



*Annual Management Report  
of Fund Performance*

*August 31, 2011*



## Annual Management Report of Fund Performance

for the financial year ended August 31, 2011

All figures are reported in Canadian dollars unless otherwise noted.

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

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

### Management Discussion of Fund Performance

#### Investment Objective and Strategies

Investment 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.

#### Risk

The Pool is a U.S. equity fund that is suitable for investors who are seeking the potential capital appreciation of foreign companies, who can tolerate the average investment risk associated with foreign equity securities, and who are seeking to limit foreign currency fluctuations versus the Canadian dollar.

For the period ended August 31, 2011, the Pool's overall level of risk remains as discussed in its simplified prospectus.

#### Results of Operations

The portfolio sub-advisor of the Pool is CIBC Global Asset Management Inc. (*CGAM*). The Pool invests primarily in units of Frontiers U.S. Equity Pool (the *Underlying Fund*). The portfolio sub-advisors of the Underlying Fund are INTECH Investment Management LLC (*INTECH*), Aletheia Research and Management Inc. (*Aletheia*), Metropolitan West Capital Management, LLC (*MetWest*), and Fiduciary Management Inc. (*Fiduciary*). The commentary that follows provides a summary of the results of operations for the period ended August 31, 2011. All dollar figures are expressed in thousands, unless otherwise indicated.

- Since the Pool's inception on February 17, 2011, the net asset value increased to \$605 as at August 31, 2011. Net sales of \$638 were partially offset by negative investment performance, resulting in an overall increase in net asset value.
- In 2010, the Manager invested \$150 of initial capital into the Pool. As at August 31, 2011, this amount is still retained in the Pool.
- Class O units of the Pool posted a return of -6.6% for the period. The Pool's primary benchmark, the S&P 500 Index (the *benchmark*), returned -4.1% for the same period. The Pool's return is after the deduction of fees and expenses, unlike the benchmark.
- Based on a number of data points, the U.S. economy appears to be more stable than it was two years ago, and the U.S. Federal Reserve Board remains engaged in facilitating a self-sustaining recovery. However, job creation remains a challenge and gross domestic product (*GDP*) growth has not been strong enough to return levels to the long-term trend. Housing prices remain at depressed levels and home inventories remain elevated. The rapid earnings growth exhibited from the early 2009 bottom appears to be losing momentum as profit margins have been at all-time highs due to large, and likely unsustainable, cost cuts.
- During the period, small-cap stocks outperformed their large-cap counterparts and growth stocks outperformed value stocks in both the large-cap and small-cap area of the market by a significant margin.
- At the end of the period, the Underlying Fund's three largest sector allocations were information technology, consumer discretionary, and financials. Relative to the benchmark, an underweight position in energy, the best performing sector, detracted the most value during the period. An overweight in consumer discretionary, the second best performing sector, added the most value during the period. The Underlying Fund's three largest holdings were International Business Machines Corp. (IBM), eBay Inc., and Apple Inc. at the end of the period.
- The U.S. Large-Cap Growth Equity component of the Underlying Fund underperformed the benchmark over the period. The strategy's large underweight to the health care sector subtracted

value as did stock selection in the energy and materials sectors. An overweight exposure to the energy and consumer discretionary sectors significantly contributed to relative performance, as these were the two best performing sectors during the period. The energy sector combined with the materials sector represented just under 40% of Aletheia's portfolio at the end of the period.

- Performance for the U.S. Large-Cap Value Equity component of the Underlying Fund also detracted value relative to the benchmark during the period. An underweight exposure to energy, the best performing sector over the period, detracted the most value relative to the benchmark. An overweight in the information technology sector provided relative outperformance to the benchmark.
- The U.S. Large-Cap Quantitative Core Equity component of the Underlying Fund, managed by INTECH, added value relative to the benchmark over the period. The largest contributor to relative performance versus the benchmark came from an overweight to the consumer discretionary sector, the second best performing sector over the period. The largest detractor to relative performance came from an underweight to energy, the best performing sector over the period.
- The U.S. Small-Cap Equity component of the Underlying Fund proved beneficial as small-cap outperformed large-cap in the period. Finance, distribution services, transportation, and health technology sectors all helped relative performance, while the service sectors and cash, electronic technology, and process industries detracted from performance relative to the benchmark. Federated Investors and Dun & Bradstreet were two of the biggest detractors, while Arrow Electronics and Affiliated Managers Group were the largest individual contributors. The strategy's top sector exposures were in industrials, information technology, and financials.
- The Pool attempts 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 Pool. Certain factors might prevent the Pool from being fully hedged so it may be exposed to some foreign currency exposure.

### Recent Developments

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

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

The 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.

### Related Party Transactions

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

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

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

#### *Portfolio Sub-Advisor*

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

#### *Distributor*

The CIBC Wood Gundy division of CIBC World Markets Inc. (CIBC WM) is a dealer through which units of the Pool are sold to investors. CIBC WM is a wholly-owned subsidiary of CIBC. CAMI may pay sales commissions and trailing commissions to these dealers in connection with the sale of units of the Pool. These dealers may pay a portion of these sales commissions and trailing commissions to their advisors who sell units of the Pool to investors.

#### *Brokerage Arrangements and Soft Dollars*

Portfolio sub-advisors make decisions, including the selection of markets and dealers and the negotiation of commissions, with respect to the purchase and sale of portfolio securities, certain derivative products (including futures) and the execution of portfolio transactions. Brokerage business may be allocated by portfolio sub-advisors, including CGAM, to CIBC WM and CIBC World Markets Corp., each a subsidiary of CIBC. CIBC WM and CIBC World Markets Corp. may also earn spreads on the sale of fixed income, other securities and certain derivative products (including forwards) to the Pool. A spread is the difference between the bid and ask prices for a security in the applicable marketplace, with respect to the execution of portfolio transactions. The spread will differ based upon various factors such as the nature and liquidity of the security.

CIBC WM and CIBC World Markets Corp. may also furnish goods and services, other than order execution, to portfolio sub-advisors, including CGAM, that process trades through them (referred to in the industry as "soft-dollar" arrangements). These goods and services are paid for with a portion of brokerage commissions and assist portfolio sub-advisors, including CGAM, with their investment decision-making

services to the Pool or relate directly to executing portfolio transactions on behalf of the Pool. In accordance with the terms of the portfolio sub-advisory agreements, such soft-dollar arrangements are in compliance with applicable laws.

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

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

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

#### *Pool Transactions*

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

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

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

#### *Custodian*

The custodian holds all cash and securities for the Pool and ensures that those assets are kept separate from any other cash or securities that the custodian may be holding. CIBC Mellon Trust Company is the custodian of the Pool (the *Custodian*). The fees for services of the

Custodian directly related to the execution of portfolio transactions by the Pool 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 during that month. All other fees for the services of the Custodian are paid by the Manager and charged to the Pool on a recoverable basis.

#### *Service Provider*

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

## Financial Highlights

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

### The Pool's Net Assets per Unit<sup>1</sup> – Class 0 Units

	2011 <sup>a</sup>
<b>Net Assets, beginning of period</b>	\$10.52 <sup>b</sup>
<b>Increase (decrease) from operations:</b>	
Total revenue	\$ 0.34
Total expenses	–
Realized gains (losses) for the period	(0.08)
Unrealized gains (losses) for the period	(1.16)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$(0.90)</b>
<b>Distributions:</b>	
From income (excluding dividends)	\$ –
From dividends	–
From capital gains	–
Return of capital	–
<b>Total Distributions<sup>3</sup></b>	<b>\$ –</b>
<b>Net Assets, end of period</b>	<b>\$ 9.82</b>

<sup>a</sup> Information presented is for the period from February 17, 2011 to August 31, 2011.

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

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

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

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

### Ratios and Supplemental Data – Class 0 Units

	2011 <sup>a</sup>
<b>Total Net Asset Value (000s)<sup>4</sup></b>	\$605
<b>Number of Units Outstanding<sup>4</sup></b>	61,602
<b>Management Expense Ratio<sup>5</sup></b>	0.00%*
<b>Management Expense Ratio before waivers or absorptions<sup>6</sup></b>	0.00%*
<b>Trading Expense Ratio<sup>7</sup></b>	0.00%*
<b>Portfolio Turnover Rate<sup>8</sup></b>	13.86%
<b>Net Asset Value per Unit</b>	\$9.82

<sup>a</sup> Information presented is for the period from February 17, 2011 to August 31, 2011.

\*Ratio has been annualized.

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

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

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

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

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

**Management Fees**

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

**Past Performance**

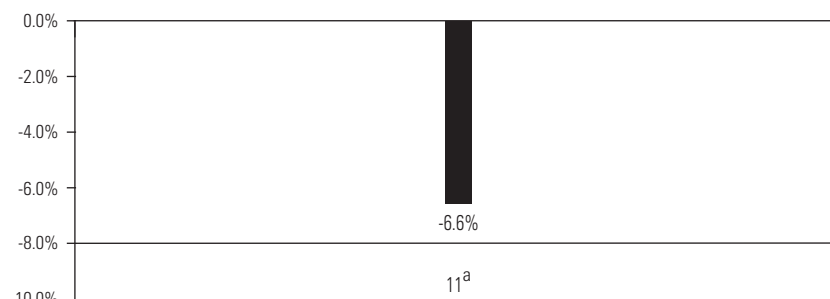
The performance data provided assumes reinvestment of distributions only and does not take into account sales, redemption, distribution, or other optional charges payable by any unitholder that would have reduced returns. Past performance does not necessarily indicate how a fund will perform in the future.

The Pool's returns are after the deduction of fees and expenses. See the section entitled *Financial Highlights* for the management expense ratio.

**Year-by-Year Returns**

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

*Class O Units*



<sup>a</sup>2011 return is for the period from February 17, 2011 to August 31, 2011.

**Annual Compound Returns**

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

	1 Year	3 Years	5 Years	10 Years* or Inception*
Class O units (Inception Date – February 17, 2011)				– 6.6%
S&P 500 Index				– 4.1%

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

**S&P 500 Index (USD)** is a capitalization-weighted index of 500 stocks, designed to measure performance of the broad U.S. economy representing all major industries.

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

*Frontiers U.S. Equity Currency Neutral Pool*

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

The Pool invests primarily in units of Frontiers U.S. Equity Pool and attempts to reduce its currency exposure to non-Canadian dollar currencies by implementing a currency hedging strategy. The information below shows the Portfolio Breakdown of the fund and the fund's exposure to the Top Positions of Frontiers U.S. Equity Pool. You can find the prospectus and additional information about Frontiers U.S. Equity Pool by visiting [www.sedar.com](http://www.sedar.com).

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

<i>Portfolio Breakdown</i>	<i>% of Net Asset Value</i>	<i>Top Positions</i>	<i>% of Net Asset Value</i>
Information Technology	17.28	IBM Corp.	3.22
Consumer Discretionary	12.68	Cash & Cash Equivalents	2.46
Financials	11.96	eBay Inc.	1.94
Industrials	11.77	Apple Inc.	1.75
Consumer Staples	10.75	Deere & Co.	1.61
Energy	10.68	Boeing Co. (The)	1.60
Materials	9.81	Exxon Mobil Corp.	1.53
Health Care	9.30	Hess Corp.	1.45
Other Equities	4.90	Coca-Cola Co. (The)	1.33
Cash & Cash Equivalents	2.46	Newmont Mining Corp. Holding Co.	1.21
Other Assets, Less Liabilities	0.23	McDonald's Corp.	1.18
Forward & Spot Contracts	- 1.82	NovaGold Resources Inc.	1.08
		Bank of America Corp.	1.02
		Intuit Inc.	0.97
		Barrick Gold Corp.	0.95
		DIRECTV, Class 'A'	0.95
		Time Warner Inc.	0.91
		EMC Corp.	0.91
		Oracle Corp.	0.90
		Hershey Co. (The)	0.90
		Freeport-McMoRan Copper & Gold Inc., Class 'B'	0.89
		Texas Instruments Inc.	0.89
		Northrop Grumman Corp.	0.87
		H.J. Heinz Co.	0.86
		Caterpillar Inc.	0.85

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

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