

**Commerce Split Corp** is an Investment Corporation designed to pay monthly cash dividends. The Corporation invests in common shares of Canadian Imperial Bank of Commerce, a Canadian financial institution with strong fundamentals and performance. Two types of shares are available, a Class A and a Preferred (Priority Equity Share).

## Objectives

### Preferred Shares (TSX: XCM.PR.A):

(i) to provide holders of the Preferred Shares with fixed, cumulative preferential monthly cash dividends in the amount of \$0.04375 per Preferred Share to yield **5.25% per annum** on the original issue price (\$10); and (ii) on or about December 1, 2014 (termination date), to pay the holders of the Preferred Shares the original issue price of those shares by way of the Portfolio Protection Plan.

### Class A Shares (TSX: XCM):

(i) to provide holders of the Class A Shares with regular monthly cash dividends initially targeted to be \$0.05 per Class A Share to yield **6.0% per annum** on the original issue price; and (ii) on or about December 1, 2014 (termination date), to pay the holders of Class A Shares at least the original issue price (\$10) of those shares.

## Distributions (by record date)

	XCM	XCM.PR.A	Total
Total to Date	\$0.6000	\$0.7641	\$1.3641
2008 YTD	\$0.1000	\$0.3063	\$0.4063
2007	\$0.5000	\$0.4578 <sup>(1)</sup>	\$0.9578

(1) Initial distribution for the period Feb 16/07 to Mar 31/07.

## Commentary

Overall financial markets continue to be adversely impacted by the confluence of record high commodity prices and the continuing credit related problems originating from the US sub prime lending market. These conditions have caused economic growth to slow considerably in both Canada and the United States while at the same time high commodity prices are beginning to lead to a marked increase in inflationary pressures. In particular, the dramatic increase in oil prices has become a large obstacle for economic recovery. Although it is difficult to know when these conditions will ease, the financial markets tend to act as a leading indicator and have in the past anticipated economic recoveries, sometimes 6 to 12 months in advance of the actual pick up in economic activity. Based on market recoveries over the past 25 years, the financial services sector has quite often been among the strongest leading sectors.

CIBC common stock increased approximately 10.5% over the month of July. The current dividend yield on the portfolio is 5.6%.

## Details

Gross Proceeds:	\$174,200,000
Units Issued:	8,710,000
Inception Date:	Feb 16, 2007
Termination Date:	Dec 1, 2014
Net Asset Value:	\$11.14 (July 31/08)

Cash & Fixed Income Weighting:	26%
Canadian Equity Weighting:	74%

<b>XCM.PR.A</b> Trading Price:	\$7.90 (July 31/08)
Current Yield:	6.6% annually
Market Capitalization:	\$68,470,880

<b>XCM</b> Trading Price:	\$3.26 (July 31/08)
Current Yield:	10.7% annually
Market Capitalization:	\$28,255,072

## Holding

## Symbol

Canadian Imperial Bank of Commerce	CM
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