New Commerce Split Fund

2010 Annual Report

COMMERCE Split

This report may contain forward-looking statements about the Company. 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 negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Company action, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Company. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technology change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and you should avoid placing undue reliance on forward-looking statements. While the Company currently anticipates that subsequent events and developments may cause the Company’s views to change, the Company does not undertake to update any forward-looking statements.

This is the annual Management Report of Fund Performance (MRFP) for the period ended November 30, 2010. This MRFP contains financial highlights but does not contain the complete financial statements of the Fund. The annual financial statements and accompanying notes are attached to this report.

Investors may also obtain a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure by visiting our website at www.commercesplit.com or by writing to the Fund at Investor Relations, Royal Trust Tower, 77 King Street West, P.O. Box 341, Toronto, Ontario, M5K 1K7.

These reports are available to view and download at www.commercesplit.com or www.sedar.com.

Investment Objectives and Strategies

New Commerce Split was formed as a result of a corporate reorganization that was approved at the special meeting of shareholders of Commerce Split Corp. on February 3, 2010 and subsequently implemented on March 26, 2010 (the reorganization date). This reorganization allowed for the creation of two distinct investment funds within Commerce Split Corp. and allowed all Priority Equity shareholders and Class A shareholders of Commerce Split Corp. to elect their choice of Fund effective March 26, 2010. Shareholders were given the option to 1) maintain the original investment characteristics of the Original Commerce Split Corp. or 2) choose to have their Priority Equity and/or Class a shares reorganized into a new series of shares (the New Commerce Split Fund) that would potentially provide greater distribution and capital growth potential in the event that common shares of CIBC increase over the remaining term of the Fund. The New Commerce Split Fund will invest primarily in common shares of CIBC and also implement a covered call writing strategy to supplement the dividend income earned form CIBC common stock. The New Commerce Split Fund will not have the requirements of a Priority Equity Portfolio Protection Plan.

Shareholders that elected the New Commerce Split Fund received a new class of securities as at the reorganization date.

At the opening of trading on March 26, 2010:

Holders of Priority Equity Shares (Symbol: XCM.PR.A) received the following securities in exchange for each Priority Equity Share held:

1. One $5.00 Class I Preferred Share (Symbol: YCM.PR.A) (the "Class I Preferred Share");
2. One $5.00 Class II Preferred Share (Symbol: YCM.PR.B) (the "Class II Preferred Share");
3. One half 2011 Warrant (Symbol: YCM.WT); and
4. One 2012 Warrant (Symbol: YCM.WT.A).

Holders of Class A Shares (Symbol: XCM) that did not elect to remain in the Original Commerce Split Fund had each of the Class A Shares that they held converted into the following securities (in order to achieve the requirement that an equal number of each Class of share would be outstanding after the reorganization):

1. 0.7167721 of a Capital Share in the New Commerce Split Fund (Symbol: YCM); and
2. 0.283228 of a Class A Share 2010 in the Original Commerce Split Fund (Symbol: YCM.X)

New Commerce Split Fund

The following is a summary of some of the principal provisions of the Class I Preferred Shares, Class II Preferred Shares, 2011 Warrants, 2012 Warrants and Capital Shares of the New Commerce Split Fund:

Class I Preferred shares

Each Class I Preferred Share (Symbol: YCM.PR.A) pays fixed cumulative preferential monthly dividends to yield 7.50% per annum on the $5.00 notional issue price and has a repayment objective on December 1, 2014 or such other date as the Company may be terminated (the "Termination Date") of $5.00.

Class II Preferred shares

Each Class II Preferred Share (Symbol: YCM.PR.B) pays distributions to yield 7.50% per annum on the $5.00 notional issue price if and when the Net Asset Value per Unit exceeds $12.50 and has a repayment objective on the Termination Date of $5.00. Each "Unit" consists of one Class I Preferred Share, one Class II Preferred Share and one Capital Share.

2011 Warrant

Each whole 2011 Warrant (Symbol: YCM.WT) can be exercised to purchase one Unit for an exercise price of $10.00 per Unit at specified times until February 28, 2011.

2012 Warrant

Each 2012 Warrant (Symbol: YCM.WT.A) can be exercised to purchase one Unit for an exercise price of $12.50 per Unit at specified times until February 28, 2012.

Capital shares

Capital Shares (Symbol: YCM) will continue to participate in any Net Asset Value growth over $10.00 per Unit and dividends would be reinstated only if and when the Net Asset Value per Unit exceeds $15.00. The dividend rate on the Capital Shares will be set by the Board of Directors of the Company at its discretion, based on market conditions. No dividend payments will be made on the Capital Shares unless all dividends on the Class I Preferred Shares and, if applicable, Class II Preferred Shares have been declared and paid.

Independent Review Committee

The Manager referred the capital reorganization of Commerce Split Corp. to the Independent Review Committee (IRC). On December 16, 2009, the IRC advised the Manager that it had concluded that the calling of the Special Meeting on February 3, 2010 to put before Shareholders the proposal to reorganize the Company as contemplated in the Management Information Circular dated December 23, 2009 was a fair and reasonable process to be followed by the Company.

Risk

The risks of investing in the Company remain as discussed in the Annual Information Form dated February 23, 2011. In addition, Note 3 of the annual financial statements ("Management of Risk") contains disclosure on specific types of risks related to the financial investments held by the Company. As a result of the reorganization, New Commerce Split Fund is no longer required to maintain the Preferred Protection Plan and as such New Commerce Split Fund will be primarily exposed to the changes in value its holdings of CIBC common shares.

Results of Operations

The major operational activity during the period was the completion of the reorganization of Commerce Split Corp. (the "Company") which was reorganized into 2 separate Funds effective March 26, 2010 (the "reorganization date") as more fully outlined in the Investment Objectives and Strategies section.

As a result of the elections made by shareholders, approximately 65.91% of the Company's assets were allocated to the New Commerce Split Fund option. The New Commerce Split Fund had net assets of $38 million at its inception on the reorganization date after the pro rata allocation of the assets of Commerce Split Corp.

The New Commerce Split Fund will provide more direct exposure to CIBC common shares as the Fund will be primarily invested in CIBC common shares. As such, any changes in the market price of CIBC common shares will have a much more direct impact on the Net Asset Value of New Commerce Split Fund. The larger holding of CIBC common shares will also enhance the ability of New Commerce Split Fund to supplement the dividend income through a much larger covered call writing program than had been the case prior to the reorganization.

As at November 30, 2010, the New Commerce Split Fund had a Net Asset Value of $10.05 per unit (consisting of one Class I Preferred share, one Class II Preferred share and 1 Capital share). The Net Asset Value for financial statement purposes requires that the fair market value of the warrants be included as the liabilities of the Fund. The Net Asset Value that is required to be used for transactional purposes was based a diluted Net Asset Value which assumes all 2011 warrants would be exercised. This resulted in a diluted transactional Net Asset Value per unit difference of $0.15 between the financial statement Net Asset Value and the transaction Net Asset Value.

As at November 30, 2010, the New Commerce Split Fund had 92.8% of its net assets invested in CIBC common shares. One time costs associated with the reorganization increased shareholder reporting expenses during the period. Distributions were made at the targeted rate for the Class I Preferred shares during the initial period while Class II Preferred shares and Capital shares were not eligible to received distributions under the distribution policy of the Fund as outlined in the Investment Objectives and Strategies section.

Distributions

Accrued distributions prior to the reorganization date

As part of the reorganization plan, accrued cumulative distributions in arrears on the Preferred shares as at the reorganization date were added back to the net assets of the Company and the liability was eliminated. This resulted in a $0.57 cent increase in the Net Asset Value to $9.94 as at the reorganization date.

Capital shares – Distributions

No distributions paid during the period

Class I Preferred shares

A total of 9 regular monthly distributions were paid at the monthly rate of .03125 for a total of .2813 per share during the initial period.

Class II Preferred shares

No distributions were paid during the period as the Net Asset Value per unit remains below the required $12.50 per unit threshold level which would allow the payment of monthly dividends to Class II Preferred shareholders.

Recent Developments

At its January 2011 meeting, the Canadian Accounting Standards Board (AcSb) decided to extend the deferral of mandatory adoption of IFRS for Investment Companies to fiscal years beginning on or after January 1, 2013. The decision is in response to the International Accounting Standards Board's announcement in late 2010 that its Investment Fund project is delayed and will not likely be issued before January 1, 2012, which is the current date of the mandatory adoption of IFRS for these entities. The AcSb expects to issue the amendment in March 2011.

The Fund expects to report its financial results for the six month period ended May 31, 2014 prepared on an IFRS basis. The Fund will also provide comparative data on an IFRS basis, including an operating balance sheet as at December 1, 2013.

The Fund has not identified any changes that will impact Net Asset Value per unit as a result of the changeover to IFRS. The impact of IFRS on accounting policies and implementation decisions will mainly be in the areas of additional note disclosure and potentially different presentation of shareholder interests and other items in the financial statements of the Fund. However this determination is subject to change as the Fund finalizes its assessment of potential IFRS differences and as new standards are issued prior to the Fund's adoption of IFRS.

Related Party Transactions

Quadravest Capital Management Inc. ("Quadravest") as Investment Manager and Manager earns fees from the Fund as described below in the Management Fees section.

Management Fees

The Investment Manager is entitled to a base management fee payable monthly in arrears at an annual rate equal of 0.45% of the Fund's Net Asset Value calculated as at the last Valuation Date in each month

Pursuant to the administration agreement, Quadravest is entitled to an administration fee payable monthly in arrears at an annual rate equal to 0.1% of the transactional net assets of the Fund, which includes the outstanding Priority Equity shares, calculated as at each monthly valuation date and an amount equal to the service fee payable to dealers on the Class A shares at a rate of 0.50% per annum. No service fee will be paid in any calendar quarter if regular dividends are not paid to holders of Class A shares in respect of each month in such calendar quarter.

Total management fees of $ 185,982 paid for the initial period from March 26,2010 to November 30, 2010 include the base management fee and the administration fee. The base management fee was used by Quadravest to provide investment analysis, make investment decisions and make brokerage arrangements for the purchase and sale of securities including the covered call writing program. The administration fee was used to provide or arrange administrative services required by the Fund which includes all operational services, financial accounting, shareholder reporting and regulatory reporting.

Financial Highlights

The following tables show selected financial information about the Fund and are intended to help you understand the Fund's financial performance. The Net Assets included in the Net Assets per unit table is from the Fund's financial statements and calculated using bid prices while the Net Asset Value included in the Ratios/Supplemental data Table is for Transactional pricing purposes and calculated using closing prices (see Note 2 in the financial statements).

The Fund's Net Assets per unit

	November 30, 2010[2]
Net assets per unit, beginning of period[1]	9.94
Increase (decrease) from operations	
Total revenue	0.20
Total expenses	(0.10)
Realized loss for the period	-
Unrealized gains for the period	0.52
Total increase from operations[3]	0.61
Distributions[4]	
Taxable Dividends	(0.28)
Capital gains	-
Total distributions	(0.28)
Net assets per unit, end of period	10.05
Net assets per Class I Preferred share	5.00
Net assets per Class II Preferred share	5.00
Net assets per Capital share	0.05
Net assets per unit at end of period	10.05

(1) Net asset value per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities excluding the Preferred shares of the Fund on the commencement date of March 26, 2010 divided by the number of units then outstanding.
(2) Results for the period March 26, 2010 to November 30, 2010.
(3) Total increase from operations is before the payment of any Preferred Shares and Capital share distributions and is calculated based on the weighted average number of units outstanding during the period.
(4) Distributions to Class I Preferred shares, Class II Preferred shares, Capital shares are based on the number of Class I Preferred shares, Class II Preferred shares, Capital shares outstanding on the record date for each distribution and were paid in cash. Characterization of distributions is based on the tax treatment that is received by investors.

Ratios and Supplemental Data

	November 30, 2010[1]
Net assets (millions)	$34.9
Number of units outstanding[2]	3,389,663
Base Management expense ratio[3]	1.55%
Management expense ratio per Capital share[4]	N/A
Management expense ratio per Class II Preferred share[5]	10.25%
Portfolio turnover rate[6]	10.7%
Trading expense ratio[7]	0.03%
Closing market price (TSX): Class I Preferred share	$5.67
Closing market price (TSX): Class II Preferred share	$3.17
Closing market price (TSX): Capital share	$1.18

(1) Results for the period March 26, 2010 to November 30, 2010.
(2) This information is provided at November 30.
(3) A separate base management expense ratio has been presented to reflect the normal operating expenses of the Fund excluding the one time initial offering expenses and performance fees.
(4) Management expense ratio for Capital shares is based on the requirements of National Instrument 81-106. This Instrument requires that all split share companies produce an expense ratio which allocates all operating expenses of the Fund, all distributions on Preferred shares and all issuance costs to the Capital shares and expresses this as a annualized percentage of net assets applicable only to the Capital shares during the period. The management expense ratio per Capital share should not be interpreted as the required return necessary for the Fund or the Capital share to cover the operating expenses of the Fund. This calculation is based only on a portion of the Fund's assets whereas the Fund utilizes its entire assets to generate investment returns. Management believes that the base management expense ratio per unit disclosed in the table above is the most representative ratio in assessing the ongoing efficiency of the administration of the Fund, making comparisons to the expense ratios of single unit mutual funds or determining the minimum investment returns necessary by the Fund to achieve growth in Net Asset Value per unit. The Management expense ratio for Capital shares has not been calculated as the Net Asset Value per unit was predominately below $10 throughout the period.
(5) Management expense ratio per Class II Preferred share is calculated in periods in which the Net Asset Value is less than $10 per unit (but greater than $5 per unit) and includes all expenses of the Fund and also includes distributions paid on the Class I Preferred shares. The Net Asset Value per unit was predominately less than $10 per unit during the period and as such the management expense ratio per Class II Preferred share is the most relevant during this period.
(6) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor 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 year. The Fund employs a covered call writing strategy which can cause the portfolio turnover rate to be higher than conventional mutual funds. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater 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 the Fund.
(7) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as a annualized percentage of average net assets during the period.

Past Performance

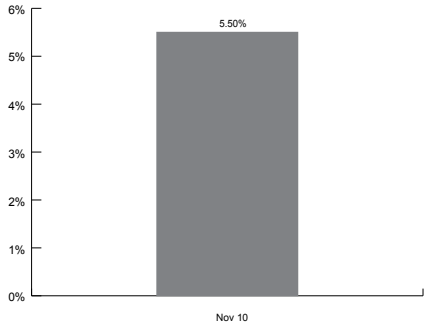
The past performance of 1) the Net Asset Value per unit; 2) 1 Class I Preferred share, 3) 1 Class II Preferred share on a Net Asset Value basis; and 4) the Capital share on a Net Asset Value basis for the initial period since inception from March 26, 2010 to November 30, 2010 are presented in the bar charts below. Each bar in the chart reflects the change in percentage terms of how a Unit, a Class I Preferred share, a Class II Preferred share or a Capital share would have increased or decreased during the applicable period. In respect to the charts displayed below, please note the following:

a) The performance information shown assumes that all cash distributions made by the Company during the periods shown were reinvested in the applicable securities of the Company;

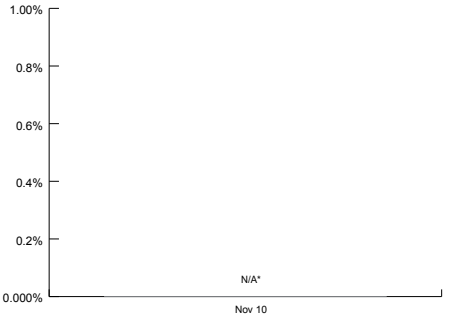
b) The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance; and

c) Past performance of the Company does not necessarily indicate how it will perform in the future.

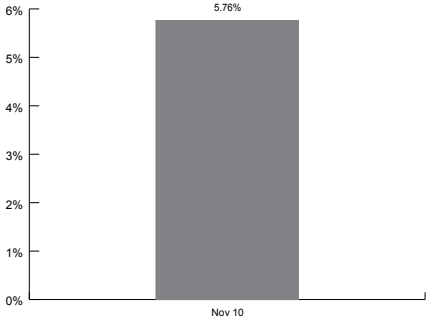
NET ASSET VALUE PER UNIT



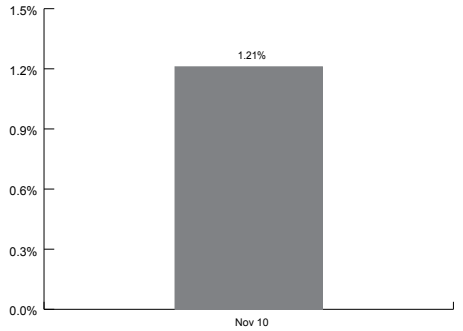
CAPITAL SHARE



CLASS I PREFERRED SHARE



CLASS II PREFERRED SHARE



*As a result of the opening net assets attributable to the Capital share being nil, calculation of the return in the initial period cannot be made.

Annual Compound Performance

The following table shows the Company's annual compound return for the period ended November 30, 2010:

	Since reorganization date (March 26, 2010 to November 30, 2010)
New Commerce Split Corp. - Unit	5.50%
New Commerce Split Corp. - Class I Preferred Share	5.76%
New Commerce Split Corp. - Class II Preferred Share	5.06%
New Commerce Split Corp. - Capital Share	N/A[2]

MARKET INDEX[1]	Since reorganization date (March 26, 2010 to November 30, 2010)
S&P TSX Financial Index	-0.32%

(1) As a result of the Company being limited to specific stock and a covered call writing program that is implemented to generate additional income, and the impact of the Priority Equity Portfolio Protection Plan, the investment profile of the Company is quite unique and any comparisons with any other external market indices may not be appropriate.

(2) As a result of the opening net assets attributable to the Capital share being nil, calculation of the return in the initial period cannot be made.

SUMMARY OF INVESTMENT PORTFOLIO

All holdings as at November 30, 2010

Name	Weighting (%)
Canadian Imperial Bank of Commerce	92.8
Other net assets	7.2

The summary of investment portfolio may change due to ongoing portfolio transactions of the Company. Updates are available quarterly.

New Commerce Split Fund

Management's Responsibility for Financial Reporting

The financial statements of New Commerce Split Fund ("the Fund") and all the information in this semi-annual report are the responsibility of management and have been approved by the Board of Directors of the Fund.

The Fund maintains appropriate procedures to ensure that relevant and reliable financial information is produced. Statements have been prepared in accordance with Canadian generally accepted accounting principles and may include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Fund are described in Note 2 to the financial statements.

The Board of Directors of the Fund is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements.

The Fund with the approval of its Board of Directors has appointed the external firm PricewaterhouseCoopers LLP as the auditors of the Fund. They have audited the financial statements of the Fund in accordance with Canadian generally accepted auditing standards to enable them to express to shareholders their opinion on the financial statements. The auditors have full and unrestricted access to the Audit Committee to discuss their findings.

Auditor's Report
February 24, 2011

Independent Auditor's Report

To the Shareholders of New Commerce Split Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statement of portfolio investments as at November 30, 2010, the statements of financial position as at November 30, 2010 and the statements of operations and retained earnings, cash flow and changes in shareholders' equity for the period from March 26, 2010 (commencement of operations) to November 30, 2010, and the related notes including a summary of significant accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

Auditor's responsibility

Our responsibility is to express an opinion on the 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 an 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 auditor's 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 auditor considers 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

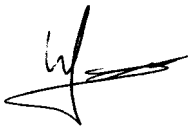
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at November 30, 2010 and the results of its operations and its cash flows for the period from March 26, 2010 (commencement of operations) to November 30, 2010 in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

New Commerce Split Fund
Statement of Financial Position
As at November 30, 2010

	November 30, 2010 ($)
ASSETS	
Investments - at fair value (note 2)	32,288,948
Cash	2,787,483
Interest, dividends and other receivables	431
Total Assets	**35,076,862**
LIABILITIES	
Fees and other accounts payable	89,052
Dividends payable	105,927
Class I Preferred shares	16,948,315
Class II Preferred shares	16,948,315
Warrants	803,042
	34,894,651
SHAREHOLDERS' EQUITY	
Capital shares (note 5)	-
Retained Earnings	182,211
	182,211
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**35,076,862**
Number of units (1 Class I Preferred share , 1 Class II Preferred share and 1 Capital share) outstanding	3,389,663
Net assets per unit (note 2)	10.05
Net assets per Class I Preferred share (note 2)	5.00
Net assets per Class II Preferred share (note 2)	5.00
Net assets per Capital share (note 2)	0.05

Approved on behalf of the Board of Directors



Wayne Finch

Chairman, as Chief Executive Officer
and Chief Investment Officer

Peter Cruickshank

Managing Director and
Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

New Commerce Split Fund
Statement of Operations and Retained Earnings
For the period from March 26, 2010 (Commencement of Operations) to November 30, 2010

	For the period March 26, 2010 to November 30, 2010 ($)
INCOME	
Dividends	739,220
EXPENSES (note 7)	
Management fees	185,982
Audit fees	19,975
Directors' fees	8,714
Independent Review Committee fees	3,531
Custodian fees	13,452
Legal fees	442
Shareholder reporting costs	113,186
Other operating expenses	20,232
Goods and services tax/harmonized sales tax	21,886
	387,400
Net investment income (loss) before distributions on Preferred shares	**351,820**
Distributions on Preferred shares (note 4 and 8)	**(1,049,751)**
Net loss for the period	**(697,931)**
Realized and unrealized gain (loss) on investments and options and transaction costs	
Net realized gain (loss) on investments and options	(13,533)
Change in unrealized appreciation of investments	1,934,674
Transaction costs	(11,956)
Net gain on investments and options for the period	**1,211,254**
Change in value of Preferred shares	(202,024)
Net allocation on retractions of Preferred shares	(23,977)
Fair value accounting on warrants	(803,042)
Increase in net assets from operations for the period	**182,211**
Retained earnings (deficit) - Beginning of period	-
Retained earnings - End of period	182,211

The accompanying notes are an integral part of these financial statements.

New Commerce Split Fund
Statements of Changes in Shareholders' Equity
For the period from March 26, 2010 (Commencement of Operations) to November 30, 2010

	For the period March 26, 2010 to November 30, 2010 ($)
Shareholders' equity - Beginning of period	**-**
Increase in net assets from operations for the period	182,111
Shareholders' equity - End of period	**182,211**

The accompanying notes are an integral part of these financial statements.

New Commerce Split Fund
Statement of Cash Flow
For the period from March 26, 2010 (Commencement of Operations) to November 30, 2010

	For the period March 26, 2010 to November 30, 2010 ($)
Cash flow from Operating activities	
Net investment loss for the period	(697,931)
Proceeds from sale of investments	2,947,201
Net change in receivable balances	(431)
Purchase of investments	(28,108,913)
Net change in fees, other accounts payable and dividends payable on Preferred shares	194,979
Cash flow from operations	(25,665,095)
Cash flow from Shareholder activities	
Cash received upon reorganization*	32,794,125
Amount paid on redemption of Capital shares and Preferred shares	(4,341,547)
Cash flow from shareholder activities	28,452,578
Increase (decrease) in cash for the period	2,787,483
Cash, beginning of period	-
Cash, end of period	**2,787,483**
Supplemental Information	
Distributions paid on Preferred shares	943,824

*Non-cash amounts received on reorganization – see Note 1.

The accompanying notes are an integral part of these financial statements.

New Commerce Split Fund
Statement of Portfolio Investments
As at November 30, 2010

No. of shares	Description	Average Cost ($) (Premiums received)	Fair Value ($)
	Core Holding		
	Canadian Common Equities		
410,126	Canadian Imperial Bank of Commerce	29,576,811	32,379,448
	Total Canadian Common Equities in Core Holding (100.3%)	**29,576,811**	**32,379,448**
No. of contracts	**Call options written (100 shares per contract)**		
(400)	Canadian Imperial Bank of Commerce @ $80 January 2011	(57,600)	(63,200)
(300)	Canadian Imperial Bank of Commerce @ $82 January 2011	(24,000)	(27,300)
	Total Canadian call options written (-0.3%)	**(81,600)**	**(90,500)**
		29,495,211	**32,288,948**
	less adjustment for transaction costs	(10,529)	
	Total Investments (100%)	**29,484,682**	**32,288,948**

The Statement of Portfolio Investments is at November 30, 2010 and may or may not be indicative of the current portfolio.

1. Incorporation

New Commerce Split Fund (the "Fund") was formed as a result of the reorganization of Commerce Split Corp. (the "Company") On March 26, 2010, the effective reorganization date, the assets of Commerce Split Corp. were divided pro rata into two separate investment portfolios to be known as the "Original Commerce Split Fund" and the "New Commerce Split Fund" in accordance with the reorganization plan contained in the Management Information Circular dated December 23, 2009. The division of the assets was based on the elections made by both Priority Equity shareholders and Class A shareholders immediately prior to the reorganization. As a result of the elections made by shareholders, approximately 65.91% of the Commerce Split Corp. assets at the reorganization date were transferred to New Commerce Split Fund. As a consequence, 70,026 CIBC common shares valued at $5,319,875 and $32,794,125 of cash were transferred to New Commerce Split Fund as at the reorganization date. The initial Net Asset Value of New Commerce Split Fund was $9.94 per unit. The Original Commerce Split Fund retains the investment attributes of Commerce Split Corp. including the requirement to maintain the Priority Equity Portfolio Protection Plan. The New Commerce Split Fund provided shareholders with an opportunity to have their Priority Equity and/or Class A shares reorganized into a new series of shares (the "New Commerce Split Fund") that would provide greater distribution and capital growth potential in the event that common shares of CIBC increase over the remaining term of the Fund. The New Commerce Split Fund invests primarily in common shares of CIBC and has also implemented a covered call writing program to supplement the dividend income earned from CIBC common stock. The New Commerce Split Fund does not have the requirements of a Priority Equity Portfolio Protection Plan (see Notes 2, 4, 5 and 6 for more information on the attributes of the new classes of shares.) The manager and the investment manager of New Commerce Split Fund is Quadravest Capital Management Inc. ("Quadravest"). All shares outstanding will be redeemed on the earlier of December 1, 2014 or such time if the Net Assets of the Fund decline below $5 million.

2. Summary of significant accounting policies

These financial statements, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), include estimates and assumptions by management that affect the reported amount of assets, liabilities, income and expenses during the reporting years. The following is a summary of the significant accounting policies followed by the Fund. Actual results could differ from these estimates.

Valuation of investments

In accordance with Accounting Guideline 18, Investment Companies, investments are deemed to be categorized as held for trading, and are required to be recorded at fair value as defined in CICA Handbook-Accounting Section 3855, Financial Instruments-Recognition and Measurement ("Section 3855") for purposes of determining the Net Assets per unit reflected in the financial statements.

The fair value of investments as at the financial reporting date is determined as follows:

- Shares or other securities for which market quotations are readily available are valued at the closing bid price
- Call options written are valued at closing ask prices as reported on recognized exchanges
- Fixed income investments are based on the average bid quotations from recognized dealers

Section 14.2 of amended National Instrument 81-106 ("NI 81-106") issued by the Canadian Securities Administrators, that came into force on September 8, 2008, requires an investment fund to calculate its Net Asset Value for the purposes of any purchases or redemption of units based on the fair value of the investment fund's assets and liabilities (Net Asset Value or NAV).

The fair value of investments for purposes of calculating the bi monthly Net Asset Value used for the purposes of calculating the price paid on any redemptions received is determined as follows:

- Shares or other securities for which market quotations are readily available are valued at the last traded market price
- Call options written are valued at the last traded prices as reported on recognized exchanges
- Fixed income investments are based on the average bid quotations from recognized dealers

In accordance with Section 3.6 (1) 5 of NI 81-106, the Net Asset Value per unit is compared to the Net Assets per unit and the difference is required to be disclosed in the notes to the financial statements. The following table is presented to show the differences between these amounts:

	Net Assets (GAAP NAV) per unit	Difference	Net Asset Value (Published NAV) per unit
November 30, 2010	$10.05	$0.15	$10.20

Transaction costs

- Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are recognized as an expense in the Statement of Operations and Retained Earnings. The transaction costs for investments held at November 30, 2010 are shown separately on the Statement of Portfolio Investments

Investment transactions and income recognition

- Investment transactions are accounted for on the trade date
- Realized gains and losses on investment sales and unrealized appreciation or depreciation in investment values are calculated on the average cost basis
- Written call option income received is deferred and included in investments on the statements of financial position. Realized capital gains or losses are recognized in the statements of operations when options are exercised, expire or are closed out
- Deferred gains and losses on options are recognized in investments and as a component of net unrealized appreciation (depreciation) in the statements of operations
- Dividend income is recognized on the ex-dividend date. Interest income is recognized when earned
- Net realized gains and losses on investments include net realized gains or losses from foreign currency changes

Other Assets and Liabilities

For the purposes of categorization in accordance with Handbook – Accounting Section 3855, income receivable is designated as loans and receivables and recorded at cost or amortized cost. Similarly, accounts payable and accrued liabilities and dividends payable to shareholders are designated as financial liabilities and reported at cost or amortized cost. Cost or amortized cost approximates fair value for these assets and liabilities due to their short-term nature.

Redeemable Class I and Class II Preferred shares

In accordance with their terms, each redeemable Class I Preferred share is valued at the lesser of: (i) $5.00; and (ii) the Net Assets of the Fund divided by the number of Class I Preferred shares outstanding. Each redeemable Class II Preferred share is valued for financial statement purposes at the amount, if any, of the difference between the Net Assets per unit of the Fund and $5.00 (the par value of the Class I Preferred shares) subject to a maximum value of $5.00 per share. The Net Assets are equal to the difference between the aggregate value of the assets of the Fund and the aggregate value of its liabilities, excluding Preferred shares of the Fund.

Warrants

Warrants are valued at the closing ask price on the Toronto Stock Exchange (the "TSX") and are expressed as a liability for financial statement purposes but do not affect the calculation of the Net Asset Value per unit for transactional purposes. For transactional purposes, if at any time while any 2011 warrants are outstanding the Net Asset Value per unit is in excess of $10.00, or while any 2012 warrants are outstanding the Net Asset Value per unit is in excess of $12.50, a diluted Net Asset Value per unit will be calculated in additon to the basic Net Asset Value per unit, and any payment of retraction proceeds will be based on the diluted Net Asset Value per unit.

3. Management of Risk of Financial Instruments

Amended CICA Handbook – Accounting Section 3862, Financial Instruments-Disclosures ("Section 3862") requires disclosure about the inputs to fair value measurements, including the classification with a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

The following table illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at November 30, 2010:

	Financial assets at fair value as at November 30, 2010			
	Level 1	Level 2	Level 3	Total
Equities	$32,379,448	-	-	$32,379,448
Options	($90,500)	-	-	($90,500)
	$32,288,948	-	-	$32,288,948

The Fund's investment activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and currency risk), credit risk and liquidity risk.

Any sensitivity analysis presented below may differ from actual results and the difference could be material.

Market Price Risk

All securities investments present a risk of loss of capital.

The market price risk is affected by three main components: price movements, interest rate risk and foreign currency movements.

Price risk

As at November 30, 2010, the Fund's exposure to CIBC common stock was 92.6% of the Net Assets of the Fund.

A 10% increase /decrease in the Portfolio would currently increase/decrease Net Assets of the Fund by $3,228,895.

Interest rate risk

As a result of the reorganization, the majority of the Fund's financial assets are now invested in financial assets and liabilities that are non interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates and consider interest rate insignificant.

Currency risk

The portfolio holding and other Net Assets are denominated in Canadian dollars and therefore there is no currency risk.

Other risks

Credit risk

Credit risk is defined as the risk that a counterparty will be unable to pay amounts in full when due. All of the Fund's transactions are in listed securities and options and are settled and paid for using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on purchase once the securities have been received by the broker.

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to liquidity risk primarily through its monthly and annual retractions of Capital shares, Class I Preferred shares and Class II Preferred shares. The Fund receives adequate notice for all redemption requests. The Fund's Portfolio is invested in CIBC common stock which is a highly liquid large capitalization stock that trades on the TSX. All Capital shares and Preferred shares outstanding are redeemable on demand but are scheduled to be redeemed upon termination of the Fund on December 1, 2014. All other financial liabilities are payable within three months the end of the period.

Concentration risk

The Fund's only equity holding is concentrated in the common stock of CIBC common stock and as such will be exposed to the specific factors that affect this stock.

4. Preferred shares

The Fund is authorized to issue an unlimited number of Class I Preferred shares and an unlimited number of Class II Preferred shares

Issued and outstanding	November 30, 2010
3,389,663 Class I Preferred shares	$16,948,315
3,389,663 Class II Preferred shares	$16,948,315
	$33,896,630
Preferred share transactions	
Class I and Class II Preferred shares issued at reorganization date	3,824,009
Redeemed during the year	(434,346)
Class I and Class II Preferred shares end of period	3,389,663

Class I Preferred shares are entitled to fixed cumulative monthly dividends of $0.03125 per share. Class II Preferred shares are entitled to monthly dividends of $0.03125 per share if and when the Net Asset Value per unit exceeds $12.50. All Preferred shares outstanding on December 1, 2014 will be redeemed by the Fund on that date. Class I Preferred shares have a repayment objective of $5 and rank in prioirty to the Class II Preferred shares and Capital shares upon the winding of the Fund. Class II Preferred shares have a repayment objective of $5 and rank behind the Class I Preferred shares but ahead of the Capital shares. Class I and Class II Preferred shares trade under the symbols "YCM.PR.A" and "YCM.PR.B" respectively on the TSX. The trading price as at November 30, 2010 of Class I Preferred shares and Class II Preferred share was $5.67 and $3.17 respectively. The Priority Equity shares have been presented as liabilities in the financial statements.

Class I and Class II Preferred shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last day of each month. Shareholders who concurrently retract a Class I Preferred share, a Class II Preferred share and a Captial share (together, a "unit") in the month of October in each year will be entitled to receive an amount equal to the Net Asset Value per unit calculated on the last day of October. Class I and Class II Preferred shares retracted in any other month will receive a retraction price based on a discounted specified retraction formula. Under the terms of a Recirculation Agreement, the Fund may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any Class I and Class II Preferred shares shares or Capital shares tendered for retraction.

5. Capital shares

The Fund is authorized to issue an unlimited number of Capital shares. The Fund issued 3,824,000 Capital shares on March 26, 2010 for no consideration as a result of the reorganization.

Issued and outstanding	November 30, 2010
3,389,663 Capital shares	NIL

Capital share transactions	
Capital shares issued at reorganization date	3,824,009
Redeemed during the year	(434,346)
Capital shares end of period	3,389,663

Capital shares will participate in any Net Asset Value growth over $10.00 per unit. The dividend on the Capital shares will only be paid if and when the Net Asset Value per unit exceeds $15. The dividend rate on the Capital shares at such time will be set by the Board of Directors of the Fund at its discretion, based on market conditions. All Capital shares outstanding on December 1, 2014 will be redeemed by the Fund on that date.

Capital shares trade under the symbol "YCM" on the TSX. Capital shares trading price on the TSX was $1.18 as at November 30, 2010 (November 30, 2009-N/A). Capital shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last day of each month. Shareholders who concurrently retract a Capital share and a Class I and Class II Preferred shares (together, a "unit") in the month of October in each year will be entitled to receive an amount equal to the Net Asset Value per unit calculated on the last day of October. Capital shares retracted in any other month will receive a retraction price based on a discounted specified retraction formula. Under the terms of a Recirculation Agreement, the Fund may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any Class I and Class II Preferred shares or Capital shares tendered for retraction.

The Class I and Class II Preferred shares rank in priority to the Capital shares with respect to the payment of dividends. Upon the termination of the Fund, Capital shareholders will receive an amount equal to the Net Asset Value per unit less $10.00 (the redemption value of the Class I and Class II Preferred shares).

6. Warrants

As a result of the reorganization of the Commerce Split Corp. each Priority Equity shareholder on record on March 22, 2010 that elected the New Commerce Split Fund option received: (1) one half 2011 warrant that can be exercised to purchase a unit (one Class I Preferred share, one Class II Preferred share and one Capital share) for an exercise price of $10.00 at specified times until February 28, 2011; and (2) a 2012 warrant that can be exercised to purchased a unit (one Class I Preferred share, one Class II Preferred share and one Capital share) for an exercise price of $12.50 at specified times until February 28, 2012. A total of 1,912,004 2011 and 3,824,009 2012 warrants were issued on March 22, 2010. The warrants trade on the TSX under the following symbols: 2011 warrant (TSX: YCM.WT); 2012 warrant (TSX: YCM.WT.A). The 2011 warrants and 2012 warrants trading price was $0.28 and $0.07 respectively on November 30, 2010. As at November 30, 2010, no warrants had been exercised.

7. Expenses

The Fund is responsible for all expenses incurred in connection with the operation and administration of the Fund, including, but not limited to, ongoing custodian, transfer agent, legal and audit expenses.

Pursuant to the administration agreement, the Manager is entitled to an administration fee payable monthly in arrears at an annual rate of 0.10% of the Net Assets of the Fund, which includes the outstanding Class I and Class II Preferred shares, calculated as at each monthly valuation date and an amount equal to the service fee payable to dealers on the Capital shares at a rate of 0.50% per annum. No service fee will be paid in any calendar quarter if regular dividends are not paid to holders of Capital shares in respect of each month in such calendar quarter.

Pursuant to the terms of the investment management agreement, Quadravest is entitled to a base management fee payable in arrears at an annual rate equal to 0.45% of the transactional net assets of the Fund, which includes the outstanding Class I and Class II Preferred shares, calculated as at each monthly valuation date.

Total management fees of $185,982 (2009-N/A) incurred during the year include the administration fee and base management fee.

The brokerage commissions paid during the year by the Fund for its Portfolio transactions were $11,956 (2009-N/A).

8. Distributions

The Fund's investment objectives are to provide steady monthly distributions to both the Class I and Class II Preferred shareholders.

Distributions per share were as follows:

	March 26, 2010 to November 30, 2010
Class I Preferred shares	$0.2813
Class II Preferred shares	-
Capital shares	-

9. Capital Management

The Fund considers its capital to consist of Capital, Class I and Class II Preferred shares.

The Fund's objectives in managing its capital are:

i) to provide holders of Class I Preferred shares with fixed cumulative preferential monthly cash dividends in an amount of $0.03125 per Class I Preferred share to yield 7.50% per annum on the notional issue price and to return $5 per share to their holders on December 1, 2014; and

ii) to provide holders of Class II Preferred shares with monthly cash dividends of $0.03125 per Class II Preferred share to yield 7.50% on the $5 notional issue price if and when the Net Asset Value per unit exceed $12.50 and having a repayment objective on December 1, 2014 of $5.00

iii) to provide holders of Capital shares with growth above the value of the Preferred shares.

In order to manage its capital structure, the Fund may adjust the amount of dividends paid to shareholders or return capital to shareholders.

10. Income Taxes

The Fund is part of Commerce Split Corp. which is a mutual fund corporation as defined in the Income Tax Act (Canada) (the "Act") and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Fund is generally subject to a tax of 33-1/3% under Part IV of the Act on taxable dividends received in the year. This tax is fully refundable upon payment of sufficient dividends.

Commerce Split Corp. is also a financial intermediary corporation as defined in the Act and, as such, is not subject to tax under Part IV.1 of the Act on dividends received nor is it generally liable to tax under Part VI.1 on dividends paid on taxable Preferred shares.

Temporary differences between the carrying value of assets and liabilities for accounting and income tax purposes give rise to future income tax assets and liabilities. When the market value of a security in the Fund exceeds its cost base, a future income tax liability arises. As capital gains taxes payable by the Fund are refundable under the provisions of the Income Tax Act (Canada), the future tax liability is offset by these future refundable taxes. If the cost base exceeds the market value of the security, a future income tax asset is generated. A full valuation allowance is taken to offset this asset given the uncertainty that such future assets will ultimately be realized. Future income tax liabilities or assets are calculated using substantively enacted tax rates expected to apply in the period that the temporary differences are expected to reverse.

Commerce Split Corp. has estimated accumulated non capital losses for tax purposes of $5,935,562 (2009-$3,753,193) that are available to lower taxable income in future years if required and expire after the scheduled termination date of the Fund on December 1, 2014. Commerce Split Corp. also has estimated accumulated capital losses for tax purposes of $15,988,458 (2009-$15,988,458) which may be used to lower future capital gains if required.

The reorganization of Commerce Split Corp. into two separate Funds is not expected to have any impact going forward given the level of non-capital and capital loss carry forwards available as well as the distribution policy of each Fund.

11. Harmonized Sales Taxes

Effective July 1, 2010, goods and services tax ("GST") was replaced by the harmonized sales tax ("HST") in certain provinces and is imposed at higher rates than the GST. Since the applicable HST is being paid by the Fund, it has resulted in an overall increase in expenses incurred by the Fund since the effective date of implementation.

NOTES

Quadravest Capital Management Inc.

Quadravest Capital Management Inc. was formed in 1997 and is focused on the creation and management of enhanced yield products for retail investors. The investment strategy combines fundamental based equity investing with covered call writing. Guided by four key principles, Quadravest sets attainable investment objectives that allow the team to stay focused on a long-term investment strategy.

The four principles – innovation in financial products, discipline in investment management, solid results for investors, and excellence in client service – form the foundation of Quadravest. Each member of the firm's tight-knit team is committed to upholding these principles, ensuring a coherence and dedication that is unique to the Company.

Quadravest has raised over $2.5 billion in initial public offerings.

Board of Directors

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Chairman and
Chief Investment Officer

Laura Johnson,
Managing Director and
Portfolio Manager

Michael W. Sharp
Blake, Cassels & Graydon LLP

Peter Cruickshank,
Managing Director and
Chief Financial Officer

William Thornhill,
President, William C.
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