

RENAISSANCE OPTIMAL PORTFOLIOS

CIBC logo]

[CIBC Asset Management]

[Renaissance Optimal Portfolios]

[Steven Asfour

Director, Product Development

CIBC Asset Management]

>> Steven Asfour:

The origin of the Renaissance optimal portfolios dates back to November 2007 with the launch of the Renaissance Optimal Income Portfolio. Designed as a pension-like investment solution for retail investors providing the three key benefits that define the Renaissance Optimal Portfolios today.

[A sales document for the Renaissance Optimal Income Portfolio, with emphasis on a graphic of three intersecting circles labelled 'OPPORTUNITY', 'INCOME' and 'PROTECTION']

Those three key pillars are: income generation, volatility management, and lastly, capital growth.

[Text reading "Income Generation" with corresponding icon of arrows pointing at a dollar sign. Text reading "Volatility Management" with corresponding icon of a person beside a financial chart. Text reading "Capital Growth" with corresponding icon of a dollar sign alongside a financial chart.]

[CIBC Square building]

[Renaissance Optimal Portfolios: Robust open-architecture construction]

[Leslie Alba

Director, Portfolio Solutions

Total Investment Solutions

CIBC Asset Management]

>> Leslie Alba:

Our process involves ranking investment ideas using a Purpose Score. This score considers important factors such as potential return for risk, diversification, benefits and overall conviction.

[Purpose Score considers:

- Return over risk
- Diversification benefits
- Overall conviction]

Managers and strategies are carefully selected to fulfill our desired asset class exposures and we follow an open architecture approach that combines both in-house and third-party products to get exposure to those desired asset classes.

[Manager fulfillment

A graphic card with logos for American Century Investment, Ares, Brandywine Global, CIBC Asset Management, CIBC, Maple-Brown Abbot, Walter Scott and Wellington Management.]

Our team develops a deep understanding of the characteristics of the investment strategy.

Their deep research involves understanding the risk profile, the style or market cap exposures and the persistence of the investment exposures to determine the strategy's suitability for the investment solution in question.

[A graphic of a donut chart with a legend corresponding to a variety of bonds and equities.]

[Total Investment Solutions Team

- Risk profile
- Style/market cap exposures
- Persistence of investment exposures]

Our team assesses a wide range of investment options from active, fundamental quantitative, derivatives, and passive managers and will select amongst these options on the premise that the option fulfills a specific purpose in portfolios.

[Investment manager options:

- Active
- Fundamental
- Quantitative
- Derivatives

- Passive]

[A stylus tapping on a tablet showing a chart.]

[Renaissance Optimal Portfolios: Enhancements]

>> Steven Asfour:

To ensure the Renaissance Optimal portfolios continue evolving to reflect tomorrow's investment realities, we implemented several enhancements ensuring that the three key pillars continue to deliver on expected client outcomes: strategic oversight, tactical tilting, investment breadth and diversification.

[Renaissance Optimal Portfolio Enhancements:

- Strategic oversight
- Tactical tilting
- Investment breadth and diversification.]

>> Leslie Alba:

Over the long term, strategic asset allocation has been the time-tested moneymaker and it is generally very hard to time markets. Staying invested and taking a long-term approach really is the best way to deliver on investment objectives.

[Staying invested yields returns

(Investing for the long run at every market peak for 40+ years)

A line chart. The y-axis is labelled "S&P/TSX Composite TR Index returns CAD", and measures dollar values from \$0 to \$1,600,000 in \$200,000 increments. The x-axis is labelled "Years" and show 1981 to 2023. The line shows a relatively steady increase from \$0 in 1981 to \$1,322,976 in 2023.

All information in this chart is as of May 31, 2023 unless otherwise indicated and is subject to change. Example based on an initial investment of \$10,000 with 13 additional \$10,000 investments at the peak of market cycles resulted in a market value of \$1,322,796 based on a total book value of \$140,000. Source: CIBC Asset Management Inc. Investment would have been made in all S&P/TSX Composite stocks. Data is gross of fees. The above chart was created by CIBC Asset Management Inc. using S&P/TSX composite data from Morningstar Direct. © 2023 Morningstar Research Inc. All rights reserved.]

That said, with deep fundamental research, our teams are able to identify nearer-term market dislocation, trends and opportunities to incrementally add value to our clients.

We identify and implement tactical opportunities to enhance the performance of our Optimal Portfolios and we do this by using a very integrated combination of quantitative and qualitative models, rigorous forward-looking fundamental judgment and robust portfolio construction and risk management.

[Tactical opportunities are identified using:

- Quantitative and qualitative models
- Forward-looking fundamental judgement
- Robust portfolio construction and risk management]

[CIBC Square building]

[The Renaissance Optimal Portfolio Suite]

[Michael Sager

Head of Multi-Asset & Currency Management

CIBC Asset Management]

>> Michael Sager:

Within the Optimal Portfolio suite there are 4 distinct portfolios. Each one has a different profile in terms of return and risk objectives.

[Renaissance Optimal Portfolio Suite

A graphic showing four donut charts for each portfolio in the suite.]

The most conservative is called conservative income focused on 80% fixed income allocation, 20% allocation to equity.

[Renaissance Optimal Conservative Income Portfolio

A graphic showing a donut chart, alongside a legend giving a portfolio breakdown:

Canadian short-term bonds: 16%

Canadian bonds: 44%

Global aggregate bonds (hedged to CAD): 8%

US high-yield bonds (hedged to CAD): 8%

Floating-rate bonds (hedged to CAD): 4%

Canadian equity: 6%

US equity: 4%

International equity: 4%

Global infrastructure equity: 6%]

As we move along the spectrum, Optimal Income is 60% fixed income and 40% equity.

[Renaissance Optimal Income Portfolio

A graphic showing a donut chart, alongside a legend giving a portfolio breakdown:

Canadian short-term bonds: 10%

Canadian bonds: 30%

Global aggregate bonds (hedged to CAD): 6%

US high-yield bonds (hedged to CAD): 9%

Floating-rate bonds (hedged to CAD): 5%

Canadian equity: 12%

US equity: 12%

International equity: 8%

Global infrastructure equity: 8%]

So you can see that we are moving up in terms of risk tolerance of the investor.

Optimal Growth & Income is 60% equity, 40% fixed income.

[Renaissance Optimal Growth & Income Portfolio

A graphic showing a donut chart, alongside a legend giving a portfolio breakdown:

Canadian equity: 18%

US equity: 18%

International equity: 12%

Global infrastructure equity: 12%

Canadian short-term bonds: 6%

Canadian bonds: 20%

Global aggregate bonds (hedged to CAD): 4%

US high-yield bonds (hedged to CAD): 6%

Floating-rate bonds (hedged to CAD): 4%]

And then finally, the Optimal Global Equity Portfolio has a strategic allocation of 80% to equity and 20% to fixed income.

[Renaissance Optimal Global Equity Portfolio

A graphic showing a donut chart, alongside a legend giving a portfolio breakdown:

Canadian equity: 16%

US equity: 26%

International equity: 20%

Global infrastructure equity: 5%

Global small-cap equity: 5%

Emerging markets equity: 8%

Canadian short-term bonds: 3%

Canadian bonds: 10%

Global aggregate bonds (hedged to CAD): 2%

US high-yield bonds (hedged to CAD): 3%

Floating-rate bonds (hedged to CAD): 2%]

[CIBC Square building]

[Talk to your advisor to learn more about the Renaissance Optimal Portfolios]

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