



## Annual Management Report of Fund Performance

for the financial year ended December 31, 2015

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 1-800-465-3863, by writing to us at CIBC, 18 York Street, Suite 1300, Toronto, Ontario, M5J 2T8, or by visiting [www.cibc.com/mutualfunds](http://www.cibc.com/mutualfunds) or the SEDAR website at [www.sedar.com](http://www.sedar.com).

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:** CIBC Canadian Small-Cap Fund (the *Fund*) seeks to provide long-term growth through capital appreciation by investing primarily in small and medium-sized Canadian companies judged to be undervalued or that have above-average growth potential.

**Investment Strategies:** The Fund identifies stocks with sustainable growth characteristics from among a universe of primarily small- to mid-capitalization Canadian stocks that trade at reasonable valuations. The Fund will also invest in some well-known, established companies and aims to add value through prudent security selection based on fundamental, bottom-up analysis.

#### Risk

The Fund is a Canadian small-/mid-cap equity fund that is suitable for long-term investors who can tolerate medium to high investment risk.

For the period ended December 31, 2015, the Fund's overall level of risk remains as discussed in the simplified prospectus.

#### Results of Operations

The portfolio advisor of the Fund is CIBC Asset Management Inc. (*CAMI* or the *Portfolio Advisor*). The commentary that follows provides a summary of the results of operations for the period ended December 31, 2015. All dollar figures are expressed in thousands, unless otherwise indicated.

The Fund's net asset value decreased by 17% during the period, from \$241,672 as at December 31, 2014 to \$199,761 as at December 31, 2015. Net redemptions of \$24,323 and negative investment performance resulted in an overall decrease in net asset value.

Class A units of the Fund posted a return of -8.3% for the period. The Fund's benchmark is the BMO Nesbitt Burns Small-Cap Weighted Index (the *benchmark*), which returned -13.8% for the same period. The Fund's return is after the deduction of fees and expenses, unlike the benchmark.

The Canadian small-capitalization market, as measured by the BMO Nesbitt Burns Small-Cap Weighted Index, declined over the period, primarily as a result of the steep decline in the energy sector, which fell by about 38.5%. The sharp decline in energy prices also had a negative impact on the energy-dependent Canadian economy. Moves by the Organization of the Petroleum Exporting Countries (*OPEC*) to maintain global market share significantly contributed to crude benchmark pricing falling another 30% in 2015. This drop followed the 40% decline in crude oil prices in 2014. Increased demand from lower energy prices could not offset the excess supply globally.

Other commodities also weakened, as the metals and materials sub-sector fell nearly 30% for the year. A lack of global growth (and specifically a slowdown in Chinese economic growth) put pressure on commodity prices. The price of gold declined from highs of around US\$1,300 in January to about US\$1,061 at the end of the year. Gold stocks declined significantly as a result. A strong U.S. dollar, supported by tightening U.S. monetary policy, contributed to the weakness in gold prices.

The Fund's moderate underweight exposure to the energy sector and security selection in the energy and consumer discretionary sectors contributed to performance. Individual contributors included Spartan Energy Corp. (*Spartan*), Tamarack Valley Energy Ltd. (*Tamarack Valley*) and Cineplex Inc. (*Cineplex*). Despite declining oil prices, Spartan's share price rose as a result of its low operating costs, solid balance sheet and deep inventory of drilling prospects. Tamarack Valley benefited from a strong balance sheet and low production costs. Cineplex's share price rose as a result of strong financial results and the success of its premium theatre offering.

Security selection in the information technology sector and moderate underweight exposure to the health care sector, the strongest-performing sector within the benchmark, detracted from the Fund's performance. Individual detractors included ViXS Systems Inc. (*ViXS*) and Pure Technologies Ltd. (*Pure Technologies*). ViXS' share price declined as a result of operational challenges and slower end-market adoption of 4K video technology. Pure Technologies'

share price declined as a result of slower-than-expected growth as the company worked through the integration of recent acquisitions.

The Portfolio Advisor added U.S. regional bank BankUnited Inc. (*BankUnited*), exploration and production company Tamarack Valley and real estate company Milestone Apartments REIT to the Fund. BankUnited was added based on its position as a high-quality, growth-oriented regional bank. Tamarack Valley has a strong balance sheet, and the Portfolio Advisor believes its stock is trading at an attractive valuation. Milestone Apartments REIT was added for its quality properties and dividend yield.

The Portfolio Advisor increased holdings in Sierra Wireless Inc. (*Sierra Wireless*) and AG Growth International Inc. (*AG Growth*). The Portfolio Advisor believes Sierra Wireless has the potential to benefit from long-term Internet growth trends, and that AG Growth's long-term growth drivers remain intact.

The Portfolio Advisor eliminated the Fund's holdings in Glentel Inc. (*Glentel*), Canadian Western Bank, IMAX Corp. (*IMAX*) and Intertape Polymer Group Inc. (*Intertape*). Glentel was sold after being acquired by BCE Inc. Canadian Western Bank was sold in response to uncertainty about the company's near-term growth prospects. The Portfolio Advisor sold IMAX as a result of its exposure to capital markets in China, and sold Intertape on concerns about logistical challenges presented by recent flood damage.

The Portfolio Advisor decreased the Fund's holding in Descartes Systems Group Inc. to take advantage of recent stock price strength. Proceeds were used to increase the holding in Sierra Wireless. A holding in CCL Industries Inc. was also trimmed to take advantage of recent stock price strength and to reduce the Fund's allocation to high-capitalization stocks.

### Recent Developments

During the period, there were no events or activities that had a material impact on the Fund.

### Related Party Transactions

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

#### Manager

CIBC is the Manager of the Fund. CIBC receives management fees with respect to the day-to-day business and operations of the Fund, calculated based on the net asset value of each respective class of units of the Fund as described in the section entitled *Management Fees*. The Manager also compensates its wholesalers in connection with their marketing activities regarding the Fund. From time to time, CIBC may provide seed capital to the Fund.

#### Trustee

CIBC Trust Corporation, a wholly-owned subsidiary of CIBC, is the trustee (the *Trustee*) of the Fund. The Trustee holds title to the property (cash and securities) of the Fund on behalf of its unitholders.

#### Portfolio Advisor

The portfolio advisor provides, or arranges to provide, investment advice and portfolio management services to the Fund. CAMI, a wholly-owned subsidiary of CIBC, is the portfolio advisor of the Fund.

#### Distributor

Dealers and other firms sell the units of the Fund to investors. These dealers and other firms include CIBC's related dealers such as the principal distributor, CIBC Securities Inc. (*CIBC SI*), the CIBC Investor's Edge discount brokerage division of CIBC Investor Services Inc. (*CIBC ISI*), the CIBC Imperial Service division of CIBC ISI, and the CIBC Wood Gundy division of CIBC World Markets Inc. (*CIBC WM*). CIBC SI, CIBC ISI, and CIBC WM are wholly-owned subsidiaries of CIBC.

CIBC may pay trailing commissions to these dealers and firms in connection with the sale of units of the Fund. These dealers and other firms may pay a portion of these trailing commissions to their advisors who sell units of the Fund to investors.

#### Brokerage Arrangements and Soft Dollars

The Portfolio Advisor makes 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 the Portfolio Advisor 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 securities and other securities and certain derivative products (including forwards) to the Fund. 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 type and liquidity of the security.

Dealers, including CIBC WM and CIBC World Markets Corp., may furnish goods and services, other than order execution, to the Portfolio Advisor in partial exchange for processing trades through them (referred to in the industry as "soft dollar" arrangements). These goods and services are paid for with a portion of the brokerage commissions and assist the Portfolio Advisor with investment decision-making services for the Fund or relate directly to the execution of portfolio transactions on behalf of the Fund.

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

During the period, the Fund paid brokerage commissions and other fees of \$33,923 to CIBC WM; the Fund did not pay any brokerage commissions or other fees to 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.

### *Fund Transactions*

The Fund may enter into one or more of the following transactions (the *Related Party Transactions*) in reliance on the standing instructions issued by the Independent Review Committee (*IRC*):

- invest in or hold equity securities of CIBC or issuers related to a portfolio sub-advisor;
- invest in or hold non-exchange-traded debt securities of CIBC or an issuer related to CIBC in a primary offering and in the secondary market;
- make an investment in the securities of an issuer for which CIBC WM, CIBC World Markets Corp., or any affiliate of CIBC (a *Related Dealer*) acts as an underwriter during the offering of the securities at any time during the 60-day period following the completion of the offering of such securities (in the case of a “private placement” offering, in accordance with the exemptive relief order granted by the Canadian securities regulatory authorities and in accordance with the policies and procedures relating to such investment);
- purchase equity or debt securities from or sell them to a Related Dealer, where it is acting as principal;
- undertake currency and currency derivative transactions where a Related Dealer is the counterparty; and
- purchase securities from or sell securities to another investment fund or a managed account managed by the Manager or an affiliate of the Manager.

At least annually, the IRC reviews the Related Party Transactions for which they have issued standing instructions. The IRC is required to advise the Canadian securities regulatory authorities if it determines that an investment decision was not made in accordance with conditions of its approval.

### *Custodian*

CIBC Mellon Trust Company is the custodian of the Fund (the *Custodian*). The Custodian holds all cash and securities for the Fund and ensures that those assets are kept separate from any other cash or securities that the Custodian might be holding. The Custodian also provides other services to the Fund including record-keeping and processing of foreign exchange transactions. The Custodian may hire sub-custodians for the Fund. The fees and spreads for services of the Custodian directly related to the execution of portfolio transactions by the Fund are paid by CAMI and/or dealer(s) directed by CAMI, up to the amount of the credits generated under soft dollar arrangements from trading on behalf of the Fund during that month. All other fees and spreads for the services of the Custodian are paid by the Manager and charged to the Fund on a recoverable basis. CIBC owns a 50% interest in the Custodian.

### *Service Provider*

CIBC Mellon Global Securities Services Company (*CIBC GSS*) provides certain services to the Fund, including securities lending, fund accounting and reporting, and portfolio valuation. Such servicing

fees are paid by the Manager, and charged to the Fund on a recoverable basis. CIBC indirectly owns a 50% interest in CIBC GSS.

## CIBC Canadian Small-Cap Fund

### Financial Highlights

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

#### The Fund's Net Assets per Unit<sup>1</sup> - Class A Units

	2015	2014	2013	2012	2011
<b>Net Assets, beginning of period</b>	\$ 33.87	\$ 34.80	\$ 30.26	\$ 32.22	\$ 37.52
<b>Increase (decrease) from operations:</b>					
Total revenue	\$ 0.66	\$ 0.63	\$ 0.64	\$ 0.87	\$ 0.55
Total expenses	(0.95)	(1.04)	(0.89)	(0.81)	(0.91)
Realized gains (losses) for the period	2.37	3.40	0.72	2.19	3.66
Unrealized gains (losses) for the period	(4.70)	(1.97)	3.86	(2.78)	(8.04)
<b>Total increase (decrease) from operations<sup>2</sup></b>	\$ (2.62)	\$ 1.02	\$ 4.33	\$ (0.53)	\$ (4.74)
<b>Distributions:</b>					
From income (excluding dividends)	\$ –	\$ –	\$ –	\$ –	\$ –
From dividends	–	–	–	–	–
From capital gains	1.96	1.80	–	1.59	0.49
Return of capital	–	–	–	–	–
<b>Total Distributions<sup>3</sup></b>	\$ 1.96	\$ 1.80	\$ –	\$ 1.59	\$ 0.49
<b>Net Assets, end of period</b>	\$ 29.05	\$ 33.87	\$ 34.80	\$ 30.05	\$ 32.22

<sup>1</sup> This information is derived from the Fund's audited annual financial statements. The Fund adopted International Financial Reporting Standards (*IFRS*) on January 1, 2014. Previously, the Fund prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles (*GAAP*) as defined in Part V of the CPA Canada Handbook. Under Canadian GAAP, the Fund measured fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. As such, the net assets per unit figure presented in the financial statements may differ from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements issued prior to January 1, 2014. Upon adoption of IFRS, the Fund measures the fair value of its investments by using the close market prices, where the close market price falls within the bid-ask spread. As such, the Fund's accounting policies for measuring the fair value of investments in the financial statements are consistent with those used in measuring the net asset value for transactions with unitholders. Accordingly, the opening net asset figure as at January 1, 2013 was restated to reflect accounting policy adjustments made in accordance with IFRS. All figures presented for periods prior to January 1, 2013 were prepared in accordance with Canadian GAAP and subsequent thereto were prepared in accordance with IFRS.

<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 Fund, or both.

#### Ratios and Supplemental Data - Class A Units

	2015	2014	2013	2012	2011
<b>Total Net Asset Value (000s)<sup>4</sup></b>	\$ 199,761	\$ 241,672	\$ 272,570	\$ 278,077	\$ 319,174
<b>Number of Units Outstanding<sup>4</sup></b>	6,875,725	7,135,263	7,832,292	9,188,939	9,839,028
<b>Management Expense Ratio<sup>5</sup></b>	2.57%	2.56%	2.57%	2.56%	2.55%
<b>Management Expense Ratio before waivers or absorptions<sup>5</sup></b>	2.58%	2.58%	2.60%	2.57%	2.55%
<b>Trading Expense Ratio<sup>7</sup></b>	0.26%	0.30%	0.31%	0.30%	0.23%
<b>Portfolio Turnover Rate<sup>8</sup></b>	45.67%	51.26%	49.50%	46.33%	33.37%
<b>Net Asset Value per Unit</b>	\$ 29.05	\$ 33.87	\$ 34.80	\$ 30.26	\$ 32.44

<sup>4</sup> This information is presented as at December 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 before income taxes 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 advisor and/or 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

The Fund, either directly or indirectly, pays an annual management fee to CIBC to cover the costs of managing the Fund. Management fees are based on the net asset value of the Fund and are calculated daily and paid monthly. Management fees are paid to CIBC in consideration for providing, or arranging for the provision of, management, distribution, and portfolio advisory services. Advertising and promotional expenses, office overhead expenses, trailing commissions, and the fees of the portfolio sub-advisor(s) are paid by CIBC out of the management fees received from the Fund. The Fund is required to pay applicable taxes on the management fees paid to CIBC. Refer to the Simplified Prospectus for the maximum annual management fee rate.

The following table shows a breakdown of the services received in consideration of the management fees, as a percentage of the management fees collected from the Fund for the period ended December 31, 2015. These amounts do not include waived fees or absorbed expenses.

	Class A Units
Sales and trailing commissions paid to dealers	21.16%
General administration, investment advice, and profit	78.84%

## Past Performance

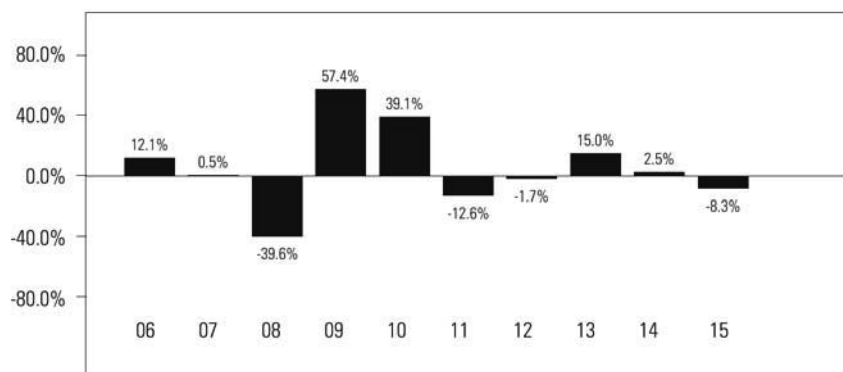
The performance data provided assumes reinvestment of distributions only and does not take into account sales, redemption, distribution, or other optional charges payable by any unitholder that would have reduced returns. Past performance does not necessarily indicate how a fund will perform in the future.

The Fund's returns are after the deduction of fees and expenses, and the difference in returns between classes of units is primarily due to differences in the management expense ratio. See the section entitled *Financial Highlights* for the management expense ratio.

## Year-by-Year Returns

The bar chart shows the annual performance of the Fund for each of the periods shown, and illustrates how the performance has changed from period to period. The bar chart shows, in percentage terms, how an investment made on January 1 would have increased or decreased by December 31, unless otherwise indicated.

Class A Units



## Annual Compound Returns

This table shows the annual compound return of each class of units of the Fund for each indicated period ended on December 31, 2015. The annual compound total return is also compared to the Fund's benchmark(s).

The Fund's benchmark is the BMO Nesbitt Burns Small-Cap Weighted Index.

### *CIBC Canadian Small-Cap Fund*

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	<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>	<i>10 Years*</i>	<i>or</i>	<i>Since Inception*</i>	<i>Inception Date</i>
Class A units	-8.3%	2.7%	-1.5%	3.3%			August 7, 1991
BMO Nesbitt Burns Small- Cap Weighted Index	-13.8%	-2.4%	-4.0%	2.3%			

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

**BMO Nesbitt Burns Small-Cap Weighted Index** is comprised of stocks listed on the TSX and is intended to measure the performance of the small-capitalization market in Canada.

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

*CIBC Canadian Small-Cap Fund*

**Summary of Investment Portfolio** (as at December 31, 2015)

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. A quarterly update is available by visiting [www.cibc.com/mutualfunds](http://www.cibc.com/mutualfunds). The Top Positions table shows 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 as one position.

<i>Portfolio Breakdown</i>	<i>% of Net Asset Value</i>
Financials	21.0
Materials	14.3
Energy	13.5
Industrials	13.1
Information Technology	9.7
Consumer Discretionary	8.5
Consumer Staples	7.1
Utilities	5.5
Cash & Cash Equivalents	3.4
Telecommunication Services	2.3
Health Care	1.7
Other Assets, less Liabilities	-0.1

<i>Top Positions</i>	<i>% of Net Asset Value</i>
Boralex Inc., Class 'A'	3.7
Cineplex Inc.	3.7
Cash & Cash Equivalents	3.4
Canam Group Inc., Class 'A'	3.3
Clearwater Seafoods Inc.	3.1
AGT Food and Ingredients Inc.	2.9
Killam Properties Inc.	2.6
Westaim Corp. (The)	2.5
Orocobre Ltd.	2.5
Tricon Capital Group Inc.	2.4
Fiera Capital Corp.	2.1
Spartan Energy Corp.	2.1
BankUnited Inc.	2.0
ATS Automation Tooling Systems Inc.	1.8
Innergex Renewable Energy Inc.	1.8
Sandvine Corp.	1.7
First American Financial Corp.	1.7
DHX Media Ltd.	1.7
Tamarack Valley Energy Ltd.	1.7
Aecon Group Inc.	1.7
K-Bro Linen Inc.	1.6
Superior Plus Corp.	1.6
Secure Energy Services Inc.	1.6
Absolute Software Corp.	1.6
TransForce Inc.	1.6

The management report of fund performance 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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