



*CIBC Mutual Funds*

*CIBC Family of Managed Portfolios*

*Annual Management Report of  
Fund Performance*

*December 31, 2006*

*CIBC Japanese Index RRSP Fund*

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 1-800-465-3863, by writing to us at CIBC, 5650 Yonge Street, 22nd floor, Toronto, Ontario, M2M 4G3, or by visiting 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.

All of the CIBC Mutual Funds (except for CIBC Canadian T-Bill Fund, CIBC Premium Canadian T-Bill Fund, CIBC Money Market Fund, CIBC U.S. Dollar Money Market Fund, CIBC High Yield Cash Fund, CIBC Mortgage and Short-Term Income Fund, and CIBC Canadian Short-Term Bond Index Fund) have received regulatory approval so that they may engage in short selling transactions on a limited, prudent, and disciplined basis and subject to certain conditions and compliance with the investment objective of each fund.

Short selling is a strategy in which portfolio sub-advisers identify securities that they expect will fall in value. The fund then borrows the securities and sells them on the open market. The fund must repurchase the securities at a later date in order to return them to the lender. If the value of the securities falls during that time, the fund will profit from the difference in the price (minus any interest or fees the fund pays to the lender).

Short selling can offer several advantages to mutual funds. It can enhance a fund's performance by giving the portfolio sub-adviser an opportunity to make profitable investments in both rising and declining markets. It can also reduce a fund's volatility, especially during periods of general market decline.

There are risks associated with short selling, namely that the borrowed securities will rise in value or not decline enough to cover the fund's costs, or that market conditions will cause difficulties in the sale or repurchase of the securities. In addition, the lender could become bankrupt before the transaction is complete, causing the borrowing fund to forfeit the collateral it deposited when it borrowed the securities. However, each fund will implement the following controls when conducting a short sale:

- The market value of all securities sold short by a fund will not exceed 10% of the total net assets of the fund.
- The fund will hold "cash cover" in an amount, including the fund assets deposited as collateral with lenders, that is at least 150% of the market value of all securities sold short by the fund.
- No proceeds from short sales by the fund will be used by the fund to purchase long positions in securities, other than cash cover.
- The securities sold short will be liquid securities that are: (i) in the case of equities, listed for trading on a stock exchange, and the issuer of the securities has a market capitalization of not less than CDN \$300 million; or (ii) in the case of debt securities, issued or guaranteed by the Government of Canada or any province or territory of Canada or the Government of the United States of America.
- At the time securities of a particular issuer are sold short: (i) the market value of all securities of that issuer sold short by the fund will not exceed 2% of the total assets of the fund; and (ii) the fund will place a "stop-loss" order to immediately purchase for the fund an equal number of the same securities if the trading price of the securities exceeds 115% (or such lesser percentage as CIBC may determine) of the price at which the securities were sold short.
- Short selling transactions will be completed through market facilities through which the securities sold short are normally bought and sold.

Prior to engaging in any short selling transactions, the funds will comply with the conditions of the regulatory approval, including establishing written policies and procedures that set out: (i) the objectives for short selling and the risk management procedures applicable to short selling; (ii) who is responsible for setting and reviewing the policies and procedures, how often the policies and procedures are reviewed, and the extent and nature of the involvement of the board of directors or trustee in the risk management process; (iii) the trading limits or other controls on short selling in place and who is responsible for authorizing the trading and placing limits or other controls on the trading; (iv) whether there are individuals or groups that monitor the risks, independent of those who trade; and (v) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions.

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## Management Report of Fund Performance

for the financial year ended December 31, 2006

All figures are reported in Canadian dollars unless otherwise noted.

### Management Discussion of Fund Performance

#### Objective and Strategies

- CIBC Japanese Index RRSP Fund (the *Fund*) seeks to provide long-term growth through capital appreciation by approximating the performance of the Nikkei 225 Index. The Nikkei 225 Index is intended to represent the Japanese equity market. It is a price-weighted index of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange.
- The Nikkei 225 Index is synthetically replicated to create a portfolio of similar characteristics. The Fund will invest simultaneously in cash and derivative instruments such as Nikkei 225 Index futures, positioning the Fund as Canadian property while providing investment returns that approximate the index in Canadian dollars.

#### Risk

- The Fund is a Japanese equity fund that is suitable for long-term investors who can tolerate moderate to high investment risk.
- The risk classification has been revised from 'high' to 'moderate-to-high' based on the recommendations of the Fund Volatility Classification Working Group of the Investment Funds Institute of Canada (*IFIC*). The potential for risk volatility was determined by using the standard deviation method (i.e., dispersion in a fund's returns over a given period from its mean). The review was performed on the rolling three-year and five-year standard deviations. Notably, the IFIC Working Group recommendations are intended to introduce a consistent methodology for fund volatility risk classification by mutual fund managers.
- Despite changing the risk classification of the Fund, over the one-year period ended December 31, 2006, no significant changes had an impact on the overall risk of the Fund. The risks of investing in the Fund remain as discussed in the Simplified Prospectus.

#### Results of Operations

The portfolio sub-adviser of the Fund is CIBC Global Asset Management Inc. (*the sub-adviser*). The commentary that follows reflects the views of the sub-adviser and provides a summary of the

results of operations of the Fund for the 12-month period ended December 31, 2006.

The Fund returned 5.25% for the period and underperformed the Nikkei 225 Index (the *benchmark*), which returned 6.20% over the same period.

Worries about slow global growth, especially in the U.S., dampened Japanese corporate earnings throughout the year. As a consequence, investors reduced holdings of Japanese stocks, keeping a lid on prices so that the benchmark ended the year with a slight gain, and the more broadly based Topix Index with a smaller gain. However, the Japanese economy showed increasing industrial output in the final quarter of the year, suggesting an improved handoff into 2007.

While other Asian stock markets rallied strongly in the second half of the year, Japanese share prices remained under pressure as the economy flagged in the second and third quarters, and corporate earnings were cautious.

A stream of more positive economic news toward the end of the year lifted investor sentiment, as the outlook for both consumer spending and corporate earnings showed signs of improvement.

The Japanese Yen depreciated slightly over the period, but has little impact on the Fund's performance.

#### Recent Developments

Over 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 of the Fund

CIBC is the manager (*Manager*) of the Fund. CIBC will receive management fees with respect to the day-to-day business and operations of the Fund, calculated based on the net asset value of the units of the Fund, as described in the section entitled

**Management Fees.** The Manager will also compensate its wholesalers in connection with their marketing activities regarding the Fund. From time to time, CIBC may provide seed capital to the Fund.

#### **Trustee of the Fund**

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

#### **Portfolio Adviser of the Fund**

CIBC Asset Management Inc. (*CAMI*), a wholly-owned subsidiary of CIBC, is the portfolio adviser of the Fund. As portfolio adviser, CAMI provides, or arranges to provide, investment advice and portfolio management services to the Fund.

#### **Sub-adviser of the Fund**

CAMI has retained CIBC Global Asset Management Inc. (*CIBC Global*), a wholly-owned subsidiary of CIBC, as the sub-adviser of the Fund, to provide investment advice and portfolio management services to the Fund. CAMI will pay a fee to CIBC Global.

#### **Distributor of the Fund**

Dealers and other firms will sell the units of the Fund to investors. These dealers and other firms will 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 advisers who sell units of the Fund to investors.

#### **Brokerage Arrangements and Soft Dollars**

Sub-advisers make decisions, including the selection of markets and dealers and the negotiation of commissions, with respect to the purchase and sale of portfolio securities and the execution of portfolio transactions. Brokerage business may be allocated by sub-advisers, including CIBC Global, 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 sale of fixed

income and other securities 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 nature and liquidity of the security.

Dealers, including CIBC WM and CIBC World Markets Corp., may furnish research, statistical, and other services to sub-advisers, including CIBC Global, that process trades through them (referred to in the industry as "soft-dollar" arrangements). These services assist the sub-advisers with investment decision-making services to the Fund. As per the terms of the sub-advisory agreements, such soft dollar arrangements are in compliance with applicable laws. In addition, the Manager 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, no brokerage commissions or other fees were paid by the Fund to CIBC WM or CIBC World Markets Corp.

#### **Fund Transactions**

The Fund may purchase and sell securities of CIBC. The Fund may also, from time to time, purchase securities underwritten by a related dealer, such as CIBC WM or CIBC World Markets Corp., each an affiliate of the Manager. Such transactions are currently made pursuant to exemptions the Fund has received from the Canadian securities regulatory authorities.

#### **Custodian**

CIBC Mellon Trust Company is the custodian (*Custodian*) that holds all cash and securities for the Fund and ensures that those assets are kept separate from any other cash or securities that it may be holding. The Custodian may hire sub-custodians for the Fund. The fees for the services of the Custodian are paid by the Manager, and charged to the Fund on a recoverable basis. CIBC owns approximately one-half of CIBC Mellon Trust Company.

#### **Service Provider**

CIBC Mellon Global Securities Services Company (*CIBC GSS*) provides certain services to the Fund, including fund accounting and reporting, securities lending, and portfolio valuation. Such servicing fees are paid by the Manager, and charged to the Fund on a recoverable basis. CIBC indirectly owns approximately one-half of CIBC GSS.

## 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 of the financial years indicated. This information is derived from the Fund's audited financial statements.

### The Fund's Net Asset Value per Unit

	2006	2005	2004	2003	2002
<b>Net Asset Value, beginning of period</b>	\$5.74	\$4.92	\$4.77	\$4.25	\$4.79
<b>Increase (decrease) from operations:</b>					
Total revenue	\$0.44	\$0.70	\$0.13	\$0.76	\$(0.97)
Total expenses	(0.06)	(0.05)	(0.05)	(0.04)	(0.05)
Realized gains (losses) for the period	—	—	—	—	—
Unrealized gains (losses) for the period	(0.11)	0.08	0.03	(0.18)	0.49
<b>Total increase (decrease) from operations<sup>1</sup></b>	\$0.27	\$0.73	\$0.11	\$0.54	\$(0.53)
<b>Distributions:</b>					
From income (excluding dividends)	\$—	\$—	\$—	\$—	\$—
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
<b>Total Annual Distributions<sup>2</sup></b>	\$—	\$—	\$—	\$—	\$—
<b>Net Asset Value, end of period</b>	\$6.04	\$5.74	\$4.92	\$4.77	\$4.25

<sup>1</sup>Net asset values and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding during the period.

<sup>2</sup>Distributions were paid in cash, reinvested in additional units of the Fund, or both.

### Ratios and Supplemental Data

	2006	2005	2004	2003	2002
<b>Net Assets (000s)<sup>3</sup></b>	\$13,218	\$14,225	\$15,609	\$16,145	\$13,160
<b>Number of Units Outstanding<sup>3</sup></b>	2,189,194	2,479,594	3,172,511	3,385,111	3,096,772
<b>Management Expense Ratio<sup>4</sup></b>	1.06%	0.98%	0.98%	0.99%	0.98%
<b>Management Expense Ratio before waivers or absorptions<sup>5</sup></b>	2.60%	2.67%	2.40%	2.71%	2.51%
<b>Portfolio Turnover Rate<sup>6</sup></b>	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Trading Expense Ratio<sup>7</sup></b>	0.00%	0.00%	0.00%	0.00%	0.00%

<sup>3</sup>This information is provided as at December 31 of the period shown.

<sup>4</sup>Management expense ratio is based on the total expenses of the Fund for the period and is expressed as an annualized percentage of daily average net assets during the period.

<sup>5</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>6</sup>The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a Fund's portfolio turnover rate in a period, the greater the trading costs payable by the 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.

<sup>7</sup>The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets 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.

## Management Fees

The Fund, either directly or indirectly, pays an annual management fee to the Manager in consideration for the provision of, or arranging for the provision of, management, distribution, and portfolio advisory services. This fee is calculated as a percentage of the Fund's net assets and is calculated and credited daily, and paid monthly. The Fund is required to pay Goods and Services Tax (GST) on the management fee.

For the year ended December 31, 2006, of the management fees collected from the Fund, approximately 23.20% is attributable to sales and trailing commissions paid to dealers and approximately 76.80% is attributable to general administration, investment advice, and profit.

These amounts do not include waived fees or absorbed expenses.

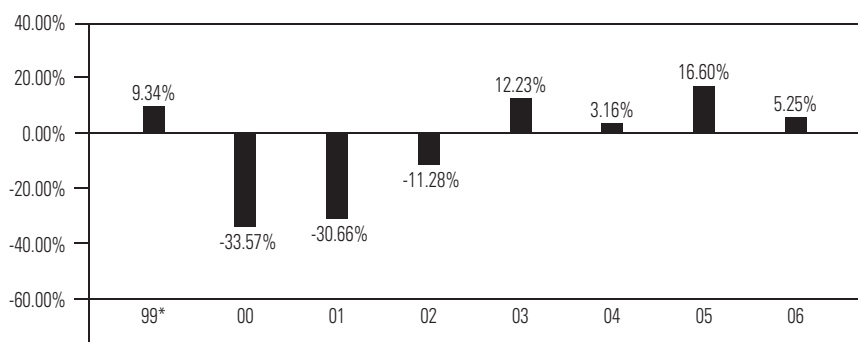
## Past Performance

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 benchmark is Nikkei 225 Index. The Nikkei 225 Index is intended to represent the Japanese equity market. It is a price-weighted index of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. A discussion of the Fund's performance relative to its benchmark can be found in the section entitled *Results of Operations*.

## Year-by-Year Returns

This bar chart shows the performance of the Fund for the periods shown, and illustrates how the performance has changed from period to period. The bar chart shows in percentage terms how much an investment made on January 1 would have grown or decreased by December 31 of that year, unless otherwise noted.



\*1999 return is for the period from September 16, 1999 to December 31, 1999.

## Annual Compound Returns

This table shows the Fund's annual compound total return for each indicated period ending on December 31, 2006. The annual compound total return is also compared to the Fund's benchmark.

	CIBC Japanese Index RRSP Fund	Nikkei 225 Index
Past Year	5.25%	6.20%
Past 3 Years	8.18%	9.28%
Past 5 Years	4.74%	5.65%
Since Inception	-6.04%	-3.01%

**Summary of Investment Portfolio** (as at December 31, 2006)

The *Summary of Investment Portfolio* may change due to ongoing portfolio transactions of the Fund. A quarterly update is available by calling 1-800-465-3863, by writing to us at CIBC, 5650 Yonge Street, 22nd floor, Toronto, Ontario, M2M 4G3, or by visiting our website at [www.cibc.com](http://www.cibc.com).

<b>Portfolio Breakdown</b>	<b>% of Net Assets</b>
Short-Term Investments	92.21%
Futures Contracts	5.65%
Forward & Spot Contracts	1.12%
Margin	1.05%
Other Assets, Less Liabilities	-0.03%

<b>Top Positions</b>	<b>% of Net Assets</b>
Advantest Corp.	3.26%
Fanuc Ltd.	2.80%
Fast Retailing Co Ltd.	2.72%
Kyocera Corp.	2.68%
Canon Inc.	2.40%
TDK Corp.	2.26%
Honda Motor Co Ltd.	2.25%
Tokyo Electron Ltd.	2.24%
Takeda Pharmaceutical Co Ltd.	1.95%
KDDI Corp.	1.93%
Shin-Etsu Chemical Co Ltd.	1.91%
Toyota Motor Corp.	1.90%
Softbank Corp.	1.66%
Eisai Co Ltd.	1.56%
Secom Co Ltd.	1.47%
NTT Data Corp.	1.42%
Astellas Pharma Inc.	1.29%
Sony Corp.	1.22%
CSK Holdings Corp.	1.21%
FUJIFILM Holdings Corp.	1.17%
Denso Corp.	1.13%
Terumo Corp.	1.12%
Daikin Industries Ltd.	0.99%
Credit Saison Co Ltd.	0.98%
Sumitomo Realty & Development Co Ltd.	0.91%









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 or Portfolio, 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 or Portfolio 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.

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