



Annual Management Report of Fund Performance

for the financial year ended December 31, 2008

All figures are reported in Canadian dollars unless otherwise noted.

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. If you have not received a copy of the annual financial statements with this annual management report of fund performance, you can get a copy of the annual financial statements at your request, and at no cost, by calling us toll-free at 1-888-357-8777, by writing to us at CIBC, 5650 Yonge Street, 19th Floor, Toronto, Ontario, M2M 4G3, or by visiting www.cibc.com/mutualfunds or the SEDAR website at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

- The investment objective of Imperial Canadian Income Trust Pool (the *Pool*) is to generate a high level of current cash flow by investing primarily in income producing securities including Canadian income trusts, preferred shares, common shares, and fixed income securities.
- The Pool will primarily invest in securities that can provide a long-term consistent income stream and capital preservation, while considering tax effectiveness.

Risk

- The Pool is a Canadian income trust equity fund that is suitable for long-term investors who can tolerate moderate investment risk.
- Global capital markets experienced high levels of volatility over the period as a result of the ongoing credit crisis and weakening global economic environment. The third quarter was marked, in particular, by the sudden collapse of several large U.S. financial institutions that resulted in mergers, bankruptcy, or the sale of a substantial number of shares to the U.S. government and other investors. The credit markets were hit hard by the substantial selling that has resulted from the unwinding of many leveraged investors such as hedge funds, Structured Investment Vehicles, and various banks. The implications of these failures not only intensified this trend but also led to an erosion of investor confidence and a temporary seizing of credit and money markets. As confidence in global financial markets diminished, governments around the world responded with frequent cash infusions to add temporary liquidity and work to unlock credit markets. These events had a direct impact on global equity and fixed income markets and, as a result, the potential general market risk to the Pool was increased over the period.
- Over the 12-month period ended December 31, 2008, the above-mentioned risk factor did not significantly impact the overall risk level of the Pool. The risks of investing in the Pool remain as discussed in the Pool's simplified prospectus.

Results of Operations

The portfolio sub-advisor of the Pool is CIBC Global Asset Management Inc. (the *sub-advisor*). The commentary that follows reflects the views of the sub-advisor and provides a summary of the results of operations of the Pool for the period ended December 31, 2008. All dollar figures are expressed in thousands, unless otherwise indicated.

- The Pool's net asset value decreased by 33% during the period, from \$776,226 on December 31, 2007 to \$523,634 on December 31, 2008. Net redemptions of \$62,577 and negative investment performance contributed to this decrease. Also, during the period, an increase of \$11,658 occurred due to a tactical asset allocation change and a rebalancing of a managed solution product that holds the Pool.
- Fears of a deep and extended global recession and the escalating financial crisis took a heavy toll on all equity markets in the period. The income trust market, as measured by the Scotia Capital Income Trust Index (the *benchmark*), returned -27.0% for the period.
- Income trusts had strong performance in the first half of the year, driven by strong commodity prices. However, the decline in the price of oil from peak levels of 147 U.S. dollars to below 50 U.S. dollars reversed all of the gains. Real Estate Investment Trusts (*REITs*) were also impacted by fears of a downturn in commercial real estate.
- The sub-advisor's decision to increase the weighting in cash and bonds contributed positively to performance.
- During the period, the sub-advisor introduced positions in Franco-Nevada, Keyera Facilities Income Fund, and Vermillion Energy Trust and eliminated positions in Calloway REIT and H&R REIT, due to concern that these entities might encounter funding issues due to their development plans. The BCE holding was sold during the second quarter, following an unfavorable court ruling that could have jeopardized the pending buyout of BCE. Other positions eliminated include Royal Bank, CIBC, TD Bank, Trinidad Drilling, and Boston Pizza Income Fund.
- The sub-advisor believes that equity valuations now look more attractive than they have in years. However, the sub-advisor

remains cautious as they wait for signs of economic stabilization. The Pool's asset mix remains conservatively positioned relative to the benchmark, with an overweight in cash and government bonds.

Recent Developments

Accounting Policy Change

The Canadian Institute of Chartered Accountants (CICA) issued CICA Handbook Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*, effective for fiscal years beginning on or after October 1, 2007. These policies provide comprehensive disclosure and presentation requirements for financial instruments. Section 3862 replaces the disclosure portion of Section 3861, *Financial Instruments – Disclosure and Presentation*, and introduces new requirements for specific qualitative and quantitative disclosure about risks. This includes the requirements to quantify exposures for certain risks and provide sensitivity analysis on some risks. The objective of these policies is to enable investors to evaluate the significance of financial instruments, the nature and extent of risks involved, and how the risks are managed. On January 1, 2008, the Pool adopted these standards retroactively without restatement of prior period financial statements in accordance with their transitional provisions. The adoption of these standards did not have an impact on net assets, increase (decrease) in net assets from operations, or increase (decrease) in net assets from operations per unit of the Pool.

Related Party Transactions

Canadian Imperial Bank of Commerce (CIBC) and its affiliates have the following roles and responsibilities with respect to the Pool, and receive the fees described below in connection with their roles and responsibilities:

Manager

CIBC is the manager (the *Manager*) of the Pool. CIBC will receive management fees with respect to the day-to-day business and operations of the Pool. The Pool may pay the Manager an annual maximum management fee of up to 0.25% of the net asset value of the Pool, as described in the section entitled *Management Fees*.

Trustee

CIBC Trust Corporation, a wholly-owned subsidiary of CIBC, is the trustee (the *Trustee*) of the Pool. The Trustee holds title to the property (cash and securities) of the Pool on behalf of its unitholders.

Portfolio Advisor

CIBC Asset Management Inc. (CAMI), a wholly-owned subsidiary of CIBC, is the portfolio advisor of the Pool. As portfolio advisor, CAMI provides, or arranges to provide, investment advice and portfolio management services to the Pool.

Sub-advisor

CAMI has retained CIBC Global Asset Management Inc. (CIBC Global), a wholly-owned subsidiary of CIBC, as the sub-advisor of the Pool, to provide investment advice and portfolio management services to the Pool. CAMI will pay a fee to CIBC Global.

Discretionary Managers

As at the date of this report, units of the Pool are exclusively offered through discretionary investment management services provided by the Trustee, CIBC Private Investment Counsel Inc. (CPIC), and CIBC Global (collectively, the *Discretionary Managers*), each a wholly-owned subsidiary of CIBC. The Discretionary Managers purchase units of the Pool on behalf of their clients and are registered unitholders of the Pool. CIBC Investor Services Inc. (CIBC ISI) and CIBC Securities Inc. (CIBC SI), each a wholly-owned subsidiary of CIBC, are the dealers through which clients are referred to the Trustee and CIBC Personal Portfolio Services. There are no compensation arrangements with these dealers in respect to the sale of units of the Pool. However, the Trustee receives fees from its clients for offering discretionary managed accounts, which may hold units of the Pool. CIBC receives fees from the Trustee for the services of CIBC advisors with CIBC ISI and CIBC SI, in assisting clients in opening discretionary investment management accounts with the Trustee, and for acting as the clients' ongoing relationship manager. CIBC is responsible for the remuneration of the CIBC advisors and may pay the CIBC advisors out of such fees. Further details of the arrangement between CIBC and the Trustee are disclosed in the discretionary investment management account agreement between the Trustee and clients.

CPIC and CIBC Global receive fees from their clients for offering discretionary managed accounts, which may hold units of the Pool, and may pay a portion of such fees to their investment counselors.

Brokerage Arrangements and Soft Dollars

Sub-advisors make decisions, including the selection of markets and dealers and the negotiation of commissions, with respect to the purchase and sale of portfolio securities and the execution of portfolio transactions. Brokerage business may be allocated by sub-advisors, including CIBC Global, to CIBC World Markets Inc. (CIBC WM) and CIBC World Markets Corp., each a subsidiary of CIBC. CIBC WM and CIBC World Markets Corp. may also earn spreads on the sale of fixed income and other securities to the Pool. A spread is the difference between the bid and ask prices for a security in the applicable marketplace, with respect to the execution of portfolio transactions. The spread will differ based upon various factors such as the nature and liquidity of the security.

Dealers, including CIBC WM and CIBC World Markets Corp., may furnish research, statistical, and other services to sub-advisors, including CIBC Global, that process trades through them (referred to in the industry as "soft dollar" arrangements). These services assist sub-advisors, including CIBC Global, with investment decision-making services to the Pool. As per the terms of the sub-advisory agreement, such soft dollar arrangements are in compliance with applicable laws. In addition, the Manager may enter into commission recapture arrangements with certain dealers with respect to the Pool. Any commission recaptured will be paid to the Pool.

During the period, brokerage commissions and other fees of \$69,606 were paid by the Pool to CIBC WM. Spreads associated with fixed income securities are not ascertainable and, for that reason, are not

included in the dollar values. No brokerage commissions or other fees were paid by the Pool to CIBC World Markets Corp.

Pool Transactions

The Pool may purchase and sell securities of CIBC. The Pool may also, from time to time, purchase securities underwritten by a related dealer, such as CIBC WM or CIBC World Markets Corp., each an affiliate of the Manager. Such transactions are currently made pursuant to standing instructions rendered by the Independent Review Committee.

Custodian

CIBC Mellon Trust Company is the custodian (the *Custodian*) that holds all cash and securities for the Pool and ensures that those

assets are kept separate from any other cash or securities that it may be holding. The Custodian may hire sub-custodians for the Pool. The fees for the services of the Custodian are paid by the Manager and charged to the Pool on a recoverable basis. CIBC owns a fifty percent interest in the Custodian.

Service Provider

CIBC Mellon Global Securities Services Company (*CIBC GSS*) provides certain services to the Pool, including fund accounting and reporting, securities lending, and portfolio valuation. Such servicing fees are paid by the Manager, and charged to the Pool on a recoverable basis. CIBC indirectly owns a fifty percent interest in CIBC GSS.

Financial Highlights

The following tables show selected key financial information about the Pool and are intended to help you understand the Pool's financial performance for the periods ended December 31.

The Pool's Net Assets per Unit¹

	2008	2007	2006	2005	2004
Net Assets, beginning of period	\$15.46	\$15.28	\$16.27	\$13.81	\$11.80
Increase (decrease) from operations:					
Total revenue	\$ 1.11	\$ 1.04	\$ 1.05	\$ 0.88	\$ 0.81
Total expenses	(0.02)	(0.02)	(0.02)	(0.02)	(0.01)
Realized gains (losses) for the period	(0.79)	0.05	0.15	0.14	0.23
Unrealized gains (losses) for the period	(4.26)	0.31	(1.39)	2.36	1.91
Total increase (decrease) from operations²	\$ (3.96)	\$ 1.38	\$ (0.21)	\$ 3.36	\$ 2.94
Distributions:					
From income (excluding dividends)	\$ 0.85	\$ 0.91	\$ 0.69	\$ 0.72	\$ 0.50
From dividends	0.30	0.13	0.12	0.09	0.24
From capital gains	—	0.16	0.07	—	—
Return of capital	—	—	—	—	—
Total Distributions³	\$ 1.15	\$ 1.20	\$ 0.88	\$ 0.81	\$ 0.74
Net Assets, end of period	\$10.48	\$15.46	\$15.31	\$16.27	\$13.81

¹This information is derived from the Pool's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

²Net assets and distributions are based on the actual number of units outstanding at the relevant time. The total increase (decrease) from operations is based on the weighted average number of units outstanding during the period.

³Distributions were paid in cash, reinvested in additional units of the Pool, or both.

Ratios and Supplemental Data

	2008	2007	2006	2005	2004
Total Net Asset Value (000s)⁴	\$523,634	\$776,226	\$717,161	\$188,043	\$105,736
Number of Units Outstanding⁴	49,774,677	50,069,457	46,855,288	11,560,362	7,658,911
Management Expense Ratio⁵	0.14%	0.13%	0.11%	0.11%	0.11%
Management Expense Ratio before waivers or absorptions⁶	0.39%	0.37%	0.35%	0.35%	0.39%
Trading Expense Ratio⁷	0.06%	0.17%	0.24%	0.10%	0.28%
Portfolio Turnover Rate⁸	28.12%	49.82%	43.89%	16.70%	33.91%
Net Asset Value per Unit	\$ 10.52	\$ 15.50	\$ 15.31	\$ 16.27	\$ 13.81

⁴This information is provided as at December 31 of the period shown.

⁵Management expense ratio is based on the total expenses of the Pool (excluding commissions and other portfolio transaction costs) for the period shown and is expressed as an annualized percentage of the daily average net asset value during the period.

⁶The decision to waive and/or absorb management fees and operating expenses is at the discretion of the Manager. The practice of waiving and/or absorbing management fees and operating expenses may continue indefinitely or may be terminated at any time without notice to unitholders.

⁷The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the daily average net asset value during the period. Spreads associated with fixed income securities trading are not ascertainable, and, for that reason, are not included in the trading expense ratio calculation.

⁸The portfolio turnover rate indicates how actively the portfolio sub-advisor manages the portfolio investments. A portfolio turnover rate of 100% is equivalent to a fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a portfolio turnover rate in a period, the greater the trading costs payable by a fund in the period, and the greater the 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 a fund.

Management Fees

The Pool, either directly or indirectly, pays an annual management fee to the Manager in consideration for the provision of, or arranging for the provision of, management, distribution, and portfolio advisory services. This fee is calculated as a percentage of the Pool's net asset value and is calculated and credited daily, and paid monthly. The Pool is required to pay Goods and Services Tax (GST) on the management fee.

For the period ended December 31, 2008, of the management fees collected from the Pool, approximately 100% is attributable to general administration, investment advice, and profit.

Past Performance

The performance data provided assumes reinvestment of distributions only and does not take into account sales, redemption, distribution, or other optional charges payable by any unitholder that would have reduced returns. Past performance does not necessarily indicate how a fund will perform in the future.

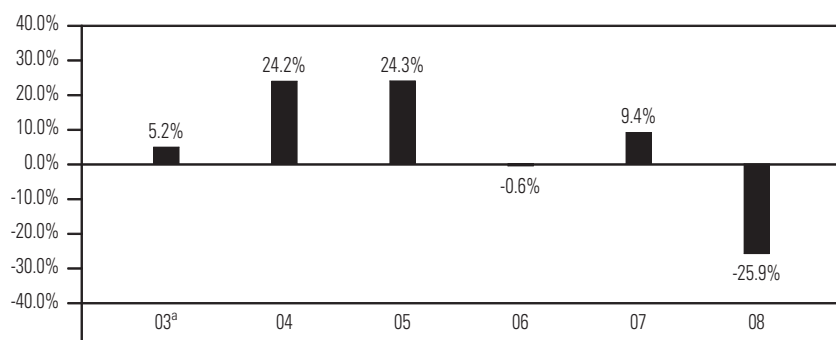
The Pool's benchmark is the Scotia Capital Income Trust Index. The Scotia Capital Income Trust Index is a float-capitalization weighted index that tracks the performance of all eligible listed income trusts trading on the Toronto Stock Exchange.

For the period, the Pool returned -25.9% . The Pool outperformed the Scotia Capital Income Trust Index return of -27.0% for the same period.

The Pool's return is after the deduction of fees and expenses. See the section entitled *Financial Highlights* for the management expense ratio.

Year-by-Year Returns

The bar chart shows the annual performance of the Pool for each of the periods shown and illustrates how the performance has changed from period to period. The bar chart shows, in percentage terms, how an investment made on January 1 would have increased or decreased by December 31, unless otherwise indicated.



^a2003 return is for the period from November 24, 2003 to December 31, 2003.

Annual Compound Returns

The table shows the annual compound total return of the Pool for each indicated period ended December 31, 2008. The annual compound total return is also compared to the Pool's applicable benchmark(s).

	Pool	Scotia Capital Income Trust Index
1 Year	-25.9%	-27.0%
3 Years	-7.0%	-8.6%
5 Years	4.5%	4.9%
Since Inception (for the period from November 24, 2003 to December 31, 2008)	5.4%	6.4%

Summary of Investment Portfolio (as at December 31, 2008)

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. A quarterly update is available by visiting www.cibc.com/mutualfunds. The Top Positions table includes a fund's 25 largest positions. For funds with fewer than 25 positions in total, all positions are shown. Cash and cash equivalents are shown in total as one position.

Portfolio Breakdown	% of Net Asset Value
Energy	22.66%
Financials	14.06%
Cash & Cash Equivalents	12.91%
Industrials	10.93%
Government of Canada & Guaranteed Bonds	10.62%
Consumer Discretionary	6.94%
Telecommunication Services	5.40%
Consumer Staples	5.29%
Materials	4.85%
Utilities	3.64%
Health Care	2.79%
Other Assets, Less Liabilities	-0.09%

Top Positions	% of Net Asset Value
Cash & Cash Equivalents	12.91%
Government of Canada, 3.75%, 2011/09/01	5.94%
North West Company Fund	5.29%
Bell Aliant Regional Communications Income Fund	4.57%
ARC Energy Trust	4.56%
Yellow Pages Income Fund	4.37%
Canadian Oil Sands Trust	3.93%
Government of Canada, 3.75%, 2012/06/01	3.60%
Bonavista Energy Trust	3.20%
RioCan REIT	3.14%
CREIT	3.13%
CML Healthcare Income Fund	2.79%
Davis + Henderson Income Fund	2.57%
BFI Canada Ltd.	2.55%
Canadian Apartment Properties REIT	2.15%
TransCanada Corp.	2.14%
Labrador Iron Ore Royalty Income Fund	2.04%
Wajax Income Fund	1.98%
Cineplex Galaxy Income Fund	1.97%
Pembina Pipeline Income Fund	1.68%
Freehold Royalty Trust	1.58%
Inter Pipeline Fund, Class 'A'	1.47%
Vermilion Energy Trust	1.46%
Franco-Nevada Corp.	1.45%
Superior Plus Income Fund	1.45%

This document may contain forward-looking statements. 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 other similar wording. In addition, any statements that may be made concerning future performance, strategies, or prospects, and possible future actions taken by the Pool, are also forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results and achievements of the Pool to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to: general economic; market and business conditions; fluctuations in securities prices, interest rates, and foreign currency exchange rates; changes in government regulations; and catastrophic events. We do not undertake, and specifically disclaim, any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments, or otherwise.



For what matters.

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