

May 31 | Commerce Split Corp.

2007 | *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.

Semi-Annual Management Report of Fund Performance

May 31, 2007

This is the **Semi-Annual Management Report of Fund Performance (MRFP)** for the period ended May 31, 2007. This MRFP contains financial highlights but does not contain the complete financial statements of the Company. The semi-annual financial statements and accompanying notes are attached to this report.

Investors may also obtain a copy of the Company'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

The Company invests primarily in common shares of the Canadian Imperial Bank of Commerce (CIBC).

The Company offers two types of shares:

Priority Equity Shares

The investment objectives with respect to the Priority Equity Shares are as follows:

1. to provide holders of Priority Equity Shares with fixed cumulative preferential monthly cash dividends in an amount of \$0.04375 per Priority Equity Share to yield 5.25% per annum on the original issue price and
2. on or about December 1, 2014 (the termination date) to pay holders the original issue price (\$10) of those shares.

Class A Shares

The investment objectives with respect to the Class A shares are as follows:

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

Risk

The risks of investing in the Company remain as discussed in the Prospectus dated January 23, 2007.

Results of Operations

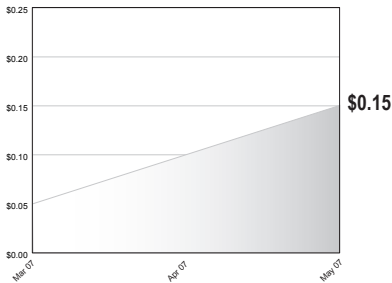
The primary activity during this initial period was to invest the proceeds of the offering into CIBC common stock and implement the supplemental covered call writing program. The net asset value per unit was \$19.05 as at May 31, 2007. Distributions to both Class A shareholders and Priority Equity shareholders were made at the targeted rates during the period. The dividend income in the portfolio was supplemented by a limited covered call writing program which provides some additional income to the portfolio.

Distributions

Class A Shares – Distributions

Class A shareholders are entitled to receive regular monthly cash dividends initially targeted to be \$0.05 per Class A Share to yield 6% per annum on the original issue price. Dividends paid during the period were made at the targeted rate for a total of \$0.15 per share.

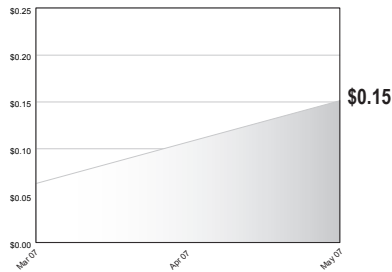
Cumulative Distributions since inception



Priority Equity Shares – Distributions

Priority Equity shareholders are entitled to receive regular monthly cash dividends in the amount of \$0.04375 per Priority Equity Share to yield 5.25% per annum on the original issue price. Dividends paid during the period were paid at the targeted rate for a total of \$0.15 per share.

Cumulative Distributions since inception



Recent Developments

The Canadian Institute of Chartered Accountants (CICA) has issued new standards for the fair valuation and recording of portfolio investments for fiscal years beginning on or after October 1, 2006 (see note 2 in the semi annual financial statements for further details). Basically, the new standards require that portfolio investments be measured based on the last bid price of a security rather than the last traded price (as previously had been the case). The semi-annual financial statements attached reflect these changes. The implementation of these new valuation standards is immaterial to the Company as can be seen in note 2 which presents the actual impact of this change on the net asset value per unit.

Related Party Transactions

None

Management fees

The Investment Manager is entitled to a base management fee payable monthly in arrears at an annual rate equal to 0.55% of the Company's Net Asset Value calculated as at the last Valuation Date in each month.

The Manager is entitled to an administration fee payable monthly in arrears at an annual rate equal to 0.1% of the Company's Net Asset Value calculated as at the last Valuation Date in each month.

Total management fees of \$311,591 paid for the period ended May 31, 2007 include the base management fee and the administration fee. The base management fee was used by the Investment Manager to pay costs associated with the managing of the investment portfolio, providing investment analysis and recommendations, making investment decisions, making 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 Company, which includes all operational, financial accounting, shareholder reporting and regulatory reporting requirements.

Summary of Investment Portfolio

All holdings as at May 31, 2007

Canadian Imperial Bank of Commerce	92.6	%
Total long positions as a percentage of net assets	92.6	%
Other net assets	7.4	%

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

Financial Highlights

The following tables show selected financial information about the Company and are intended to help you understand the Company's financial performance for the period ended May 31, 2007. This information is derived from the Company's semi-annual (unaudited) annual financial statements.

The Company's Net Asset Value (NAV) per unit

	May 31, 2007⁽²⁾
Net asset value per unit, beginning of period ⁽¹⁾	19.03 ⁽³⁾
Increase (decrease) from operations	
Total revenue	0.16
Total expenses	(0.06)
Realized gains for the period	0.15
Unrealized gains for the period	<u>0.07</u>
Total increase from operations ⁽⁴⁾	<u>0.32</u>
Distributions ⁽⁵⁾	
Taxable Dividends	(0.15)
Capital gains	<u>(0.15)</u>
Total distributions	<u>(0.30)</u>
Net asset value per unit at end of period	19.05
Net asset value per Priority Equity share	10.00
Net asset value per Class A share	<u>9.05</u>
Net asset value per unit at end of period	19.05

⁽¹⁾ Net asset value per unit is the difference between the aggregate value of the assets of the Company and the aggregate value of the liabilities excluding the Priority Equity shares of the Company on that date divided by the number of units then outstanding

⁽²⁾ Results for the period February 16, 2007 (inception) to May 31, 2007

⁽³⁾ Initial net asset value per unit is after deducting all agents' fees and filing costs in connection with the initial public offering

⁽⁴⁾ Total increase from operations is before the payment of Priority Equity Shares and Class A share distributions and is calculated based on the weighted average number of units outstanding during the period.

⁽⁵⁾ Distributions to Priority Equity shares and Class A shares are based on the number of Priority Equity shares and Class A 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, 2007 ⁽¹⁾
Net assets (millions)	\$165.9
Number of units outstanding ⁽²⁾	8,710,000
Base Management expense ratio excluding one time initial offering expenses ⁽³⁾	1.05%
Management expense ratio including one time initial offering expenses ⁽⁴⁾	6.29%
Portfolio turnover rate ⁽⁵⁾	12.4%
Trading expense ratio ⁽⁶⁾	0.06%
Closing market price (TSX): Priority Equity shares	\$10.32
Closing market price (TSX): Class A shares	\$9.29

⁽¹⁾ Results for the period February 16, 2007 (inception) to May 31, 2007

⁽²⁾ This information is provided as at May 31

⁽³⁾ A separate base management expense ratio has been presented to reflect the normal operating expenses of the Company 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 an annualized percentage of average net assets during the period

⁽⁴⁾ Share issue expenses, representing all Agents' fees and other offering expenses are one time initial expenses connected with the launch of the Company

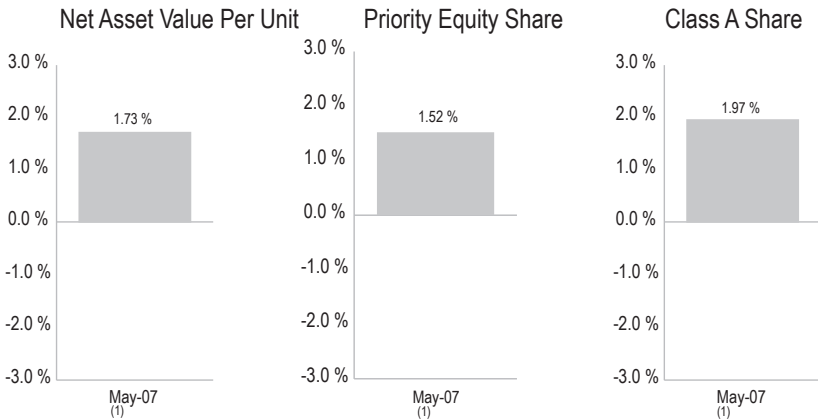
⁽⁵⁾ The Company's portfolio turnover rate indicates how actively the Company's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of the year. The Company employs a covered call writing strategy which can cause the portfolio turnover rate to be higher than conventional mutual funds

⁽⁶⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average net assets during the period.

Past Performance

The past performance of 1) the net asset value per unit (1 Priority Equity share and 1 Class A share); 2) the Priority Equity share on net asset value basis; and 3) the Class A share on a net asset value basis for the period ended May 31 is presented in the bar charts below. 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 additional 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.



⁽¹⁾ Based on initial period from February 16, 2007 to May 31, 2007.

Commerce Split Corp.

Management's Responsibility for Financial Reporting

The financial statements of Commerce Split Corp. (the "Company") 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 Company.

The Company 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 Company are described in Note 2 to the financial statements.

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

The Company'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.

Commerce Split Corp.

Statement of Financial Position

As at May 31, 2007

	2007
Assets	(\$)
Investments* - at fair value (note 2)	153,395,690
Cash	13,909,015
Total Assets	<u>167,304,705</u>
Liabilities	
Fees and other accounts payable	542,910
Dividends payable	816,563
Priority Equity shares (note 3)	87,100,000
	<u>88,459,473</u>
Shareholders' Equity	
Class A and Class B shares (note 4)	78,662,000
Retained earnings	184,232
	<u>78,846,232</u>
Total Liabilities & Shareholders' Equity	<u>167,304,705</u>
*cost \$152,809,713 (May 31, 2007)	
Number of units (1 Priority Equity share and 1 Class A share) outstanding	8,710,000
Net asset value per unit (GAAP)(note 2)	\$19.05
Net asset value per Priority Equity share (GAAP)(note 2)	\$10.00
Net asset value per Class A share (GAAP)(note 2)	\$9.05
Net asset value per unit (Transactional)(note 2)	\$19.05

Approved on behalf of the Board of Directors



Wayne Finch
Chairman and
Chief Investment Officer



Peter Cruickshank
Managing Director and
Chief Financial Officer

Commerce Split Corp.

Statements of Operations and Retained Earnings

For the period from February 16, 2007 to May 31, 2007

	For the period February 16, 2007 to May 31, 2007 (\$)
Income	
Dividends	1,230,845
Interest	148,922
	<u>1,379,767</u>
Expenses (note 5)	
Management fees	311,591
Service fees	90,000
Audit fees	8,500
Directors' fees	4,250
Custodian fees	12,698
Shareholder reporting costs	17,888
Other operating expenses	12,349
Goods and services tax	22,046
	<u>479,322</u>
Net investment income before distributions on Priority Equity shares	900,445
Distributions on Priority Equity shares (note 3 and 6)	(1,320,088)
Net investment (loss) for the period	(419,643)
Realized and unrealized (loss) on investments and options and transaction costs	
Net realized gain on investments and options	1,413,124
Change in unrealized appreciation of investments	585,977
Transaction costs on purchased and sale of investments (note 2)	(88,726)
Net gain on investments and options for the period	1,910,375
Increase in net assets from operations for the period	1,490,732
Retained earnings - Beginning of period	-
Distributions on Class A shares (note 4 and 6)	(1,306,500)
Retained earnings - End of period	184,232
Increase in net assets from operations per Class A share	0.17

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

Commerce Split Corp.

Statements of Changes in Shareholders' Equity

For the period from February 16, 2007 to May 31, 2007

For the period from
February 16, 2007
to May 31, 2007
(\$)

Shareholders' equity - Beginning of period	-
Increase in net assets from operations for the period	1,490,732
Gross proceeds from issue of Class A shares	87,100,000
Agents' fees and filing costs in connection with the initial public offering	(8,439,000)
Net proceeds from issue of Class A shares (note 4)	<u>78,661,000</u>
Net proceeds from issue of Class B shares (note 4)	1,000
Distributions on Class A shares	
From net realized gains	(993,481)
From return of capital	(313,019)
	<u>(1,306,500)</u>
Increase in net assets for the period	78,846,232
Shareholders' equity - End of period	<u>78,846,232</u>

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

Commerce Split Corp.

Statements of Cash Flow

For the period from February 16, 2007 to May 31, 2007

For the period from
February 16, 2007
to May 31, 2007

	(\$)
Cash flow from Operating activities	
Net investment loss for the period	(419,643)
Proceeds from sale of investments	20,996,000
Purchase of investments	(172,482,315)
Net change in receivable balances	-
Net change in payable balances	1,359,473
	<hr/>
Cash flow from operations	(150,546,485)
Cash flow from Shareholder activities	
Gross proceeds from the issue of Class A shares and Priority Equity shares*	174,201,000
Agents' fee and filing costs in connection with the initial public offering	(8,439,000)
Distribution on Class A shares	(1,306,500)
Cash flow from Shareholder activities	164,455,500
	<hr/>
Net increase in cash for the period	13,909,015
Cash, beginning of period	-
Cash, end of period	<hr/> 13,909,015 <hr/>

*includes 1,000 Class B shares

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

Commerce Split Corp.

Statement of Portfolio Investments

As at May 31, 2007

No. of shares	Description	Average cost/ (Premiums received) (\$)	Market value(\$)
Canadian Core Common Equities			
1,496,500	Canadian Imperial Bank of Commerce	153,194,408	153,630,690
	Total Canadian Core Common Equities (100.2%)	<u>153,194,408</u>	<u>153,630,690</u>
Call Options written (100 shares per contract)			
Canadian call options written			
(1,100)	Canadian Imperial Bank of Commerce, June 2007 @ \$105 (91,300)		(49,500)
(1,100)	Canadian Imperial Bank of Commerce, June 2007 @ \$110 (30,800)		(5,500)
(1,500)	Canadian Imperial Bank of Commerce, July 2007 @ \$105 (205,500)		(180,000)
	Total Canadian call options written (-0.2%)	<u>(327,600)</u>	<u>(235,000)</u>
		152,866,808	153,395,690
	less adjustment for transaction costs	(57,095)	-
	Total Investments (100%)	<u>152,809,713</u>	<u>153,395,690</u>

The Statement of Portfolio Investments is at May 31, 2007 and may or may not be indicative of the current portfolio.

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

Split

Commerce Split Corp.

Notes to Financial Statements

For the period from February 16, 2007 to May 31, 2007

1. Incorporation

Commerce Split Corp. (the "Company") is a mutual fund corporation established under the laws of the Province of Ontario on November 27, 2006 and began investment operations on February 16, 2007. The manager of the Company is Quadravest Inc. (the Manager) and the investment manager is Quadravest Capital Management Inc. (Quadravest). All shares outstanding on December 1, 2014, the termination date of the Company, will be redeemed by the Company on that date.

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 periods. The following is a summary of the significant accounting policies followed by the Company. Actual results could differ from these estimates.

New Accounting Standards

The Canadian Institute of Chartered Accountants (CICA) issued Section 3855 of the CICA Handbook, "Financial Instruments-Recognition and Measurement", which established standards for the fair valuation and recording of portfolio investments effective for fiscal years beginning on or after October 1, 2006. Section 3855 requires that securities be valued at fair value, which in an active market will commonly be measured based on the last bid price for the security.

National Instrument 81-106, section 14.2, issued by the Canadian Securities Administrators ("CSA") in 2005, requires the net asset value of an investment fund to be calculated in accordance with Canadian GAAP. The CSA has granted relief to investment funds from complying on a temporary basis with Section 3855, for the purposes of calculating and reporting net asset value (other than for financial reporting purposes) until September 30, 2007, to permit further review of the impact this pronouncement has on the redemption price of an investment fund ("Transactional"). Depending on the outcome of this review, the method by which net asset value is calculated as governed by Section 3855 may result in a change to the Transactional NAV on such date. In accordance with the relief granted by the CSA, a reconciliation of the net asset value calculated in accordance with Section 3855 of an investment fund (GAAP NAV) is required to be disclosed in the financial reporting periods in the one year period ending September 30, 2007. The Company has applied this change on a prospective basis. The reconciliation of the Company's Transactional NAV (ie. based on last traded price of portfolio securities) and the GAAP NAV (ie. based on last bid price of portfolio securities) is presented in the following table:

	GAAP NAV	Difference	Transactional NAV
May 31, 2007	165,945,232	3,966	165,949,198
	GAAP NAV per unit	Difference	Transactional NAV per unit
May 31, 2007	19.05	-	19.05

Commerce Split Corp.

Notes to Financial Statements

For the period from February 16, 2007 to May 31, 2007

2. Summary of significant accounting policies (continued)

Transaction costs

- Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Company are recognized as an expense in the Statement of Operations and Retained Earnings. The transaction costs for investments held at May 31, 2007 is shown separately on the Statement of Portfolio Investments. The adoption of the policy does not impact the Transactional NAV or the GAAP NAV.

Valuation of investments

Investments are recorded in the financial statements at their market values at the end of the period, determined as follows:

- Shares or other securities for which market quotations are readily available are valued at the closing bid price.
- Listed options are valued at market values as reported on recognized exchanges. Over the counter options are valued using an appropriate valuation model.
- The value of any forward contract will be the market value on the valuation date if the position in the forward contract were to be closed out.

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.
- Option fees paid or received are 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 value of investments in shareholders' equity.
- 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.

Commerce Split Corp.

Notes to Financial Statements

For the period from February 16, 2007 to May 31, 2007

3. Priority Equity shares

The Company is authorized to issue an unlimited number of Priority Equity shares.

<u>Issued and outstanding</u>	May 31, 2007
8,710,000 Priority Equity shares	<u>\$87,100,000</u>

Priority Equity share transactions

Beginning of period	-
Issued during the period	8,710,000
Redemptions during the period	<u>-</u>
End of period	<u>8,710,000</u>

On February 16, 2007, 8,500,000 Priority Equity Shares were issued at \$10 per share. An additional 210,000 Priority Equity shares were issued at \$10 per share on March 5, 2007.

Priority Equity shares are entitled to cumulative monthly cash dividends of \$0.04375 per Priority Equity share. All Priority Equity shares outstanding on December 1, 2014 will be redeemed by the Company on that date. For accounting purposes, the Priority Equity shares have been presented as liabilities in the financial statements in accordance with Section 3861 of the CICA Handbook.

Priority Equity shares trade under the symbol "XCM.A" on the Toronto Stock Exchange (TSX). Priority Equity shares trading price on the TSX was \$10.32 as at May 31, 2007. Priority Equity 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 Priority Equity share and a Class A share (together, a "unit") in the month of October in each year will be entitled to receive an amount equal to the transactional net asset value per unit on the last day of October. Priority Equity 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 Company may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any Priority Equity shares or Class A shares tendered for retraction.

The Priority Equity shares rank in priority to the Class A shares with respect to the payment of dividends. Priority Equity shares rank in priority to the Class A shares upon termination of the Company.

4. Class A shares and Class B shares

Authorized

An unlimited number of Class A shares
1,000 Class B shares

<u>Issued and outstanding</u>	May 31, 2007
8,710,000 Class A shares	\$78,661,000
1,000 Class B shares	<u>\$1,000</u>
	<u>\$78,662,000</u>

Commerce Split Corp.

Notes to Financial Statements

For the period from February 16, 2007 to May 31, 2007

Class A share transactions

Beginning of period	-
Issued during the period	8,710,000
Redemptions during the period	-
End of period	<u>8,710,000</u>

Class A shares were issued at \$10 per share. Class A distributions are targeted at \$0.05 per month per share. All Class A shares outstanding on December 1, 2014 will be redeemed by the Company on that date. Class A shares trade under the symbol "XCM" on the Toronto Stock Exchange (TSX).

Class A shares trading price on the TSX was \$9.29 as at May 31, 2007. Class A 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 A share and a Priority Equity share (together, a "unit") in the month of October in each year will be entitled to receive an amount equal to the transactional net asset value per unit on the last day of October. Class A 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 Company may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any Priority Equity shares or Class A shares tendered for retraction.

The Priority Equity shares rank in priority to the Class A shares with respect to the payment of dividends. Upon the termination of the Company, Class A shareholders will receive an amount equal to the transactional net asset value per unit less \$10 (the redemption value of the Priority Equity shares).

On February 16, 2007, the Company issued 8,500,000 Class A shares for a gross proceeds of \$85,000,000. Agents' fees of \$7,650,000 and filing costs of \$600,000 were incurred in connection with this offering. On March 5, 2007, the Company issued an additional 210,000 Class A shares for gross proceeds of \$2,100,000. Agents' fees of \$189,000 were incurred in connection with this offering.

The holders of Class B shares are not entitled to receive dividends. The Class B shares are retractable at a price of \$1.00 per share. Class B shareholders are entitled to one vote per share. On February 16, 2007, the Company issued \$1,000 Class B shares to Commerce Split Corp. Holding Trust for cash consideration of \$1,000.

5. Expenses

The Company is responsible for all expenses incurred in connection with the operation and administration of the Company, 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 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.

Commerce Split Corp.

Notes to Financial Statements

For the period from February 16, 2007 to May 31, 2007

5. Expenses (continued)

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 0.55% of the transactional net assets of the Company, which includes the outstanding Priority Equity shares, calculated as at each monthly valuation date. In addition, Quadravest is entitled to receive a performance fee subject to the achievement of certain pre-established total return thresholds.

Total management fees of \$311,591 incurred during the period include the administration fee and base management fee.

The brokerage commissions paid during the period by the Company for its portfolio transactions were \$88,726.

6. Distributions

The Company's investment objectives are to provide floating monthly distributions to both the Priority Equity and Class A shareholders while returning the original issue price to each shareholder on the termination date of the Company on December 1, 2014.

Distributions per share were as follows:

	May 31, 2007
Priority Equity shares	\$0.1516
Class A shares	\$0.15

7. Income Taxes

The Company 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 Company 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.

The Company 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 Priority Equity shares.

8. Financial instruments and risk management

The fair values of the Company's assets and liabilities are affected by changes in interest rates and equity markets. The Company manages these risks through the use of various risk limits and trading strategies.

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

Wayne Finch,
Chairman and
Chief Investment Officer

Peter Cruickshank,
Managing Director and
Chief Financial Officer

Laura Johnson,
Managing Director and
Portfolio Manager

William Thornhill,
President, William C.
Thornhill Consulting Inc.

Michael W. Sharp
Blake, Cassels & Graydon LLP

John Steep
Consultant

Corporate Details

Auditors

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Transfer Agent

Computershare
100 University Avenue
Toronto, Ontario M5J 2Y1

Legal Counsel

Blake, Cassels & Graydon LLP
Commerce Court West
Toronto, Ontario M5L 1A9

Custodian

RBC Dexia
Royal Trust Tower, 77 King Street West
11th Floor, Toronto, Ontario M5W 1P9

Request For Financial Statements

Commerce Split Corp. (CQBQ)

Dear Shareholder:

The financial reports for Commerce Split Corp. will be available online to view or download at www.commercesplit.com and www.sedar.com.

If you wish to receive our financial statements by mail, please choose one of the following options:

- 1) Register online at www.computershare.com/ca/maillinglist or
- 2) Complete, detach and return this form by mail to:
Computershare Investor Services
Stock and Bond Transfer Department
100 University Avenue, 9th floor
Toronto, ON
M5J 2Y1

Your name will then be placed on the Supplemental Mailing List maintained by our Transfer Agent and Registrar, Computershare Investor Services. Once submitted, your preference will remain a standing instruction. You can change your preference at any time by contacting Computershare using either one of the methods listed above.

If you have any questions about this procedure, please contact Computershare Investor Services by phone at 1-800-564-6253 or by email at service@computershare.com.

To:

Computershare Investor Services and Commerce Split Corp. (CQBQ)

Please add my name to the Supplemental Mailing List for Commerce Split Corp. and send me the financial statements as indicated below:

<input type="checkbox"/> Interim Financial Statements (includes Management Report of Fund Performance)	Name: _____ (Please print)
<input type="checkbox"/> Annual Financial Statements (includes Management Report of Fund Performance)	Address: _____ _____ _____ _____
	Postal/Zip: _____

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