

MAY 31
2011

NEW COMMERCE SPLIT FUND
SEMI-ANNUAL REPORT
(UNAUDITED)

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.

NEW COMMERCE SPLIT FUND
SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE
MAY 31, 2011

This is the semi-annual Management Report of Fund Performance (MRFP) for the period ended May 31, 2011. This MRFP contains financial highlights but does not contain the complete financial statements of the New Commerce Split Fund, a separate investment fund under Commerce Split Corp. (the "Company"). The semi-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 Company 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 invests primarily in common shares of CIBC and also has a covered call writing strategy 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. 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

2011 warrants (Symbol: YCM.WT) expired on 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.

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 semi-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 Share Portfolio 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

As at May 31, 2011 the New Commerce Split Fund had a net asset value of \$10.26 per unit (a unit consisting of one Class I Preferred share, one Class II Preferred share and 1 Capital share) which was an increase of \$0.21 over the period after the payment of distributions on Class I Preferred shares.

As at May 31, 2011, the New Commerce Split Fund had 83.6% of its net assets invested in CIBC common shares. The dividend income from the common shares of CIBC is supplemented by income received from a selective covered call writing program. Distributions were made at the targeted rate for the Class I Preferred shares during the period while Class II Preferred shares and Capital shares were not eligible to receive distributions under the distribution policy of the Fund as outlined in the Investment Objectives and Strategies section.

Expenses during the current period are higher than the previous period which was the inception period and included only 66 days.

During the period, 937,290 2011 warrants were exercised prior to the February 2011 expiry resulting in proceeds of \$9,372,900 which was added to the Company's capital.

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 increase in the Net Asset Value as at the reorganization date.

Capital shares – Distributions

No distributions paid during the period.

Class I Preferred shares

At total of 6 regular monthly distributions were paid at the monthly rate of \$0.03125 for a total of \$0.1875 per share during the initial period. A total of 15 distributions for a total of \$0.4688 have been paid since the reorganization date.

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

The Company 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 Company. However this determination is subject to change as the Company finalizes its assessment of potential IFRS differences and as new standards are issued prior to the Company's adoption of IFRS.

RELATED PARTY TRANSACTIONS

Quadravest Capital Management Inc. ("Quadravest") as Investment Manager and Manager earn 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 Class I Preferred shares 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.

Total management fees of \$108,200 was paid for the period ended May 31, 2011. 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

	May 31, 2011	2010 ⁽²⁾
Net assets per unit, beginning of period ⁽¹⁾	10.05	9.94
Increase (decrease) from operations		
Total revenue	0.19	0.20
Total expenses	(0.08)	(0.10)
Realized gains for the period	-	-
Unrealized gains for the period	<u>0.15</u>	<u>0.52</u>
Total increase from operations ⁽³⁾	0.26	0.61
Distributions ⁽⁴⁾		
Taxable Dividends	<u>(0.19)</u>	<u>(0.28)</u>
Capital gains	-	-
Total distributions	<u>(0.19)</u>	<u>(0.28)</u>
Net assets per unit at end of period	10.26	10.29
Net assets per Class I Preferred share	5.00	5.00
Net assets per Class II Preferred share	5.00	5.00
Net assets per Capital share	<u>0.26</u>	<u>0.05</u>
Net assets per unit at end of period	10.26	10.05

- (1) Net Assets 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 and the warrants of the Fund on that date divided by the number of units then outstanding.
- (2) Results for the period March 26, 2010 to May 31, 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 and Capital shares are based on the number of Class I Preferred shares, Class II Preferred shares and 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

	May 31, 2011	2010 ⁽¹⁾
Net assets (millions) ⁽²⁾	\$41.0	\$34.9
Number of units outstanding	3,982,697	3,389,663
Base Management expense ratio ⁽³⁾	1.47%	1.55%
Management expense ratio per Capital share ⁽⁴⁾	121.96%	N/A
Management expense ratio per Class II Preferred share ⁽⁵⁾	N/A	10.25%
Portfolio turnover rate ⁽⁶⁾	0.0%	10.7%
Trading expense ratio ⁽⁷⁾	-	0.03%
Closing market price (TSX): Class I Preferred share	\$5.45	\$5.67
Closing market price (TSX): Class II Preferred share	\$3.45	\$3.17
Closing market price (TSX): Capital share	\$1.06	\$1.18

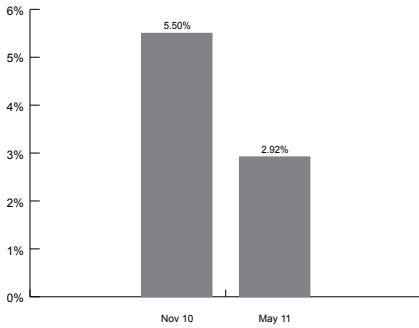
- (1) Results for the period March 26, 2010 to November 30, 2010.
- (2) This information is provided at May 31 or November 30, as applicable.
- (3) A separate base management expense ratio has been presented to reflect the normal operating expenses of the Fund excluding the one time initial offering expenses and performance fees. Management expense ratio is based on total expenses for the stated period and is expressed as a annualized percentage of average net assets during the periods. Management expense ratio for Capital shares is based on the requirements of National Instrument 81-106. This policy 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.
- (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 Assets per unit.
- (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 all distributions on Class I Preferred Shares.
- (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

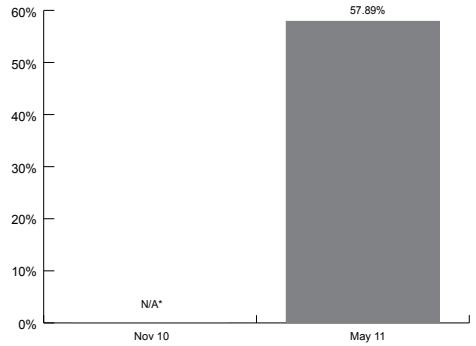
The past performance of 1) the Net Asset Value per unit; 2) 1 Class I Preferred share, 3) 1 Class II Preferred share on Net Asset Value basis; and 4) the Capital share on a Net Asset Value basis for each period since inception are presented in the bar charts below. Each bar in the chart reflects the 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:

- The performance information shown assumes that all cash distributions made by the Fund during the periods shown were reinvested in the applicable securities of the Fund,
- The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance, and
- Past performance of the Fund does not necessarily indicate how it will perform in the future.

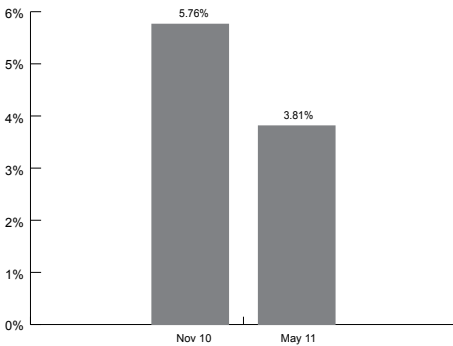
NET ASSET VALUE PER UNIT



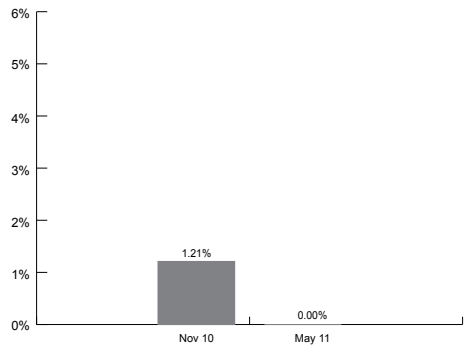
CAPITAL SHARE ⁽¹⁾



CLASS I PREFERRED SHARE



CLASS II PREFERRED SHARE



(1) 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 May 31, 2011

Name	Weighting (%)
Canadian Imperial Bank of Commerce	83.6%
Other net assets	16.4%

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 Commerce Split Corp.

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 Commerce Split Corp. is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements.

Commerce Split Corp.'s independent auditors have not performed a review of these semi-annual financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

NEW COMMERCE SPLIT FUND
STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2011 AND NOVEMBER 30, 2010

	May 31, 2011 (\$)	November 30, 2010 (\$)
ASSETS		
Investments - at fair value (note 2)	34,249,134	32,288,948
Cash	7,069,350	2,787,483
Interest, dividends and other receivables	435	431
Total Assets	<u>41,318,919</u>	<u>35,076,862</u>
LIABILITIES		
Fees and other accounts payable	192,638	89,052
Dividends payable	124,459	105,927
Class I Preferred shares	19,913,485	16,948,315
Class II Preferred shares	19,913,485	16,948,315
Warrants	152,960	803,042
	<u>40,297,027</u>	<u>34,894,651</u>
SHAREHOLDERS' EQUITY		
Capital shares (note 5)	-	-
Retained Earnings	1,021,892	182,211
	<u>1,021,892</u>	<u>182,211</u>
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	<u>41,318,919</u>	<u>35,076,862</u>
Number of units (1 Class I Preferred share , 1 Class II Preferred share and 1 Capital share) outstanding		
	3,982,697	3,389,663
Net assets per unit (note 2)	10.26	10.05
Net assets per Class I Preferred share (note 2)	5.00	5.00
Net assets per Class II Preferred share (note 2)	5.00	5.00
Net assets per Capital share (note 2)	0.26	0.05

Approved on behalf of the Board of Directors



WAYNE FINCH
Chairman and
Chief Investment Officer



PETER CRUICKSHANK
Managing Director and
Chief Financial Officer

NEW COMMERCE SPLIT FUND
STATEMENT OF OPERATIONS AND DEFICIT

FOR THE SIX MONTH PERIOD ENDED **MAY 31, 2011** AND
FOR THE PERIOD FROM **MARCH 26, 2010** (DATE OF INCEPTION) TO **MAY 31, 2010** (UNAUDITED)

	2011 (\$)	2010 (\$)
INCOME		
Dividends	713,619	60,923
	<u>713,619</u>	<u>60,923</u>
EXPENSES (note 6)		
Management fees	108,200	60,243
Audit fees	8,618	9,762
Directors' fees	9,085	-
Independent Review Committee fees	1,766	-
Custodian fees	9,111	4,482
Shareholder reporting costs	2,864	96,794
Legal fees	12,687	-
Other operating expenses	116,050	952
Harmonized sales tax/Goods and services tax	19,986	8,612
	<u>288,367</u>	<u>180,845</u>
Net investment income (loss)		
before distributions on Preferred shares	425,252	(119,922)
Distributions on Preferred shares (note 4 and 8)	(705,332)	(358,501)
Net loss for the period	(280,080)	(478,423)
Realized and unrealized gain (loss)		
on investments and options and transaction costs		
Net realized gain (loss) on investments and options	(3,375)	-
Change in unrealized appreciation (depreciation) of investments	571,039	(1,400,311)
Transaction costs on purchase and sale of investments (note 2)	(413)	(9,944)
	<u>567,251</u>	<u>(1,410,255)</u>
Net gain (loss) on investments and options for the period	567,251	(1,410,255)
Change in Value of Preferred shares	20,518	1,888,678
Net allocation on retraction of Preferred shares	(118,090)	-
Fair value accounting of warrants (note 2 and 6)	650,082	(745,682)
Increase (decrease) in net assets from operations for the period	839,681	(745,682)
Retained earnings (deficit) - Beginning of period	182,211	-
Retained earnings (deficit) - End of period	1,021,892	(745,682)
Decrease in net assets from operations		
per Capital share (Class A share 2009)	0.22	(0.20)

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

NEW COMMERCE SPLIT FUND
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTH PERIOD ENDED **MAY 31, 2011** AND
FOR THE PERIOD FROM **MARCH 26, 2010** (DATE OF INCEPTION) TO **MAY 31, 2010** (UNAUDITED)

	2011 (\$)	2010 (\$)
Shareholders' equity - Beginning of period	182,211	0
Increase (decrease) in net assets from operations for the period	839,681	(745,682)
Shareholders' equity - End of period	<u>1,021,892</u>	<u>(745,682)</u>

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

NEW COMMERCE SPLIT FUND
STATEMENT OF CASH FLOW

FOR THE SIX MONTH PERIOD ENDED **MAY 31, 2011** AND
 FOR THE PERIOD FROM **MARCH 26, 2010** (DATE OF INCEPTION) TO **MAY 31, 2010** (UNAUDITED)

	2011 (\$)	2010 (\$)
Cash flow from Operating activities		
Net investment loss for the period	(280,080)	(478,423)
Proceeds from sale of investments	(3,378)	-
Purchase of investments	(1,389,559)	(30,215,222)
Net change in interest, dividends and other receivables	(4)	-
Net change in fees, other accounts payable and dividends payable on Preferred shares	122,118	509,920
Cash flow from operations	<u>(1,550,903)</u>	<u>(30,183,725)</u>
Cash flow from Shareholder activities		
Gross proceeds from the issue of Capital shares and Preferred shares	9,372,900	-
Amount paid on redemption of Capital and Preferred shares	(3,540,130)	-
Cash received on inception date	<u>-</u>	<u>5,319,875</u>
Cash flow from Shareholder activities	5,832,770	5,319,875
Increase (decrease) in cash for the period	4,281,867	(24,863,850)
Cash, beginning of period	<u>2,787,483</u>	<u>32,794,125</u>
Cash, end of period	<u>7,069,350</u>	<u>7,930,275</u>
Supplemental data		
Distributions paid on Preferred shares	686,800	238,501

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

NEW COMMERCE SPLIT FUND
STATEMENT OF PORTFOLIO INVESTMENTS
AS AT MAY 31, 2011 (UNAUDITED)

No. of shares	Description	Average Cost (\$ (Premiums received)	Fair Value (\$)
	Core Holding		
	Canadian Common Equities		
426,626	Canadian Imperial Bank of Commerce	30,911,749	34,262,334
	Total Canadian Common Equities in Core Holding (100.4%)	<u>30,911,749</u>	<u>34,262,334</u>
No. of contracts	Call options written (100 shares per contract)		
(165)	Canadian Imperial Bank of Commerce @ \$84, June 2011	(14,768)	(1,155)
(165)	Canadian Imperial Bank of Commerce @ \$82, July 2011	(12,210)	(12,045)
	Total Canadian call options written (-0.4%)	<u>(26,978)</u>	<u>(13,200)</u>
		<u>30,884,771</u>	<u>34,249,134</u>
	less adjustment for transaction costs	(10,998)	
	Total Investments (100%)	<u>30,873,773</u>	<u>34,249,134</u>

The Statement of Portfolio Investments is at May 31, 2011 and may or may not be indicative of the current portfolio.

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

NEW COMMERCE SPLIT FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MAY 31, 2011 AND
FOR THE PERIOD FROM MARCH 26, 2010 (DATE OF INCEPTION) TO MAY 31, 2010 (UNAUDITED)

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 prior to 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. Actual results could differ from these estimates.

The following is a summary of the significant accounting policies followed by the Company.

Valuation of investments

Investments are categorized as held for trading and are recorded at fair value 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

National Instrument 81-106 ("NI 81-106") 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).

NEW COMMERCE SPLIT FUND

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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 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) per unit	Difference	Net Asset Value (Published NAV) per unit
May 31, 2011	\$10.26	\$0.04	\$10.30
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.

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

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.

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Other Assets and Liabilities

Other assets are designated as loans and receivables and recorded at cost or amortized cost. Similarly, other liabilities 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.

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 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 addition 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

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 May 31, 2011 and November 30, 2010:

Financial assets at fair value as at May 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$34,262,334	-	-	\$34,262,334
Options	<u>(\$13,200)</u>	<u>-</u>	<u>-</u>	<u>(\$13,200)</u>
	\$34,249,134	-	-	\$34,249,134

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	<u>(\$90,500)</u>	<u>-</u>	<u>-</u>	<u>(\$90,500)</u>
	\$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.

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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 May 31, 2011, the Fund's exposure to CIBC common stock was 83.5% (November 30, 2010-92.6%) of the Net Assets of the Fund.

A 10% increase / decrease in the Portfolio would currently increase/decrease Net Assets of the Fund by \$3,424,913 (November 30, 2010-\$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 retraction 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.

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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

	May 31, 2011	May 31, 2010
3,982,697 Class I Preferred shares (May 31, 2010-3,824,009)	\$19,913,485	\$19,120,045
3,982,697 Class II Preferred shares (May 31, 2010-3,824,009)	\$19,913,485	\$19,120,045
less reduction in value of Class II Preferred shares	-	\$2,116,601
	<u>\$19,913,485</u>	<u>\$17,003,444</u>

Preferred share transactions

Beginning of period	3,389,663	-
Class I and Class II Preferred shares issued at reorganization date		3,824,009
Issued during the period	937,290	-
Redeemed during the period	<u>(344,256)</u>	<u>-</u>
Class I and Class II Preferred shares end of period	3,982,697	3,824,009

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 priority 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 May 31, 2011 of Class I Preferred shares and Class II Preferred share was \$5.45 and \$3.45 respectively (November 30, 2010-\$5.67 and \$3.17 respectively). The Preferred 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 Capital 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 or Capital shares tendered for retraction.

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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

3,982,697 Capital shares (May 31, 2010-\$3,824,009)	May 31, 2011 <u>NIL</u>	May 31, 2010 <u>NIL</u>
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Capital share transactions

Beginning of period	3,389,663	-
Capital shares issued at reorganization date	-	3,824,009
Issued during the period	937,290	-
Redeemed during the period	<u>(344,256)</u>	<u>-</u>
Capital shares end of period	3,982,697	3,824,009

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 \$1.06 as at May 31, 2011 (November 30, 2010-\$1.18). 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 could have been 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 prior to February 28, 2011; and (2) a 2012 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 \$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 2012 warrants trade on the TSX under the symbol "YCM.WT.A". The 2012 warrants trading price was \$0.04 on May 31, 2011 (May 31, 2010-\$0.085). As at May 31, 2011, 937,290 2011 warrants were exercised and no 2012 warrants had been exercised. A total of 3,824,009 2012 warrants remain outstanding.

NEW COMMERCE SPLIT FUND

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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 \$108,200 (May 31, 2010-\$60,423) incurred during the period include the administration fee and base management fee.

The brokerage commissions paid during the period by the Fund for its Portfolio transactions were \$413 (May 31, 2010-\$9,944)

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:

	May 31, 2011	March 25, 2010 to May 31, 2010
Class I Preferred shares	\$0.1875	\$0.09375
Class II Preferred shares	-	-
Capital shares	-	-

9. Capital Management

The Fund considers its capital to consist of Capital, Class I Preferred 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 \$5 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; and
- 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.

NEW COMMERCE SPLIT FUND

NOTES TO FINANCIAL STATEMENTS

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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 \$4,125,151 (May 31, 2010-\$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 (May 31, 2010-\$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. Comparative Financial Statements

Certain 2010 comparative figures have been reclassified from statements previously presented to conform to the presentation of the 2011 financial statements.

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

Wayne Finch,
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.
Thornhill Consulting Inc.

John Steep
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