

Annual Financial Statements

August 31, 2011



Annual Financial Statements

for the financial year ended August 31, 2011

Statement of Investment Portfolio As at August 31, 2011

Security	Number of Units	Average Cost (\$000s)	Current Value (\$000s)	% of Net Assets
¹MUTUAL FUNDS (note 9)				
Frontiers U.S. Equity Pool, Class 'O'	67,758	637	604	
		637	604	
TOTAL MUTUAL FUNDS		637	604	99.8%
Less: Transaction costs included in average cost		—		
TOTAL INVESTMENTS		637	604	99.8%
Unrealized Gain (Loss) on Forward Foreign Currency Contracts			(11)	(1.8)%
Other Assets, less Liabilities			12	2.0%
TOTAL NET ASSETS			605	100.0%

¹Hedging reference number. Refers to a corresponding number on the Forward Foreign Currency Contracts Schedule.

Forward Foreign Currency Contracts Schedule (note 9)

Hedging Ref. No.**	Counterparty	Credit Rating for Counterparty*	Settlement Date	Currency Buys	Par Value	Currency Sells	Par Value	Forward Rate	Current Rate	Unrealized Gain (Loss) (\$000s)
1	State Street Trust Co. Canada	A-1+	2011/10/21	USD	60,021	CAD	59,600	0.993	0.980	(1)
1	State Street Trust Co. Canada	A-1+	2011/10/21	USD	43,291	CAD	42,700	0.986	0.980	—
1	State Street Trust Co. Canada	A-1+	2011/10/21	USD	36,251	CAD	35,000	0.965	0.980	1
1	State Street Trust Co. Canada	A-1+	2011/10/21	CAD	544,173	USD	566,576	1.041	1.020	(11)
1	State Street Trust Co. Canada	A-1+	2011/10/21	CAD	52,400	USD	53,424	1.020	1.020	—
1	State Street Trust Co. Canada	A-1+	2011/10/21	CAD	46,300	USD	47,274	1.021	1.020	—
1	State Street Trust Co. Canada	A-1+	2011/10/21	USD	28,000	USD	28,247	1.009	1.020	—
1	State Street Trust Co. Canada	A-1+	2011/10/21	CAD	25,700	USD	25,935	1.009	1.020	—
										(11)

* The credit rating of each counterparty (as rated by Standard & Poor's, a division of The McGraw-Hill Companies, Inc.) of the forward foreign currency contracts held by the Pool meets or exceeds the minimum approved credit rating.

** See corresponding reference number on the Statement of Investment Portfolio.

Frontiers U.S. Equity Currency Neutral Pool

Supplemental Schedule to Statement of Investment Portfolio

Risk Management

Investment Objective: Frontiers U.S. Equity Currency Neutral Pool (the *Pool*) seeks to achieve long-term capital growth primarily through exposure to a U.S. equity fund that invests primarily in equity securities of companies listed on major U.S. exchanges and that are located in the United States (the *Underlying Fund*). The Pool will attempt to reduce its currency exposure to non-Canadian dollar currencies by implementing a currency hedging strategy.

Investment Strategies: The Pool will invest primarily in units of Frontiers U.S. Equity Pool and will attempt to reduce its currency exposure to non-Canadian dollar currencies by implementing a currency hedging strategy that is aimed at protecting the Pool from non-Canadian dollar currency fluctuations in respect of units it owns in the Underlying Fund. The Pool may not be able to hedge its currency exposure fully and therefore could be subject to some foreign currency exposure.

The Statement of Investment Portfolio presents the securities held by the Pool as at August 31, 2011 and groups the securities by asset type, industry sector, geographic region, or currency exposure. As the Pool invests in the Underlying Fund, it may be indirectly exposed to credit, currency, and interest rate risks from these holdings. For currency risk, the net currency exposure from investments in the Underlying Fund and forward foreign currency contracts is discussed below in the Currency Risk section. For other financial instruments risks, only direct exposure to significant risks that are relevant to the Pool is discussed below. General information on risk management and specific discussion on credit, currency, interest rate, liquidity, and other price/market risk can be found in note 2 of the financial statements.

Summary of Investment Portfolio as at August 31, 2010

The Summary of Investment Portfolio has not been shown because, as at August 31, 2010, the Pool did not exist.

Credit Risk

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

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

As at August 31, 2011, the Pool had no significant investments in debt securities.

Currency Risk

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

As at August 31, 2011

Currency (note 2)	Currency Exposure from Underlying Fund (\$000s)	Forward Foreign Currency Contracts (\$000s)	Total Currency Exposure* (\$000s)	% of Net Assets
USD	598	(570)	28	4.6

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

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

	August 31, 2011
Impact on Net Assets (\$000s)	—

Interest Rate Risk

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

Liquidity Risk

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

Other Price/Market Risk

The table below indicates the change in net assets had the value of the Pool's benchmark(s) increased or decreased by 1%, as at August 31, 2011. This change is estimated based on the historical correlation between the return of Class O units of the Pool as compared to the return of the Pool's benchmark(s), using 4 monthly data points, as available, based on the monthly net returns of the Pool. This analysis assumes that all other variables remain unchanged. The historical correlation may not be representative of the future correlation and, accordingly, the impact on net assets could be materially different.

Benchmark	Impact on Net Assets (\$000s) August 31, 2011
S&P 500 Index (USD)	6

Fair Value of Financial Instruments

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

As at August 31, 2011

Classification	Level 1 (i) (\$000s)	Level 2 (ii) (\$000s)	Level 3 (iii) (\$000s)	Total (\$000s)
Financial Assets				
Mutual Funds	604	—	—	604
Currency Forward Contracts	—	833	—	833
Total Financial Assets	604	833	—	1,437
Financial Liabilities				
Currency Forward Contracts	—	(844)	—	(844)
Total Financial Liabilities	—	(844)	—	(844)
Total Financial Assets and Liabilities	604	(11)	—	593

(i) Quoted prices in active markets for identical assets

(ii) Significant other observable inputs

(iii) Significant unobservable inputs

Reconciliation of financial asset and liability movement — Level 3

The Pool did not hold any significant positions of Level 3 investments at the beginning of, during, or at the end of any reporting period.

Frontiers U.S. Equity Currency Neutral Pool

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

As at August 31, 2011 (note 1)

	2011
Assets	
Investments at current value (notes 2 and 3)	\$ 604
Cash including foreign currency holdings, at current value	10
Receivable for portfolio securities sold	2
Unrealized gain on forward foreign currency contracts	1
Total Assets	617
Liabilities	
Unrealized loss on forward foreign currency contracts	12
Total Liabilities	12
Total Net Assets	\$ 605
Net Assets per Class (note 10)	
Class 0	\$ 605
Net Assets per Unit^{††} (notes 4 and 10)	
Class 0	\$ 9.82

In 2010, the Manager, as the initial investor of the Pool, invested \$150,000 and received units of 15,000 in return. Pursuant to policies of the Canadian provincial securities authorities, the Manager, as initial investor, cannot redeem its investment in units of the Pool until an additional \$500,000 has been invested by third-party investors in units of a Pool.

^{††} Reconciliation of Net Assets per Unit (note 10)

	Net Assets per Unit	Adjustment for CICA 3855 Valuation Difference per Unit	Net Asset Value per Unit
Class 0	\$9.82	\$ —	\$9.82

Organization of the Pool (note 1)

The Pool was established on December 8, 2010 (*Date Established*).

	Inception Date
Class 0	February 17, 2011

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

For the period ended August 31, 2011 (note 1)

	2011
Income	
Income (loss) from forward foreign currency contracts	\$ 13
	13
Expenses (notes 5 and 8)	
Management fees [*]	—
Independent review committee fees	—
	—
Expenses waived/absorbed by the Manager	—
	—
Net Investment Income (Loss)	13
Realized and Unrealized Gain (Loss) on Investments	
Net realized gain (loss) on sale of investments	(3)
Transaction costs	—
Increase (decrease) in unrealized appreciation (depreciation) of investments	(43)
Net Gain (Loss) on Investments	(46)
Increase (Decrease) in Net Assets from Operations	\$ (33)
Increase (Decrease) in Net Assets from Operations per Class	
Class 0	\$ (33)
Increase (Decrease) in Net Assets from Operations per Unit	
Class 0	\$ (0.90)

^{*} Maximum Chargeable Management Fee Rates (note 5)

Class 0	0.00%
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Frontiers U.S. Equity Currency Neutral Pool

**Statement of Changes in Net Assets
(in 000s)**

For the period ended August 31, 2011 (note 1)

	Class 0 Units
	2011
Increase (Decrease) in Net Assets from Operations	\$ (33)
Changes Due to Unitholder Transactions	
Amount received from the issuance of units	641
Amount paid on redemptions of units	(3)
	638
Increase (Decrease) in Net Assets for the Period	605
Net Assets at Beginning of Period	—
Net Assets at End of Period	\$ 605
Units Issued and Outstanding (note 4)	
As at August 31, 2011	
Balance — beginning of period	—
Units issued for cash	62
	62
Units redeemed	—
Balance — end of period	62

Notes to Financial Statements

August 31, 2011 and 2010

1. Frontiers Pools — Organization of the Pools and Financial Reporting Periods

The Frontiers Pools consist of Frontiers Canadian Short Term Income Pool, Frontiers Canadian Fixed Income Pool, Frontiers Canadian Monthly Income Pool, Frontiers Canadian Equity Pool, Frontiers U.S. Equity Pool, Frontiers U.S. Equity Currency Neutral Pool, Frontiers International Equity Pool, Frontiers Emerging Markets Equity Pool, and Frontiers Global Bond Pool.

Each of the Frontiers Pools (individually, a *Pool*, and collectively, the *Pools*) is a mutual fund trust organized under the laws of Ontario and governed by a declaration of trust (*Declaration of Trust*). The Pools are managed by CIBC Asset Management Inc. (the *Manager*). The Manager is also the trustee, registrar, and transfer agent of the Pools.

Each Pool may issue an unlimited number of classes of units and an unlimited number of units of each class. Class A, C, I, and O units of each of the Pools are available for sale, except Frontiers Canadian Short Term Income Pool which only offers Class A units, and Frontiers U.S. Equity Currency Neutral Pool, which only offers Class O units. In the future, the offering of any classes of a Pool may be terminated or additional classes may be offered.

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

Class A units are available only to investors participating in the Frontiers Program. This program will invest in a number of Pools, which will form a Frontiers Portfolio. Class A units are available on a no-load basis. Investors do not pay a sales commission when purchasing Class A units, nor are they charged a redemption fee if they redeem their Class A units. They may have to pay a short-term trading fee, if applicable.

Class C units are available to all investors on a no-load basis. Investors do not pay a sales commission when purchasing Class C units, nor are they charged a redemption fee if they redeem their Class C units. They may have to pay a short-term trading fee, if applicable.

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

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

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

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

2. Summary of Significant Accounting Policies

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

a) Risk Management

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

Fair value of financial instruments by using valuation techniques

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

Credit risk

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

Currency risk

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

Interest rate risk

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

Liquidity risk

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

Other price/market risk

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

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

- i) Each transaction of purchase or sale of a portfolio asset by a Pool is reflected in the net assets no later than the first computation of net assets made after the date on which the transaction becomes binding upon the Pool.
- ii) Interest income is recorded on the accrual basis.

Notes to Financial Statements

- iii) Dividend income is recorded on the ex-dividend date.
- iv) Securities that are exchange-traded are recorded at current value, established by the closing bid price.
- v) Realized gains and losses on investments and unrealized appreciation or depreciation of investments are calculated using the average cost, excluding transaction costs, of the related investments.
- vi) Other income is the sum of income other than that which is separately classified on the Statements of Operations.

c) Portfolio Securities

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

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

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

d) Foreign Exchange

The value of investments and other assets and liabilities denominated in foreign currencies is translated into Canadian dollars at the current rates prevailing on each Valuation Date.

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

e) Forward Foreign Currency Contracts

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

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

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

f) Futures Contracts

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

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

g) Securities Lending

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

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

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

h) Multi-Class Structured Pools

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

i) Other Assets and Liabilities

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

Notes to Financial Statements

j) Legend for Abbreviations

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

Currency Abbreviations

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

Other Abbreviations

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

k) International Financial Reporting Standards

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

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

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

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

3. Valuation of Investments

The valuation date for a Pool is any day when the Manager's head office is open for business (*Valuation Date*). The Trustee may, at its discretion, establish other Valuation Dates. The value of the investments or assets of a Pool is determined as follows:

a) Cash and Other Assets

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

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

b) Bonds, Debentures, and Other Debt Obligations

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

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

Any security that is listed or traded on a securities exchange is valued at current value using the closing bid price or, if there is no closing bid price on that exchange and in the case of securities traded on an "over-the-counter" market, at the current value as determined by the Manager as an appropriate basis for valuation. In such situations, a fair value will be determined by the Manager to establish current value. If any securities are inter-listed, or traded on more than one exchange or market, the Manager will use the principal exchange or market for the current value of such securities.

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

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

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

d) Derivatives

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

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

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

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

e) Restricted Securities

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

f) Other Securities

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

Notes to Financial Statements

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

4. Units Issued and Outstanding

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

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

The capital received by a Pool is utilized within the respective investment mandate of a Pool. For all Pools, this includes the ability to make liquidity available to satisfy unitholder unit redemption requirements upon the unitholder's request.

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

5. Management Fees and Operating Expenses

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

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

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

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

In some cases, the Manager may charge management fees to a Pool that are less than the management fees the Manager is entitled to charge in respect of certain investors in a Pool. The difference in the amount of the management fees will be paid out by the Pool to the applicable investors as a distribution of additional units of the Pool (*Management Fee Distributions*).

Management Fee Distributions are negotiable between the Manager and the investor and are dependent primarily on the size of the investor's investment in the Pool. Management Fee Distributions paid to qualified investors do not adversely impact the Pool or any of the Pool's other investors. The Manager may increase or decrease the amount of Management Fee Distributions to certain investors from time to time.

6. Income Taxes

The Pools (except Frontiers U.S. Equity Currency Neutral Pool) qualify as mutual fund trusts under the *Income Tax Act* (Canada). No income tax is payable by the Pools on net income and/or net realized capital gains that are distributed to unitholders. In addition, for all Pools (except Frontiers U.S. Equity Currency Neutral Pool) income taxes payable on undistributed net realized capital gains are refundable on a formula basis when units of the Pools are redeemed. Sufficient net income and realized capital gains of the Pools have been, or will be, distributed to the unitholders such that no tax is payable by the Pools and accordingly, no provision for income taxes has been made in the financial statements. Occasionally, a Pool may pay distributions in excess of net income and net realized capital gains of the Pool. This excess distribution is called a return of capital and is non-taxable to the unitholder. However, a return of capital reduces the average cost of the unitholder's units for tax purposes.

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

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

Frontiers U.S. Equity Currency Neutral Pool has a taxation year-end of December 31. All other Pools have a taxation year-end of December 15.

7. Brokerage Commissions and Fees

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

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

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

8. Related Party Transactions

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

Manager, Trustee, Portfolio Advisor and Portfolio Sub-Advisor of the Pools

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

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

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

Notes to Financial Statements

Brokerage Arrangements and Soft Dollars

The 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 CIBC Global Asset Management Inc. (CGAM), to CIBC World Markets Inc. and CIBC World Markets Corp., each a subsidiary of CIBC. The total commissions paid to related brokers in connection with portfolio transactions are reported in footnote *Brokerage Commissions and Fees* on the Statements of Operations of each Pool.

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

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

Custodian

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

Service Provider

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

9. Hedging

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

10. Reconciliation of Net Assets Per Unit and Net Asset Value Per Unit

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

Independent Auditors' Report

To the Unitholders of

Frontiers Canadian Short Term Income Pool
Frontiers Canadian Fixed Income Pool
Frontiers Canadian Monthly Income Pool
Frontiers Canadian Equity Pool
Frontiers U.S. Equity Pool

Frontiers U.S. Equity Currency Neutral Pool
Frontiers International Equity Pool
Frontiers Emerging Markets Equity Pool
Frontiers Global Bond Pool

(collectively, the "Pools")

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Toronto, Canada
November 8, 2011

Ernst & Young LLP
Chartered Accountant
Licensed Public Accountants



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

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