

MAY 31 | **ORIGINAL COMMERCE SPLIT**
2011 | **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.

ORIGINAL 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 Original 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

Original Commerce Split Fund was formed as a result of a corporate reorganization that was approved at the special meeting of shareholders of Commerce Split Corp. (the "Company") 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 the Company to elect their choice of Fund effective March 26, 2010. Shareholders were given the option to 1) maintain the original investment characteristics of their Priority Equity and/or Class A shares (the "Original Commerce Split Fund" option) 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" option) 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. As a result of the elections made by shareholders, approximately 65.9% of the assets of the Company were transferred to the New Commerce Split Fund and the remaining 34.1% were retained in Original Commerce Split Fund option.

Priority Equity and Class A shareholders who elected for the Original Commerce Split option maintained the same attributes of their respective shares as prior to the reorganization. In particular, the requirement of the Priority Equity Share Portfolio Protection Plan was maintained. The attributes of both the Priority Equity shares and the Class A shares are outlined below.

The Company offers two types of shares:

Priority Equity shares

The investment objectives with respect to the Priority Equity shares (TSX symbol: YCM.PR.X effective March 25, 2010) are as follows:

1. On or about December 1, 2014 (the termination date) to pay holders the original issue price (\$10) of those shares.
2. Fixed cumulative preferential monthly cash dividends in an amount of \$0.04375 per Priority Equity share will be accrued as a liability for the benefit of Priority Equity shareholders.

Class A Shares

The investment objectives with respect to the Class A shares (TSX symbol: YCM.X effective March 26, 2010) are as follows:

1. On or about December 1, 2014 (the termination date) to pay holders the excess, if any, of the net asset per unit value less \$10 (the issue price of the Priority Equity shares) and any accrued dividends outstanding on the Priority Equity shares on such date.

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.

RESULTS OF OPERATIONS

Since the Original Commerce Split Fund option retained the same investment attributes as Commerce Split Corp., Priority Equity shareholders and Class A shareholders continue to maintain the same investment profile as before the reorganization.

As at May 31, 2011, the Original Commerce Split Fund had a net asset value of \$8.68 per unit (a unit consisting of one Priority Equity share and one Class a share). As discussed in previous reports and in the Management Information Circular dated December 23, 2009, due to the significant decline (64.2% from inception of the Company to the March 2009 lows) in CIBC common stock, the Company was (in prior years) required to implement the Priority Equity Portfolio Protection Plan. As at May 31, 2011, the Original Commerce Split Fund's portfolio consisted of 72.0% in fixed income assets (including cash) in the Priority Equity Portfolio Protection Plan and 28.0 % in CIBC common shares. The Company maintained a short term cash position profile to the fixed income assets in the Priority Equity Portfolio Protection Plan due to the anticipation of higher interest rates.

The primary objective of Original Commerce Split Fund remains the repayment of \$10 per Priority Equity share on December 1, 2014. The Company has accrued \$1.225 per Priority Equity share representing 28 months of unpaid cumulative dividends. Such amounts will be included as part of the retraction price paid on any Priority Equity shares redeemed. As a result of the 28.0% holding in CIBC common stock as at May 31, 2011, and the current requirements to hold a large percentage of the net assets in the Priority Equity Portfolio Protection Plan, the impact of any changes in the market value of CIBC common stock on the net assets of the Fund will be directly proportionate to its relative weighting.

Despite the Manager lowering its management fee from 0.55% to 0.45% as part of the reorganization plan, the management expense ratio (which includes all operating expenses as well as the harmonized sales tax) was 2.31% during the 6 month period. Net assets of the Fund were \$10.4 million as at May 31, 2011. The management expense ratio could rise further if the Fund experiences retractions that result in a further decline in net assets that are not offset by a proportionate increase in the CIBC common stock component. If the Funds net assets reach \$5 million which is the level that has been determined to be uneconomic to continue to operate the Fund, this would trigger an early termination date of the Fund as outlined in the the Annual Information form dated February 23, 2011.

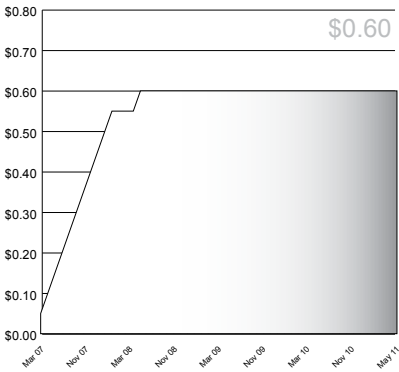
The portfolio is continually rebalanced and adjusted based on the market price of CIBC common shares. Original Commerce Split Fund may buy or sell additional shares of CIBC, write covered call options, and /or increase or decrease fixed income securities in the Priority Equity Protection Plan based on market conditions and provided that it remains in compliance with the Priority Equity Protection Plan.

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. Due to the level of the Net Asset Value remaining below the \$12.50 threshold level, there were no distributions paid during the period. A total of \$0.60 per share in dividends have been paid since inception.

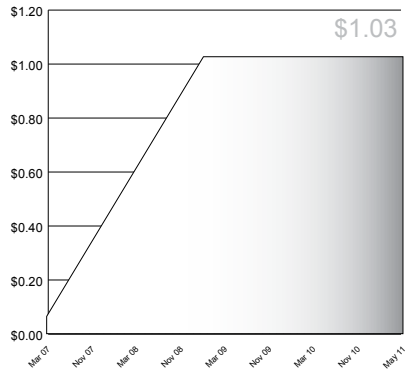
Cumulative Distributions since inception



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. No monthly dividends were paid during the period, but were accrued. A total of 28 months dividends for a total of \$1.225 per share were accrued as at November 30, 2010. A total of \$1.03 in dividends per share have been paid since inception.

Cumulative Distributions since inception



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 to 0.45% (0.55% prior to the reorganization on March 26, 2010) of the Company'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 Company, 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 \$29,071 paid for the period ended May 31, 2011 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 Company which includes all operational services, financial accounting, shareholder reporting and regulatory reporting.

FINANCIAL HIGHLIGHTS

The following tables show selected financial information about Original Commerce Split Fund (and prior to March 26, 2010, the Fund) and are intended to help you understand the Fund's financial performance. This information is derived from Original Commerce Split Fund's semi-annual financial statements and the Fund's previous annual audited financial statements. The Net Assets included in the Net Assets per unit table is from Original Commerce Split Fund (and prior to March 26, 2010, the Company) 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).

Original Commerce Split Fund's Net Assets per unit

	May 31, 2011	Periods ended November 30			
		2010	2009	2008	2007 ⁽²⁾
Net assets per unit, beginning of period ⁽¹⁾	8.94	9.41	9.09	16.30	19.03 ⁽³⁾
Increase (decrease) from operations					
Total revenue	0.05	0.23	0.36	0.58	0.44
Total expenses	(0.10)	(0.19)	(0.10)	(0.10)	(0.15)
Realized gains (losses) for the period	-	1.33	(1.23)	(8.19)	0.17
Unrealized gains (losses) for the period	(0.04)	(1.21)	1.73	1.20	(2.33)
Total increase (decrease) from operations ⁽⁴⁾	<u>(0.01)</u>	<u>0.16</u>	<u>0.76</u>	<u>(6.51)</u>	<u>(1.87)</u>
Distributions ⁽⁵⁾					
Taxable Dividends	-	-	(0.09)	(0.68)	(0.61)
Capital gains	-	-	-	-	(0.25)
Total annual distributions	<u>-</u>	<u>-</u>	<u>(0.09)</u>	<u>(0.68)</u>	<u>(0.86)</u>
Net assets per unit at end of period	8.68	8.94	9.41	9.09	16.30
Net assets per Priority Equity share	8.68	8.94	9.41	9.09	10.00
Net assets per Class A share	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6.30</u>
Net assets per unit at end of period	8.68	8.94	9.41	9.09	16.30

- (1) Net Assets per unit is the difference between the aggregate value of the assets of Original Commerce Split Fund (and prior to March 26, 2010, the Company) and the aggregate value of the liabilities excluding the Priority Equity shares on that date divided by the number of units then outstanding.
- (2) Results for the period February 16, 2007 (inception) to November 30, 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, 2011	Periods ended November 30			
		2010	2009	2008	2007 ⁽¹⁾
Net assets (millions)	\$10.4	\$11.4	\$56.3	\$77.5	\$141.3
Number of units outstanding ⁽²⁾	1,199,849	1,275,449	5,977,600	8,471,575	8,667,200
Base Management expense ratio excluding one time initial offering expenses ⁽³⁾	2.31%	2.09%	1.10%	0.86%	1.02%
Management expense ratio including one time initial offering expenses ⁽⁴⁾	2.31%	2.09%	1.10%	0.86%	6.29%
Management expense ratio per Class A share ⁽⁵⁾	N/A	N/A	N/A	35.40%	18.70%
Management expense ratio per Priority Equity share ⁽⁶⁾	2.31%	2.09%	1.10%	N/A	N/A
Portfolio turnover rate ⁽⁷⁾	0.0%	124.1%	34.9%	168.8%	20.20%
Trading expense ratio ⁽⁸⁾	-	0.1%	0.05%	0.16%	0.07%
Closing market price (TSX): Priority Equity shares	\$8.78	\$8.42	\$7.80	\$6.25	\$9.75
Closing market price (TSX): Class A shares	\$0.60	\$0.76	\$0.68	\$1.05	\$6.40

(1) Results for the period February 16, 2007 (inception) to November 30, 2007.

(2) This information is provided as 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 Original Commerce Split Fund (and prior to March 26, 2010, the Company) excluding the one time initial offering expenses. 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 can be found in the attached annual financial statements.

(5) Management expense ratio for Class A 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 Priority Equity shares and all issuance costs to the Class A shares and expresses this as an annualized percentage of net assets applicable only to the Class A shares during the period. The management expense ratio per Class A share should not be interpreted as the required return necessary for the Fund or the Class A 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 Original Commerce Split 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.

(6) Management expense ratio per Priority Equity share is calculated in periods in which the Net Asset Value is less than \$10 per unit and includes all expenses of the Fund.

(7) Original Commerce Split Fund's portfolio turnover rate indicates how actively Original Commerce Split Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to Original Commerce Split Fund buying and selling all of the securities in its portfolio once in the course of the year. Original Commerce Split Fund employs a covered call writing strategy which can cause the portfolio turnover rate to be higher than conventional mutual funds. The higher Original Commerce Split Fund portfolio turnover rate in a year, the greater the trading costs payable by Original Commerce Split 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 Original Commerce Split Fund.

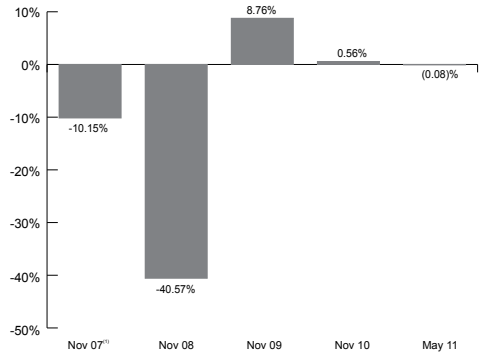
(8) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average net assets during the period.

PAST PERFORMANCE

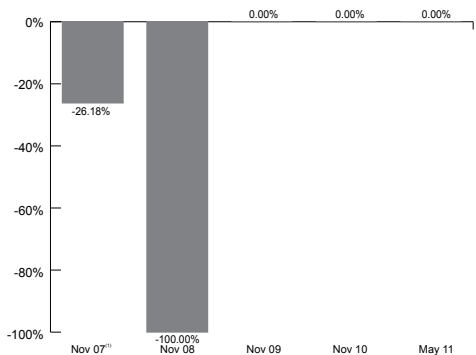
The past performance of 1) the Net Asset Value per unit; 2) the Priority Equity share on Net Asset Value basis; and 3) the Class A share on a net asset value basis for each period since inception are presented in the bar charts below. Each bar in the chart reflects the change in percentage terms of how a unit, a Priority Equity share or a Class A share would have increased or decreased during the applicable period. In respect of the charts displayed below, please note the following:

- The performance information shown assumes that all cash distributions made by Original Commerce Split Fund (and prior to March 26, 2010, the Company) during the periods shown were reinvested in the applicable securities of Original Commerce Split Fund (and prior to March 26, 2010, the Company);
- 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 Original Commerce Split Fund (and prior to March 26, 2010, the Company) does not necessarily indicate how it will perform in the future.

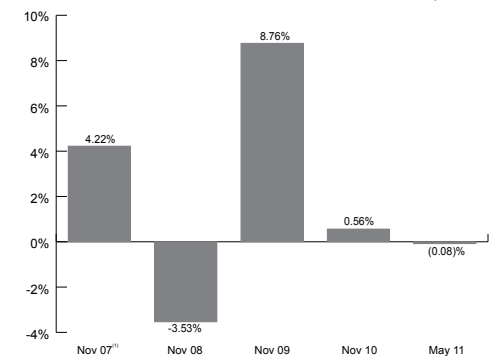
NET ASSET VALUE PER UNIT



CLASS A SHARE



PRIORITY EQUITY SHARE



⁽¹⁾ Based on initial year from February 16, 2007 to November 30, 2007.

SUMMARY OF INVESTMENT PORTFOLIO

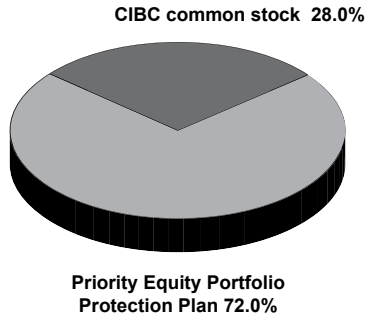
All holdings as at May 31, 2011

Name	Weighting (%)
Canadian Imperial Bank of Commerce	28.0
Other net assets	72.0

*Includes accrued cumulative Priority Equity share dividends.
The summary of investment portfolio may change due to ongoing portfolio transactions of the Company.
Updates are available quarterly.

PORTFOLIO BREAKDOWN

The following pie chart shows the division of the Company's holdings between CIBC common stock and Priority Equity Portfolio Protection Plan investments.



ORIGINAL COMMERCE SPLIT MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Original Commerce Split 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 Original Commerce Split Fund .

Original Commerce Split 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 Original Commerce Split Fund 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.

ORIGINAL COMMERCE SPLIT FUND
(AND PREVIOUS TO MARCH 26, 2010, COMMERCE SPLIT CORP.)
STATEMENTS OF FINANCIAL POSITION

AS AT MAY 31, 2011 AND NOVEMBER 30, 2010 (UNAUDITED)

	May 31, 2011 (\$)	November 30, 2010 (\$)
ASSETS		
Investments - at fair value (note 3)	2,913,165	11,863,832
Cash	9,025,110	870,151
Interest, dividends and other receivables	11,054	10,556
Total Assets	<u>11,949,328</u>	<u>12,744,539</u>
LIABILITIES		
Fees and other accounts payable	64,480	108,170
Dividends payable	1,469,815	1,227,620
Priority Equity shares (note 5 and 2)	10,415,033	11,408,749
	<u>11,949,328</u>	<u>12,744,539</u>
SHAREHOLDERS' EQUITY		
Class A and Class B shares (note 6)	10,858,195	11,542,347
Deficit	<u>(10,858,195)</u>	<u>(11,542,347)</u>
	-	-
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	<u>11,949,328</u>	<u>12,744,539</u>
Number of units (1 Priority Equity share and 1 Class A share) outstanding	1,199,849	1,275,449
Net assets per unit (note 3)	\$8.68	\$8.94
Net assets per Priority Equity share (note 3)	\$8.68	\$8.94
Net assets per Class A share (note 3)	-	-

Approved on behalf of the Board of Directors



WAYNE FINCH
Chairman and
Chief Investment Officer



PETER CRUICKSHANK
Managing Director and
Chief Financial Officer

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

ORIGINAL COMMERCE SPLIT FUND
(AND PREVIOUS TO MARCH 26, 2010, COMMERCE SPLIT CORP.)
STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE SIX MONTH PERIOD ENDED MAY 31 (UNAUDITED)

	2011 (\$)	2010 (\$)
INCOME		
Dividends	63,117	176,762
Interest	<u>2,226</u>	<u>376,716</u>
	<u>65,343</u>	<u>553,478</u>
EXPENSES (note 7)		
Management fees	29,071	105,335
Audit fees	8,895	9,762
Directors' fees	9,085	9,512
Independent Review Committee fees	1,766	1,766
Custodian fees	7,710	20,896
Legal fees	12,685	10,207
Shareholder reporting costs	3,527	214,747
Other operating expenses	41,751	18,828
Harmonized sales tax/Goods and services tax	<u>10,969</u>	<u>19,553</u>
	125,459	410,606
Net investment income		
before distributions on Priority Equity shares	(60,116)	142,872
Distributions on Priority Equity shares (note 5 and 8)	<u>(242,195)</u>	<u>(448,216)</u>
Net investment loss for the period	<u>(302,311)</u>	<u>(305,344)</u>
Realized and unrealized gain (loss)		
on investments and options and transaction costs		
Net realized gain (loss) on investments and options	-	2,500,748
Change in unrealized appreciation (depreciation) of investments	49,228	(2,496,868)
Transaction costs on purchase and sale of investments (note 3)	-	(2,424)
	<u>49,228</u>	<u>1,456</u>
Net gain on investments and options for the period	49,228	1,456
Change in Value of Priority Equity shares	237,928	(1,884,432)
Net allocation on retractions of Priority Equity shares	15,155	320,147
Reduction of Priority Equity share dividend accrual	-	1,868,173
Increase in net assets from operations for the period	-	-
Deficit - Beginning of period	(11,542,347)	(54,095,094)
Net allocation on retractions	684,152	38,642,925
Distributions on Class A shares (note 6 and 8)	-	-
Deficit - End of period	<u>(10,858,195)</u>	<u>(15,452,169)</u>
Increase in net assets from operations		
per Class A share	-	-

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

ORIGINAL COMMERCE SPLIT FUND
(AND PREVIOUS TO MARCH 26, 2010, COMMERCE SPLIT CORP.)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED MAY 31 (UNAUDITED)

	2011 (\$)	2010 (\$)
Shareholders' equity - Beginning of period	-	-
Decrease in net assets from operations for the period	-	-
Class A share redemptions	(684,152)	(38,642,925)
Net allocation on retractions	684,152	38,642,925
Increase (decrease) in net assets for the period	<u>-</u>	<u>-</u>
Shareholders' equity - End of period	<u>-</u>	<u>-</u>

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

ORIGINAL COMMERCE SPLIT FUND
(AND PREVIOUS TO MARCH 26, 2010, COMMERCE SPLIT CORP.)
STATEMENTS OF CASH FLOW

FOR THE SIX MONTH PERIOD ENDED MAY 31 (UNAUDITED)

	2011 (\$)	2010 (\$)
Cash flow from Operating activities		
Net investment income (loss) for the period	(302,311)	(305,344)
Proceeds from sale of investments	9,000,108	50,153,025
Purchase of investments	-	(12,000,000)
Net changes in interest, dividends and other receivables	(498)	(101,634)
Net change in fee, other accounts payable and dividends payable on Priority Equity shares	198,505	318,059
Cash flow from operations	<u>8,895,804</u>	<u>38,064,106</u>
Cash flow from Shareholder activities		
Amount paid on redemption of Class A shares and Priority Equity shares	<u>(740,845)</u>	<u>(37,057,015)</u>
Cash flow from Shareholder activities	(740,845)	(37,057,015)
Net increase (decrease) in cash for the period	8,154,959	1,007,091
Cash, beginning of period	<u>870,151</u>	<u>1,365,724</u>
Cash, end of period	<u>9,025,110</u>	<u>2,372,815</u>

*includes 1,000 Class B shares

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

ORIGINAL COMMERCE SPLIT FUND
STATEMENT OF PORTFOLIO INVESTMENTS

AS AT MAY 31, 2011

No. of shares	Description	Average Cost (\$) (Premiums received)	Fair Value (\$)
	Core Holding		
	Canadian Common Equities		
36,274	Canadian Imperial Bank of Commerce	2,198,109	2,913,165
	Total Canadian Common Equities		
	in Core Holding (100.0%)	<u>2,198,109</u>	<u>2,913,165</u>
		<u>2,198,109</u>	<u>2,913,165</u>
	less adjustment for transaction costs	<u>(1,085)</u>	
	Total Investments (100%)	<u>2,197,024</u>	<u>2,913,165</u>

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

**ORIGINAL COMMERCE SPLIT FUND
(AND PREVIOUS TO MARCH 26, 2010, COMMERCE SPLIT CORP.)**

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MAY 31, 2011 AND 2010 (UNAUDITED)

1. Incorporation

Original Commerce Split Fund (the "Fund") was formed as a result of the reorganization of Commerce Split Corp. 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 reorganization date were transferred to New Commerce Split Fund. As a consequence, 70,026 CIBC common shares and \$5,319,875 were transferred to New Commerce Split Fund as at the reorganization date. This was the equivalent of approximately \$38 million in net assets transferred to New Commerce Split Fund on the reorganization date. The Original Commerce Split Fund retains the investment attributes of Commerce Split Corp. including the requirement to maintain the Priority Equity Portfolio Protection Plan (as defined in Note 2). The manager and the investment manager of the Fund is Quadravest Capital Management Inc. ("Quadravest"). All Priority Equity and Class A shares outstanding will be redeemed by Original Commerce Split Fund on the earlier of December 1, 2014 or such time as the Net Assets of the Fund decline below \$5 million

2. Sufficiency of Assets

The Fund has 1,199,849 Priority Equity shares outstanding as at May 31, 2011 with a principal repayment of \$10 per Priority Equity share for a total of \$11,998,490 due on the termination date, December 1, 2014. As at May 31, 2011, the Fund has Net Assets equivalent to \$8.68 per Priority Equity share for a total of \$10,415,033. This represents a deficiency as at May 31, 2011 of \$1.32 per Priority Equity share for a total deficiency of \$1,583,457. The Fund also has accrued cumulative unpaid dividends of 1.225 per Priority Equity share as at May 31, 2011 which would also be available to holders of Priority Equity shares on the termination date. The Fund has activated the Priority Equity Share Protection Plan and purchased fixed income securities (including cash) with the goal of achieving the repayment of \$10 per Priority Equity share upon termination. The Priority Equity Share Portfolio Protection Plan provides that if the Net Asset Value of the Fund declines below a specified level, the Fund will liquidate a portion of its holdings in common shares of Canadian Imperial Bank of Commerce ("CIBC") and use the net proceeds to acquire fixed income securities.

3. 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.

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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).

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	\$8.68	-	\$8.68
November 30, 2010	\$8.94	\$0.01	\$8.95

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 Deficit.

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

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- 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 Priority Equity shares

In accordance with their terms, each redeemable Priority Equity share is valued at the lesser of: (i) \$10.00; and (ii) the Net Assets of the Fund divided by the number of Priority Equity shares outstanding. 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 Priority Equity shares of the Fund.

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.

4. 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 November 30, 2010 and 2009:

Financial assets at fair value as at May 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$2,913,165	-	-	\$2,913,165
Fixed Income	-	-	-	-
Total	\$2,913,165	-	-	\$2,913,165

Financial assets at fair value as at November 30, 2010

	Level 1	Level 2	Level 3	Total
Equities	\$2,863,832	-	-	\$2,863,832
Fixed Income	-	\$9,000,000	-	\$9,000,000
Total	\$2,863,832	\$9,000,000	-	\$11,863,832

**ORIGINAL COMMERCE SPLIT FUND
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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

The Fund's core holding of CIBC common stock has been significantly reduced as a result of the implementation of the Priority Equity Share Portfolio Protection Plan (originally in 2009). As at May 31, 2011, the Fund's exposure to CIBC common shares has been reduced to 28.0% (November 30, 2010-25.1%) of the Net Assets of the Fund.

A 10% increase/decrease in CIBC common stock would currently increase/decrease Net Assets of the Fund by \$291,317 (November 30, 2010-\$286,383).

Interest rate risk

The majority of the Fund's financial assets are now invested in fixed income securities as part of the Priority Equity Share Portfolio Protection Plan. As at May 31, 2011, approximately 86.7% (November, 30 2010-86.5%) of the Net Assets of the Fund are held in cash. As a result, this portion of the portfolio is subject to interest rate risk. As at May 31, 2011, had prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, the fair value of the fixed income securities would have decreased or increased by approximately \$NIL (November 30, 2010-\$NIL).

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.

The Fund considers the risk of default as low (consistent with previous period).

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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 Class A shares and Priority Equity shares. The Fund receives adequate notice for all retraction requests. The Fund's Portfolio is invested in CIBC which is a highly liquid large capitalization stock that trades on the Toronto Stock Exchange ("TSX") and short term deposit. All Class A shares and Priority Equity 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 from year-end (except for accrued dividends which will become payable once declared by the Board).

Concentration risk

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

5. Priority Equity shares

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

<u>Issued and outstanding</u>	May 31, 2011	May 31, 2010
1,199,849 Priority Equity shares (May 31, 2010-1,707,491)	\$11,998,490	\$17,074,910
less reduction in value of Priority Equity shares	<u>(1,583,457)</u>	<u>(1,625,116)</u>
	\$10,415,033	\$15,449,794

Priority Equity share transactions

Beginning of period	1,275,449	5,977,600
Redemptions during the period	(75,600)	(446,100)
Transfer of Priority Equity shares to New Commerce Split Fund on reorganization date	<u>-</u>	<u>(3,824,009)</u>
End of period	1,199,849	1,707,491

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 Fund on that date. The Priority Equity shares have been presented as liabilities in the financial statements.

Priority Equity shares trade under the symbol "YCM.PR.X" (previously "XCM.PR.A" prior to the reorganization on March 26, 2010) on the TSX. Priority Equity shares trading price on the TSX was \$8.78 as at May 31, 2011 (November 30, 2010-\$8.42). 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 Net Asset Value per unit calculated 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 Fund 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.

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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 Fund. Upon termination of the Fund, Priority Equity shareholders will receive the lower of the Net Asset Value or \$10.00 per Priority Equity share.

6. Class A shares and Class B shares

Authorized

An unlimited number of Class A shares

1,000 Class B shares

Issued and outstanding

	May 31, 2011	May 31, 2010
1,199,849 Class A shares (May 31, 2010-1,707,491)	\$10,857,195	\$15,451,169
1,000 Class B shares	\$1,000	\$1,000
	<u>\$10,858,195</u>	<u>\$15,452,169</u>

Class A share transactions

Beginning of period	1,275,449	5,977,600
Redemptions during the period	(75,600)	(446,100)
Transfer of Class A shares to New Commerce Split Fund on reorganization date	-	<u>(3,824,009)</u>
End of period	<u>1,199,849</u>	<u>1,707,491</u>

Class A shares were issued at \$10.00 per share. Class A share distributions are targeted at \$0.05 per month per share. All Class A shares outstanding on December 1, 2014 will be redeemed by the Fund on that date. Class A shares trade under the symbol "YCM.X" (previously "XCM" prior to the reorganization on March 26, 2010) on the TSX.

Class A shares trading price on the TSX was \$0.60 as at May 31, 2011 (November 30, 2010-\$0.76). 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 Net Asset Value per unit calculated 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 Fund 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 Fund, 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).

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 Fund issued \$1,000 Class B shares to Original Commerce Split Holding Trust for cash consideration of \$1,000.

The Deficit in the Statement of Financial Position includes contributed surplus of \$67,577,539 (May 31, 2010-\$62,983,565) in connection with amounts paid on the retractions of Class A shares. Contributed surplus arises when the amount of the retraction allocated to the Class A shares is less than the average cost of capital per share of the Class A shares.

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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, Quadravest 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 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.

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% (0.55% prior to the reorganization on March 26, 2010) of the Net Assets of the Fund, which includes the outstanding Priority Equity shares, calculated as at each monthly valuation date.

In addition, as a result of the reorganization, Quadravest will receive the monthly redemption fee, if any, of 2% of the Net Asset Value on any monthly retractions.

Total management fees of \$29,071 (May 31, 2010-\$105,335) incurred during the period include the administration fee, base management fee and redemption fees.

The brokerage commissions paid during the period by the Fund for its Portfolio transactions were \$NIL (May 31, 2010-\$2,424).

8. Distributions

The Fund's investment objectives are to provide steady 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 Fund on December 1, 2014.

Distributions paid during the period per share were as follows:

	May 31, 2011	May 31, 2010
Priority Equity shares	-	-
Class A shares	-	-

As at May 31, 2011, the Fund had accrued Priority Equity share distributions of \$1,469,815 (May 31, 2010-\$1,195,243) representing 28 monthly distributions for a total of \$1.225 per share.

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9. Capital Management

The Fund considers its capital to consist of Class A, Class B and Priority Equity shares.

The Fund's objectives in managing its capital are:

- i) 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 to return the original issue price on December 1, 2014; and
- ii) to provide holders of Class A shares with regular monthly cash distribution targeted to be \$0.05 per Class A share to yield 6.0% on the original issue price and return the original issue price on December 1, 2014.

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 Priority Equity 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. The Fund 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 on the tax status of either Fund 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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