



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 1-800-465-3863, by writing to us at CIBC, 5650 Yonge Street, 20th 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 CIBC Balanced Fund (the *Fund*) is to provide a balanced portfolio of primarily Canadian securities that produce income and capital appreciation by investing primarily in Canadian money market instruments, debt securities, and common and preferred shares.
- The Fund invests in a combination of equity and fixed income securities. The investment strategy involves using a bottom-up value oriented approach to invest in equity securities of high quality companies that have low price-to-book and price-to-earnings ratios, and demonstrate high dividend yields. The Fund will invest in fixed income securities issued by governments and corporations. In addition to equity securities, primarily common shares, the Fund may also buy securities that are convertible into common shares, income trusts, preferred shares, and units of other mutual funds.

Risk

- The Fund is a Canadian neutral balanced fund that is suitable for medium to long-term investors who can tolerate low to 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 Fund was increased over the period. The potential credit risk was also increased over the period as credit spreads between government and corporate bonds widened and as liquidity in the corporate bond market deteriorated.

- Over the 12-month period ended December 31, 2008, the above-mentioned risk factor did not significantly impact the overall risk level of the Fund. The risks of investing in the Fund remain as discussed in the Fund's simplified prospectus.

Results of Operations

The portfolio sub-advisor of the Fund 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 Fund for the period ended December 31, 2008. All dollar figures are expressed in thousands.

- The Fund's net asset value decreased by 25% during the period, from \$794,338 on December 31, 2007 to \$598,002 on December 31, 2008. Net redemptions of \$81,310 and negative investment performance contributed to this decrease.
- Both stock selection and asset mix decisions contributed positively to performance over the period. The sub-advisor made the asset mix of the Fund more defensive by increasing the percentage of the portfolio in cash and bonds.
- Fears of a deep and extended global recession and the escalating financial crisis took a heavy toll on all equity markets in 2008. The S&P/TSX Composite Index returned -33.0% over the period.
- Holdings in consumer staples stocks like Rothmans Inc., Empire Co. Ltd., and Loblaw Companies Ltd., as well as insurers Fairfax Financial Holdings Ltd. and Northbridge Financial Corp., contributed positively to performance.
- During the period, the sub-advisor initiated positions in utilities stocks Fortis and Northland Power Income Fund, for their stable fundamentals and attractive yields. In the financial sector, the sub-advisor initiated positions in ING Canada Inc., Bank of Montreal, and RioCan REIT. The sub-advisor eliminated positions in commodity stocks like Canadian Natural Resources Ltd. and Goldcorp Inc. to reduce portfolio exposure to that area and also tendered the Fund's holding in Rothmans Inc. to a takeover bid.

- 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.
- Within the DEX Universe Bond Index (the *index*), the government sector outperformed and the corporate sector underperformed. The bond portion of the Fund slightly underperformed the index because of the Fund's overweight position in the corporate sector. The Fund remained overweight in corporate bonds to keep the portfolio's yield greater than the index yield.
- The sub-advisor kept the term to maturity of the portfolio longer than that of the index for most of the period in order to capture higher yields in anticipation of central banks reducing their key interest rates.

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 Fund 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 Fund.

Related Party Transactions

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

Manager

CIBC is the manager (the *Manager*) of the Fund. *CIBC* will receive management fees with respect to the day-to-day business and operations of the Fund, calculated based on the net asset value of the units of the Fund, as described in the section entitled *Management Fees*. The Manager will also compensate its wholesalers in connection with their marketing activities regarding the Fund. From time to time, *CIBC* may provide seed capital to the Fund.

Trustee

CIBC Trust Corporation, a wholly-owned subsidiary of *CIBC*, is the trustee (the *Trustee*) of the Fund. The Trustee holds title to the

property (cash and securities) of the Fund on behalf of its unitholders.

Portfolio Advisor

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

Sub-Advisor

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

Distributor

Dealers and other firms will sell the units of the Fund to investors. These dealers and other firms will include *CIBC's* related dealers such as the principal distributor, *CIBC Securities Inc. (CIBC SI)*, the *CIBC Investor's Edge* discount brokerage division of *CIBC Investor Services Inc. (CIBC ISI)*, the *CIBC Imperial Service* division of *CIBC ISI*, and the *CIBC Wood Gundy* division of *CIBC World Markets Inc. (CIBC WM)*. *CIBC SI*, *CIBC ISI*, and *CIBC WM* are wholly-owned subsidiaries of *CIBC*.

CIBC may pay trailing commissions to these dealers and firms in connection with the sale of units of the Fund. These dealers and other firms may pay a portion of these trailing commissions to their advisors who sell units of the Fund to investors.

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 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 Fund. 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 Fund. As per the terms of the sub-advisory agreements, 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 Fund. Any commission recaptured will be paid to the Fund.

During the period, brokerage commissions and other fees of \$45,573 were paid by the Fund 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 Fund to CIBC World Markets Corp.

Fund Transactions

The Fund may purchase and sell securities of CIBC. The Fund 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 Fund 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 Fund. The fees for the services of the Custodian are paid by the Manager, and charged to the Fund 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 Fund, including fund accounting and reporting, securities lending, and portfolio valuation. Such servicing fees are paid by the Manager, and charged to the Fund 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 Fund and are intended to help you understand the Fund's financial performance for the periods ended December 31.

The Fund's Net Assets per Unit¹

	2008	2007	2006	2005	2004
Net Assets, beginning of period	\$17.00	\$18.15	\$17.28	\$16.21	\$15.36
Increase (decrease) from operations:					
Total revenue	\$ 0.61	\$ 0.61	\$ 0.62	\$ 1.03	\$ 0.51
Total expenses	(0.37)	(0.43)	(0.41)	(0.39)	(0.37)
Realized gains (losses) for the period	(0.38)	0.95	0.74	1.14	0.82
Unrealized gains (losses) for the period	(2.46)	(1.14)	0.44	(0.14)	0.06
Total increase (decrease) from operations²	\$ (2.60)	\$ (0.01)	\$ 1.39	\$ 1.64	\$ 1.02
Distributions:					
From income (excluding dividends)	\$ 0.08	\$ 0.01	\$ 0.10	\$ 0.29	\$ 0.08
From dividends	0.19	0.17	0.18	0.11	0.10
From capital gains	—	0.93	0.26	0.18	—
Return of capital	—	—	—	—	—
Total Distributions³	\$ 0.27	\$ 1.11	\$ 0.54	\$ 0.58	\$ 0.18
Net Assets, end of period	\$14.12	\$17.00	\$18.16	\$17.28	\$16.21

¹This information is derived from the Fund'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 Fund, or both.

Ratios and Supplemental Data

	2008	2007	2006	2005	2004
Total Net Asset Value (000s)⁴	\$598,002	\$794,338	\$883,291	\$910,689	\$965,269
Number of Units Outstanding⁴	42,276,529	46,668,363	48,634,912	52,702,638	59,550,195
Management Expense Ratio⁵	2.31%	2.33%	2.35%	2.33%	2.34%
Management Expense Ratio before waivers or absorptions⁶	2.31%	2.34%	2.37%	2.36%	2.35%
Trading Expense Ratio⁷	0.09%	0.07%	0.15%	0.15%	0.12%
Portfolio Turnover Rate⁸	57.89%	63.22%	89.66%	82.51%	68.54%
Net Asset Value per Unit	\$ 14.15	\$ 17.02	\$ 18.16	\$ 17.28	\$ 16.21

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

⁵Management expense ratio is based on the total expenses of the Fund (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 Fund, 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 Fund's net asset value and is calculated and credited daily, and paid monthly. The Fund is required to pay Goods and Services Tax (GST) on the management fee.

The following table shows a breakdown of the services received in consideration of the management fees, as a percentage of the management fees collected from the Fund for the period ended December 31, 2008. These amounts do not include waived fees or absorbed expenses.

Sales and trailing commissions paid to dealers	13.21%
General administration, investment advice, and profit	86.79%

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 Fund's primary benchmarks are the S&P/TSX Composite Index and the DEX Universe Bond Index. The S&P/TSX Composite Index is intended to represent the Canadian equity market. It includes the largest companies listed on the Toronto Stock Exchange. It includes common stock and income trust units and serves as the benchmark for the majority of Canadian pension funds and equity market mutual funds. The DEX Universe Bond Index is comprised of more than 900 marketable Canadian bonds intended to reflect the performance of the broad Canadian investment-grade bond market. Returns are calculated daily and are weighted by market capitalization.

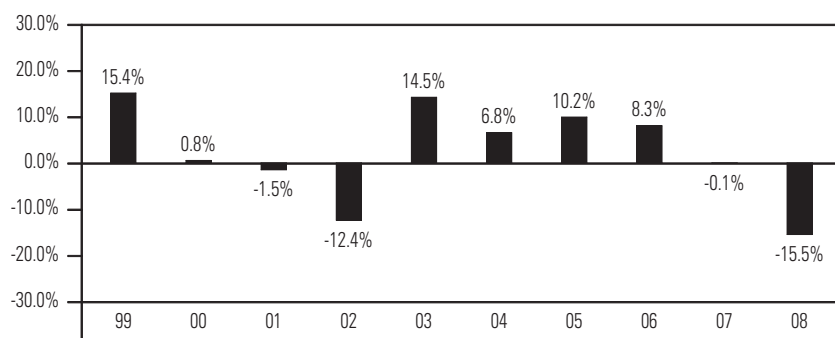
The Fund's secondary benchmark is a blended index consisting of 40% S&P/TSX Composite Index, 40% DEX Universe Bond Index, 10% S&P 500 Index, and 10% MSCI EAFE Index (*Blended Benchmark*). The S&P 500 Index is a capitalization-weighted index of 500 stocks, designed to measure performance of the broad U.S. economy representing all major industries. The MSCI EAFE Index is a free float-adjusted market capitalization index of stocks of companies of developed market equity indices covering 21 different countries in Europe, Australasia, and the Far East.

For the period, the Fund returned -15.5% . The Fund outperformed the S&P/TSX Composite Index return of -33.0% , underperformed the DEX Universe Bond Index return of 6.4% , and outperformed the Blended Benchmark return of -16.8% for the same period.

The Fund'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 Fund 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.



Annual Compound Returns

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

	Fund	S&P/TSX Composite Index	DEX Universe Bond Index	Blended Benchmark
1 Year	-15.5%	-33.0%	6.4%	-16.8%
3 Years	-3.0%	-4.8%	4.7%	-0.9%
5 Years	1.5%	4.2%	5.5%	4.0%
10 Years	2.2%	5.3%	6.0%	4.4%

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
Fixed Income Securities	45.69%
Equity	44.58%
Short-Term Investments	9.83%
Cash	0.04%
Forward & Spot Contracts	0.02%
Other Assets, Less Liabilities	-0.16%

Top Positions	% of Net Asset Value
Canada Housing Trust No. 1, 4.55%, 2012/12/15	12.63%
Cash & Cash Equivalents	9.87%
Government of Canada, 5.75%, 2033/06/01	6.19%
Government of Canada, Series 'YL25', 4.25%, 2018/06/01	2.67%
Royal Bank of Canada	1.88%
Municipal Finance Authority of British Columbia, 4.80%, 2017/12/01	1.71%
Northbridge Financial Corp.	1.55%
EnCana Corp.	1.55%
Empire Co. Ltd., Class 'A'	1.42%
Toronto-Dominion Bank (The)	1.31%
Metro Inc., Class 'A'	1.27%
Barrick Gold Corp.	1.22%
Province of Quebec, 5.25%, 2013/10/01	1.21%
Bank of Nova Scotia	1.19%
TransCanada Corp.	1.19%
Manulife Financial Corp.	1.18%
Franco-Nevada Corp.	1.04%
New Brunswick (F-M) Project Co. Inc., 6.47%, 2027/11/30	1.03%
BCE Inc.	1.02%
Canadian National Railway Co.	0.97%
Manitoba Telecom Services Inc.	0.84%
TELUS Corp., NV	0.83%
Bank of Montreal, 4.65%, 2013/03/14	0.82%
Fairfax Financial Holdings Ltd.	0.80%
NHA MBS Toronto-Dominion Bank (The), 3.25%, 2010/06/01	0.79%

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 Fund, 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 Fund 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.



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