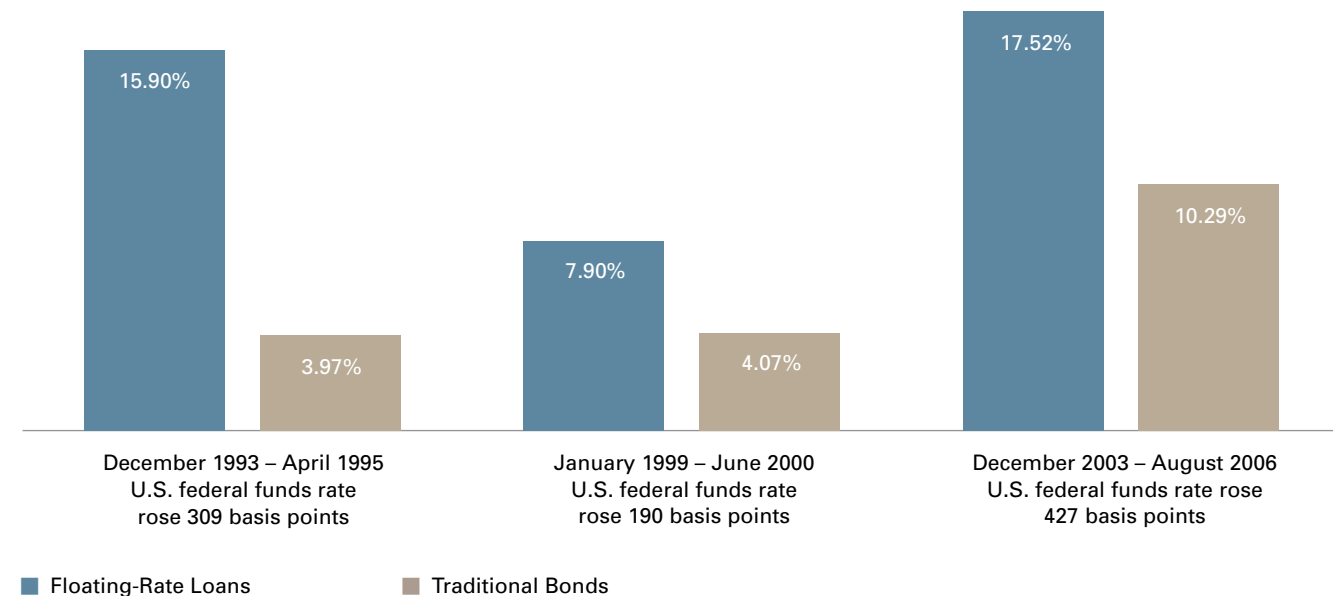
## Proven rising-rate protection

Traditional bond strategies, with longer than average durations, may offer investors little protection against declining values during a rising interest-rate environment. How can you make the most of your fixed-income allocation now, and in the future?

### A lesson from the past – when rates rise, loans have done well

The floating-rate loan asset class has proved its value over traditional bonds during the three rising-rate periods since 1992.

### Outperformance during rising-rate periods – Cumulative returns (USD)



Floating-Rate Loans are represented by the Credit Suisse Leveraged Loan Index. Traditional Bonds are represented by the Barclays US Aggregate Bond Index which is an index of U.S. dollar denominated, investment-grade U.S. corporate, government and mortgage-backed securities.

Source: Morningstar Direct. U.S. federal funds data from Federal Reserve Economic Data (FRED).

**The question remains: for a balanced portfolio, what is the optimal allocation to floating-rate loans?**

## Position your portfolio to benefit from rising interest rates

Renaissance has partnered with the experts at Ares Management LLC, to offer individual Canadian investors exclusive access to the firm's demonstrated, institutional floating-rate loan investment management expertise.

Fund options to fit your needs:

- [Class A](#)
- [Class F](#)
- [Class A \(US\\$\)](#)
- [Class F \(US\\$\)](#)
- [Class H \(Hedged\)](#)
- [Class FH \(Hedged\)](#)



**Assumptions:** Expected equity returns are based on historical data dating back to 1950. Data for bank loans goes back to 1992. Expected fixed income returns are based on current yields as at November 30, 2016. Standard deviation is based on historical data for all asset classes. Canadian equities represented by the S&P/TSX Composite Total Return Index. World equities represented by the MSCI World Index (CAD). Domestic fixed income represented by the FTSE Canada Universe All Government Bond Index with 10year+ maturity until 1990, then WG Bigar All Government Bond Index. Floating-rate loans represented by the Credit Suisse Leveraged Loan Index (CAD). Commissions, trailing commissions and, management fees and expenses all may be associated with mutual fund investments. Please read the Renaissance Investments family of funds simplified prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

# Improve portfolio risk and return potential by combining traditional bonds with floating-rate loans

## Hypothetical starting portfolio

**Globally-diversified balanced portfolio including: 30% Canadian equities, 30% world equities, 40% domestic fixed income and 0% floating-rate loans.**

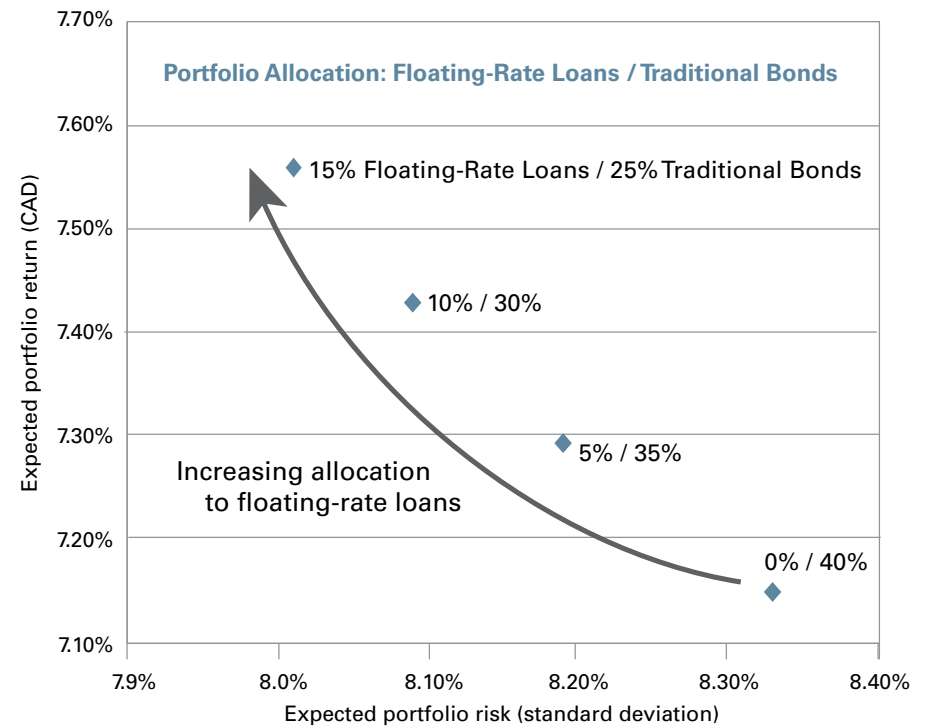
The graph illustrates the benefits of adding varying degrees of floating-rate loans to this hypothetical starting portfolio.

Each of the portfolio's subsequent asset mixes increases floating-rate loan exposure and reduces the allocation to traditional bonds.

## Results

- ➔ Potentially boosts the portfolio's returns
- ➔ Reduces the portfolio's expected risk (standard deviation)

## Improve a portfolio's expected risk and return by incorporating floating-rate loans into its bond holdings



Source: Morningstar Direct, CIBC Asset Management

For illustration purposes only